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Introduction

In 2018, there will be more digitally consumed ads than ever before and marketers will have to enhance their creativity and strategic advertising approach to stay ahead of the curve.

If you've been paying attention, you know that Amazon listings are flooding Google Shopping Product Listing Ads (PLAs) and competition on the SERP is increasing. Just take it from Ben Whitrock, Sr. Retail Search Manager at CPC Strategy:

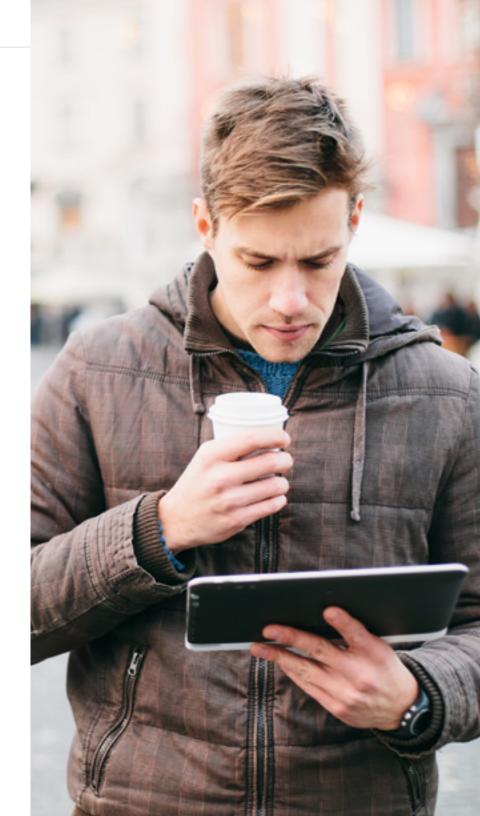
If you were an advertiser 5 years ago you could probably see decent success online if you ran a basic campaign / digital strategy. But these days there is an influx of advertisers looking to target the exact same user that you are. This and ecommerce businesses feeling the pressure from Amazon means a larger amount of advertisers are also now willing to pay 2, 3, or 10x as much for that placement as they would have 5 years ago.



Ben WhitrockSr. Retail Search Manager
CPC Strategy

Because the landscape is and has been changing, it's vital to get strategic about the way you run your Google Shopping campaigns - or you will be left in the dust of your competitors.

In the following guide, we dive into the data to reveal why we believe Google Shopping is more competitive than ever before. We also highlight our own best practices to boost your impression share and increase conversions on Google Shopping in 2018.



2017 Google Shopping Data





2017 Google Shopping Data

Google Shopping Client Category Analysis for 2017

Competition on the SERP is increasing and we've got the data to prove it. In the following study, we identify emerging trends and the maturation of Google Shopping as a whole and by category among **527 retailers**.

Google Shopping 2016 Q4 vs. 2017 Q4 (only for same store clients) analyzing:

- ✓ Cost Per Click (CPC)
- ✓ Click-through-rate (CTR)
- **✓** ROAS
- ✓ Impression share
- **✓** Revenue
- **✓** Cost





Cost Per Click (CPC)

In 2017, we saw a rise in average CPCs **\$.81** across all verticals, in comparison to 2016, where we saw an average CPC of **\$.77**.



11

Click-through-rate (CTR)

In 2017, we saw a rise in average CTR **1.83%** across all verticals, in comparison to 2016, where we saw an average CTR of **1.7%**.



776.29% 2016

1.7%

2016

ROAS

In 2017, we saw a rise in average ROAS **836.43%** across all verticals, in comparison to 2016, where we saw an average ROAS of **776.29%**





Impression Share

In 2017, we saw a slight drop in average Impression Share **30.98%** across all verticals, in comparison to 2016, where we saw an average Impression Share of **31.10%**.



Cost

In 2017, we saw an increase in average cost by **16.71%** in comparison to 2016.



Revenue

In 2017, we also saw an increase in average revenue by 29.06%, in comparison to 2016.



What Happened on Black Friday & Cyber Monday in 2017?

It should come as no surprise that Black Friday and Cyber Monday continue to serve as the biggest shopping days of the year.

By now, there's a few things you can count on – mobile shopping also known as "shopping from your couch" continues to grow in popularity and CPCs are on the rise as more brands compete for space in the SERP.

But what sets 2017 apart from previous Black Friday and Cyber Mondays?

We looked at CPC Strategy clients that we managed between 2016 and 2017, and compared their YoY numbers to see how they held up over the holiday weekend.

Our analysis aggregates data from specific days in 2016 and 2017.

The comparable dates in 2016 are 11/14/16 through 11/28/16, while the dates taken into account this year are 11/13/17 through 11/27/17. These dates begin two weeks prior (and include) Cyber Monday.







Aside from the data, we also spoke with **Josh Brisco**, Senior Manager, Retail Search Operations at CPC Strategy to get his take on how the holiday weekend panned out:

I think it's safe to say we definitely felt the effects of Amazon's presence in the Shopping space as we saw costs rise disproportionately to revenue, and Amazon had 55% of all ecommerce sales during Black Friday / Cyber Monday, Brisco said.

While a huge player like Amazon is undoubtedly going to intensify the competitive landscape, our clients were well-positioned strategically in 2017 as a direct result of our <u>ISO Campaign</u> ™ strategies and our ability to hone in on specific search terms and items within our retailers' catalogs.



Josh BriscoSr. Manager, Retail Search Operations
CPC Strategy

Click here to read the full 2017 Black Friday / Cyber Monday Recap

Although there are hundreds of Google Shopping strategies and tactics to pull from, we've narrowed it down to the top 10 best practices that every retail brand should implement if they want to be competitive in 2018.



10 Best Practices for Structuring Successful Google Shopping Campaigns





10 Best Practices for Structuring Successful Google Shopping Campaigns

At CPC Strategy we believe your campaign architecture should maximize your Google Shopping return and you should shift budget to the most impactful keywords for your business.

Now more than ever, it's important to get strategic about the way you run your Google Shopping campaigns. Your campaign architecture should maximize your Google Shopping return, and you should shift budget to the most impactful keywords for your business.



Below are 10 essential tactics to boost your impression share & increase conversions:

- 1. Ensure Your Product Feed is Optimized
- 2. Install Programmatic Technology
- 3. Apply Rule-Based Bidding
- **4.** Create ISO™ Campaigns
- 5. Stop Underestimating Mobile
- **6.** Target New Visitors With Similar Audiences
- 7. Leverage New Customer Match Data
- 8. Get Competitive With Auction Insights
- 9. Improve Reviews, Prices, and Shipping Options
- 10. Diversify Your Traffic With New Channels





Ensure Your Product Feed is Optimized

Let's start with the fundamentals: Your product feed is how you communicate your inventory to a product advertising channel.

At CPC Strategy, we take the Google Shopping feed seriously.

Google Shopping cross references your feed data with shopper search queries and your bids to determine ad visibility. The more you know about optimizing your data, the more likely your content will surface for relevant queries.

An optimized data feed takes into account:

- Query Volume
- ✓ Query Intent
- Competition
- ✓ Product Margin
- ✓ Search Term Performance (top-converters & non-converters)
- ✓ Site Performance
- ✓ Audience
- ✓ Inventory

It's not logical to assume a sole practitioner can analyze all of this data, make the effective changes within the feed, and do so at scale.

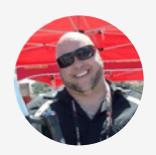
Feed tech is instrumental in processing and interpreting data from multiple inputs and what it means in terms of improvements to your product data.





From the very start, we optimize (and continue to reevaluate) the product feed for all of our clients.

Thanks to our feed optimization strategy and technology, we helped Cambria Bicycle Outfitter identify and resolve nearly 2,000 of their Google Shopping disapproved products due to missing color, size, etc.



"CPC Strategy doubled our conversion rate and brought our cost per sale way down. I recommend CPC Strategy as a strategic partner to any retailer seeking advanced and professional Google Shopping campaign management."

Clay Akey

CEO Cambria Bke Outfitter, Cambria Bicycle Outfitters

If you would like to learn more, you can find everything you need to know about Feed Optimization below:

How to Optimize Your Product Feed 8 Google Shopping Product Feed Optimizations You Should Make Now Product Feed Optimization 101 [GUIDE]





Install Programmatic Technology

Unfortunately, a lot of advertisers don't utilize rule-based bidding strategies to optimize their Google Shopping campaigns as much as they should.

It's not feasible for a Shopping manager to analyze and optimize performance down to the SKU-level for catalogs with over 100 products.

At CPC Strategy, we combine programmatic bidding rules and human oversight to scale out SKU level management. With rule-based bidding you can be very specific and customize your inputs, as opposed to algorithmic bidding—which can be a 'cookie cutter' type software that has to be able to work for businesses of all different shapes and sizes.

Apply Rule-Based Bidding

CPC Strategy's Google Shopping Rule-Based Bidding Strategies include:

- Pulling Back on Wasted Ad Spend
- ✓ Bid Increase Rule(s)
- ✓ Bump Products With Zero impressions
- Reduce Bid on Bleeders

Click here to learn more about each of these bid rules

Achieve Growth with CPC Strategy's CAPx Technology





Create ISO™ Campaigns

Inevitably, what most retail brands really want to do is maximize their product's exposure for top-converting search queries while decreasing exposure for unprofitable ones.

Easy to do on text ads; not as easy on Google Shopping.

At CPC, we use our ISO™ strategy to ensure our client's products stay competitive. ISO campaigns™ use priority settings and negative keywords to isolate and push aggressive bids and budget to high-value searches.

This has worked especially well with products that must be "personalized" or "customized" by a manufacturer–something Amazon isn't able to accomplish (at least right now).

In the example below, we did this for one of our clients who also sells products on Etsy.

"Instead of trying to keep up with Amazon on all of our terms, we just focused on top-converting ones."

"And it worked. Amazon fell off the map for search terms containing 'personalized' or 'customized'."



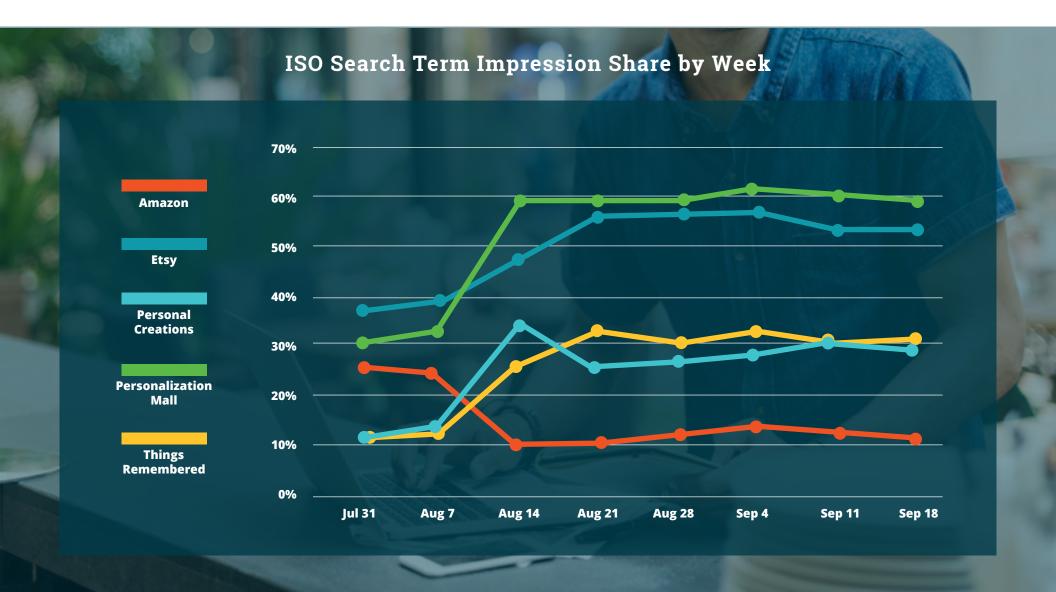




"If you can figure out which search queries do really well, you can potentially knock Amazon out of the SERP.

For example, if a shopper is searching for a 'blue polka dot party hat' but Amazon's only showing pink party hats, and we can target that query better than Amazon, we're probably going to win that click."

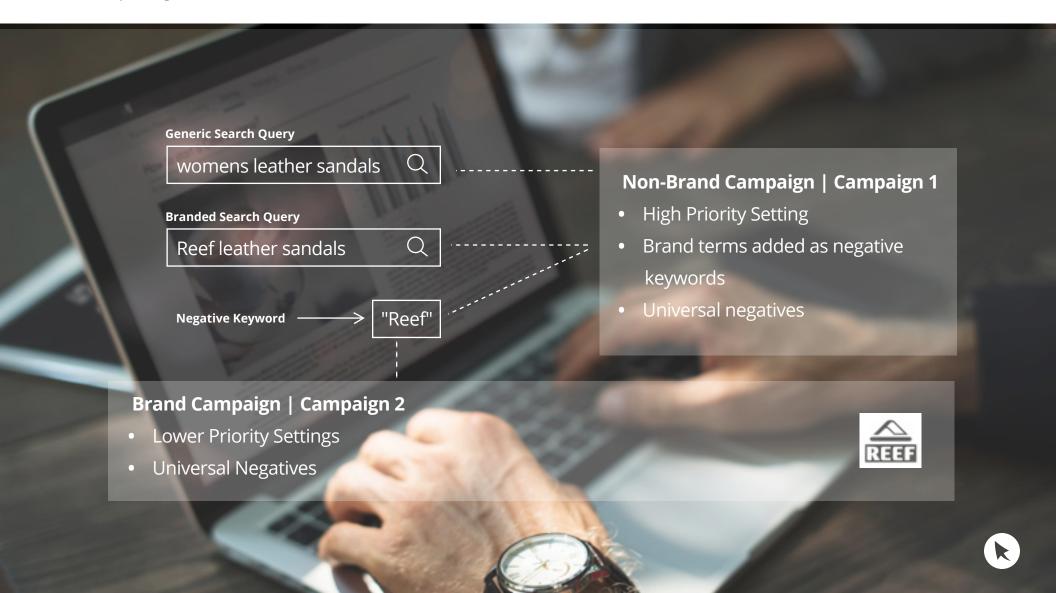






Another example of a retail brand that benefits from our ISO strategy is global surf lifestyle leader - REEF.

REEF joined CPC Strategy in February 2016 with the objective of acquiring new customers, increasing reef.com e-commerce revenue, and improving brand awareness.





But before REEF partnered with CPC Strategy, their Google Shopping strategy was primarily focused on capturing branded traffic through their simple campaign structure. There was no brand vs. non-brand nor device segmentation which prevented them from being able to dedicate budget to strategically acquire new customers at a measurable return.

We're able to significantly optimize REEF's Google Shopping strategy by implementing our ISO™ campaign structure, which allowed REEF to increase their new customer transactions from Google Shopping by +425%.

You can read the full REEF case study here.

Examples of additional ISO Campaign Success Stories

ForPlay Catalog Inc. Increased Orders by 280% On Google Shopping Air Compressor Services Increases Google Shopping ROI +124.13% Augusta Active Increases Google Shopping Revenue by +59%



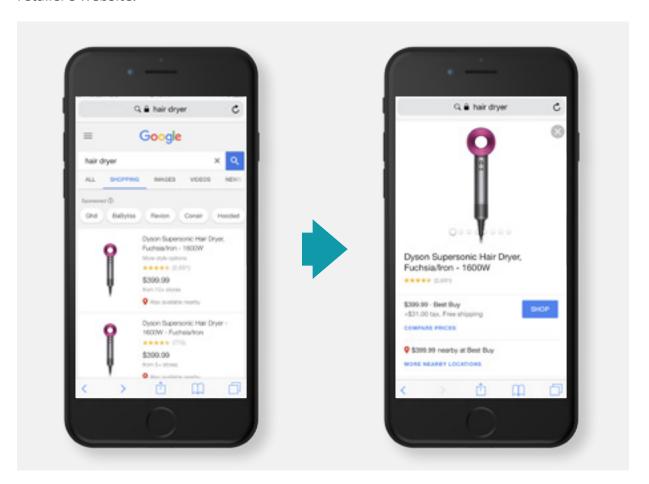




Stop Underestimating Mobile

It's time to stop underestimating the part mobile plays in influencing Google Shopping performance. Within the last year, Google has introduced several new mobile ad placements and features on the SERP including:

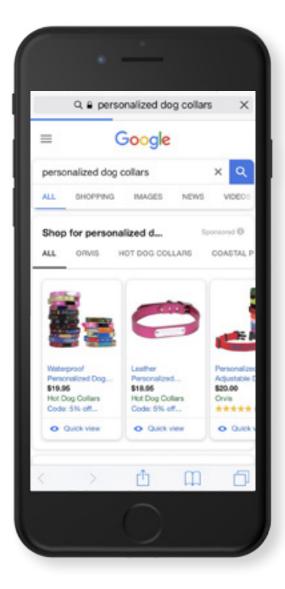
A new **preview mode** for products before you click through to the retailer's website:



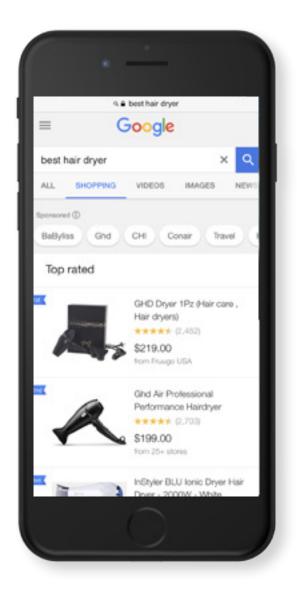




Reinstating the "Quick View" feature and introducing a new comparison page for a single product:



Ranking "Best" products with numbers (based on their average review volume & quality):







And even though we said it last year: When it comes to Google Shopping, most retailers still put their trust in desktop as the main conversion device, not mobile.

Google's research shows that on average, mobile searches on Google Shopping trigger nearly two follow-up actions, whether that's a purchase or a store visit, and **55% of these actions happen within just 60 minutes.** Generally, we take Google's mobile ad research with a grain of salt. But this time, our AdWords data reflects this shift.

<u>Our mobile study</u> breaks down how mobile traffic has impacted CPC Strategy's client base, pinpointing exactly where the opportunities lie and how advertisers can adapt campaign strategy.

If you haven't had a chance to read it yet - we highly suggest checking out the study.

Target New Visitors With Similar Audiences

Remarketing is an extremely valuable strategy that allows retailers to reach people who have already visited their site and connect with an audience that's already interested in their products or services.

As an advertiser it's likely you don't want your strategy to end there.

Now, thanks to the introduction of <u>Similar Audiences for Search and Shopping</u> you can also attract new visitors to your site, by finding people who have similar search behavior to your existing remarketing list members.

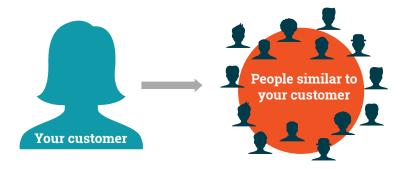




According to Google's announcement in may 2017, similar audiences for Search and Shopping allow advertisers to use their own data to reach the right customer with the right message.

What are the Benefits of Similar Audiences for Shopping?

By adding "Similar audiences" to your campaign or ad group targeting, you can show your ads to people whose search behavior is similar to those of your site visitors. Now, these people are more likely to be potential customers.







The two major benefits of using Similar Audiences for Search and Shopping are:

- Simplified audience targeting Similar audiences targeting takes the guesswork out of discovering new audiences by automatically finding potential customers who are similar to people are your existing remarketing lists for search ads.
- **2 Getting new potential customers** With similar audiences, you can boost the reach of existing remarketing campaigns, and drive to your site new, more qualified users who have an increased likelihood of performing actions that are important to you.
- **Pro-Tip:** Keep in mind, even if these new visitors don't immediately make a purchase from your site, if you've added the remarketing tag to your site, they'll be added to your remarketing list. This way, you can get more high-quality members on your remarketing list in a way that is intuitive and easy to manage.

Click here to learn more about Similar Audiences & RLSA





Leverage New Customer Match Data

Google is yet again helping advertisers better target their campaigns by expanding its game-changing Customer Match program.

Launched back in 2015, the initial Customer Match offering allowed search advertisers to use customer email lists to build custom audiences. Those audiences could then be used to retarget customers on campaigns across all Google platforms – including YouTube, Gmail and AdWords.

In 2016, the program was expanded to Google Shopping, giving advertisers more control of who sees their products and what they see.

As of December 2017, the program is now branching out even further – adding customer phone numbers and addresses to the targeting mix, too.

"This is going to be huge for catalog-based businesses that have tons of phone number and mailing address data.

Especially for brands with an older demographic (like 65+), if their customer match rate isn't super high on emails, phone number and addresses will make the audience lists more precise."

Benefits of Customer Match

The biggest advantage to using Customer Match audiences is that retailers can more easily reach customers they already have an established relationship with.



Dianne Manansala Lead Retail Search Manager CPC Strategy





This can mean people in their loyalty programs, those on their newsletter or email lists, or those who have made a previous purchase. They can then reach out to those customers in ways that are most relevant to their shopping habits and preferences.

Customer Match is particularly great for

- Up-selling and cross-selling based on past purchases and buying habits
- ✓ Promoting repeat purchases from previous customers
- ✓ Increasing brand loyalty with previous customers
- ✓ Targeting cart abandoners via ads and Google Shopping
- Re-engaging already loyal customers as they're using Google Shopping
- ✓ Re-marketing strategies in general

Click here to learn more about the expanded Customer Match program

Get Competitive With Auction Insights

The biggest, and perhaps most noticeable, of Google Shopping trends we have seen is a rise in competition. Shopping, often seen as a viable tool for a large majority of retailers, has become populated with sellers trying to take advantage of the exposure offered from the Google platform—particularly among big box retailers, such as Macy's, Walmart, and Target.





But with more competition, how can retailers take an aggressive approach while maintaining—if not improving their profitability?

One approach our experts suggest is leveraging **Auction Insights**

The Auction insights report is available for both Search and Shopping campaigns. With this report retailers can compare their performance with other advertisers who are participating in the same auctions as them.

Auction Insights are not necessarily a new tactic, they are really important in Q4, because you can actually see the impression share for some of your competitors & what the overlap rate is between you and your competitors.

Click here to learn more about competitive monitoring with Auction **Insights**



Improve Reviews, Prices, and Shipping Options

There's nothing harder than competing with big box retailers on the SERP – especially if you're an unknown brand.

In our 2017 Amazon Consumer Survey, we found that <u>54% of Amazon</u> shoppers still price check Amazon against other sites.

That's great news for most big manufacturers who can compete with low prices and have the operations to compete on shipping. But if you're an unknown seller in a competitive product category, you'll need to rely more on seller reviews, low prices, and fast shipping.

Even if you're an unknown brand, it helps to have great reviews or a lower price to differentiate yourself on the SERP.

Just make sure you don't focus too hard on just getting a click. If a shopper enters your site and finds out your shipping policy is terrible, you'll have wasted money on clicks because they'll likely bounce.

Diversify Your Traffic With New Channels

If you haven't already, you should be considering how to grow conversions by investing in different digital marketing channels—there's only so far you can go with just one. (It's also risky.)





It's important to diversify your product mix and having a strategy for which products are available on which channels.

Whether it's <u>Instagram</u> or <u>influencer marketing</u>, there are huge opportunities to grow your brand awareness, traffic, and conversions on other platforms.

"With big box retailers aggressively encroaching on PLA's, it's more important than ever to diversify your traffic sources," says **William Parris**, VP of Account Management and Co-Founder of CPC Strategy.

Start where you won't have to compete with Amazon for traffic–for instance, with Bing PLAs and Facebook ads. Both can be valuable sources of additional traffic and conversions and you can avoid getting into a bidding war with Amazon."



William Parris
VP of Account Management
and Co-Founder
CPC Strategy

Additional Tactics to Consider in 2018

There's two additional tactics we did not include in our best practices but we definitely recommend testing as both seem very promising for advertisers in 2018.



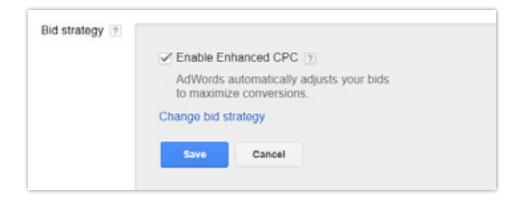


Enhanced CPC

While we always err on the side of caution when it comes to automation - we have seen success with Google's Enhanced CPC feature - specifically for our Shopping campaigns.

According to Google, ECPC looks for ad auctions that are more likely to lead to conversions, and then raises your max CPC bid (after applying any bid adjustments you've set) to compete harder for those clicks.

If a click seems less likely to convert, AdWords will lower your bid. ECPC will try to keep your average CPC below the max CPC you set (including bid adjustments), but may exceed your max CPC for short periods of time.





Pro-Tip: The original version of ECPC gave Google the authority to increase your bids up to 30% but with the new update there is essentially no capped amount..

For example, if you sell baseball caps on your site, and you've set your max CPC for US\$1, and you have ECPC bidding turned on. If the AdWords system sees an auction that looks likely to lead someone to buy caps on your site, it might set your bid to US\$1.35 for that auction. If ECPC sees another auction that looks unlikely to lead to a sale, it might lower your bid to US\$0.25 for that auction.





ECPC as a bidding strategy within Adwords has been available for a couple years now, but Google recently came out with an updated version for Shopping in early 2017 and later rolled out ECPC updates for Search / Display.

"So far we've seen the most success with ECPC on the Shopping side," **Ben Whitrock**, Sr. Retail Search Manager at CPC Strategy said.

Last year, we ran a series of A/B tests on Google's ECPC Shopping feature. Below is our 60 day comparison (shopping campaigns only) for a sample client - a laundry parts supplier.

60 Day Comparison Shopping Campaigns with vs. without ECPC						
Dates	Cost	Revenue	Conversions	ROAS%		
9/22/17 - 11/22/17	\$7,495.73	\$81,450.20	667	1087%		
7/22/17 - 9/21/17	\$7,613.22	\$64,094.72	647	842%		
7/22/17 - 9/21/2017 (shopping campaigns WITHOUT ECPC) 9/22/17 - 11/22/17 (shopping campaigns WITH ECPC)						

As seen in the example above, we saw a significantly better ROAS (1087%) with ECPC turned on vs. 842% (without ECPC turned on).

"I A/B tested ECPC on 70% of my clients and every single retailer (with the exception of one who doesn't generate a lot of volume anyway) saw an improvement in performance with the ECPC feature turned on."





"ECPC is well on it's way to becoming a best practice within our department, at least on the Shopping side," he said.

"On the other hand, ECPC for Search / Display is still a bit hazy. We haven't determined if giving Google more flexibility is actually beneficial to our ROAS specific clients on that end."

For Shopping - ECPC's goal is to get as many conversions for the same amount of ad spend and that is why we've seen success. Whereas on the Search side, although you're aiming at the same CPA, in order to generate more conversions you will ultimately have to spend more.

"My recommendation is to start testing ECPC with your Shopping campaigns."

According to **Keith McGonigle**, one of the first retail search managers to introduce ECPC to our bidding strategy, "You shouldn't rely solely on Google's latest feature to improve account performance".

"It's important to keep in mind that what is going to make the biggest difference in your campaign performance is strategically optimizing your bids through sophisticated campaign management. ECPC is a nice additional layer, but you can't expect to turn on Google's ECPC feature and it will completely fix your account."

"You should only think of ECPC as an additional layer to an already optimized bidding strategy."



Ben WhitrockSr. Retail Search Manager
CPC Strategy



Keith McGonigle Retail Search Manager CPC Strategy





Showcase Shopping Ads For Upper Funnel Traffic

The primary goal of the Showcase Shopping Ads format is to help shoppers with non-branded searches explore and discover what they want to buy and where they want to buy it.

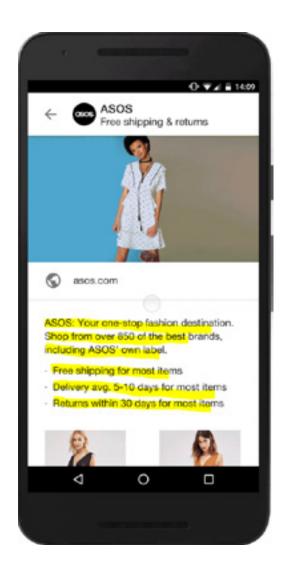
Although Google has always been focused on product discovery, more than 40% of shopping related searches on Google are for broad terms like "women's athletic clothing" or "living room furniture."

In the past, for less defined searches (aka non-branded searches), Google would serve up very specific product ads — say, a red sofa. Unfortunately, that search result "red sofa" may not be the most useful experience for a person who isn't sure what they want to buy and has not progressed far enough down the shopping funnel.

As seen in the Google Showcase Shopping ad example below, if a shopper searches 'summer dresses,' ASOS, a global apparel retailer, can now showcase its collection of dresses in a visually rich experience:

In general, what we have found is that Showcase Shopping ads are a good way for Google to drive traffic on upper funnel searches.

Showcase shopping ads make sense for window shoppers - especially if you are searching for a certain type of product. It populates the available stores (as if you were window shopping in a brick and mortar experience) and the inventory for each.





Roman Fitch Lead Retail Search Manager CPC Strategy



Experts Share 2018 Predictions





Experts Share 2018 Predictions

From phasing out standard Google Trusted Stores to the Merchant Center makeover, there was plenty to try to keep up with in 2017 and retailers can finally take a second to stop and reflect on the year in our recent <u>recaps of Google advertising</u>.

But, if you want to be at the front of the pack, then you need to be looking ahead.

So we asked a panel of our leading search experts to answer the top question in every retailer's mind: "What trends are expected in 2018?

1 Advertiser's site vs. Amazon:

Amazon got very aggressive with social advertising–specifically with the DPA retargeting product unit–during Q4 of 2016, which heavily distorted the market and increased CPMs during that period of time. Given the significant increase in PLA visibility during the year, it's safe to assume that Amazon will double down on Google the same way they did with Facebook.







With the rise of Amazon owning spots on Search and Shopping, advertisers will need to be more aggressive with bidding, keywords, ad copy testing, landing page optimizations, and providing users more benefits to convert on the advertiser's site vs. Amazon.



Eliza Marie Cuevas Sr. Retail Search Manager CPC Strategy

Data & Attribution Will Be an Even Bigger Pain Point

Google and Facebook will continue to rapidly improve each of their attribution products but brands will have to continue to customize their attribution model to fit their own customer journey. The complexity and guesswork involved will continue to create pain for brands trying to get a more accurate representation of their marketing investments.



Rick BackusCEO and Co-Founder
of CPC Strategy

3 Google Leveraging New Data & Signals

Google is going to continue to find the best way to get performance from its platform. We have been seeing this with a lot of the products they have been releasing, eCPCs and some of the new automated bidding strategies.

Google is starting to use more of its data and signals to get better performance for its advertisers. I also think 2018 is the year that Google pushes Purchase on Google and tries to challenge Amazon in a way they haven't been able to do before.



Stephen KernerSr. Manager, Retail Search
CPC Strategy





4 Voice Search Takes Off

2018 is poised to be the year where voice searches and ads triggered by voice searches start to take off. Google, Amazon, and Microsoft have all been pushing their voice assistant products, such as the Amazon Echo and Google Home, heavily this holiday season.

As these products get more and more popular the number of voice searches is poised to increase significantly. With that increase in voice searches, comes an increase in ads triggered by those searches, which we're already starting to see in Q4 2017.

Looking into the search term reports for certain Shopping campaigns we can already see impressions, "clicks", and orders coming in through AdWords that begin with the phrase "ok google", thus signifying a voice search.

With these searches already using up ad spend, it's important to keep an eye on this growing trend in 2018.

One way to segment voice searches from standard Google searches is to route all search terms that contain the phrase "ok google" into their own campaign, where they can be bid and monitored independently.







5 Transition Towards "Audience-centric"

Echoing what I said last year, paid media marketing will continue to transition towards a more audience-centric medium.

With both Google and Facebook continuing to improve capabilities of customer matching, and more retailers understanding & optimizing against customer lifetime value, the customer and not just their intent will be an increasing portion of targeting in 2018 and beyond.

Outside of just cookies and offline data, the fast growing CDP industry is also a strong indicator of the growing power of audience targeting.

Check out our full predictions recaps below:

2018 Search Predictions From Our Leading Experts
7 Retail Trends You Can Expect to See in 2018



Josh Brisco
Sr. Manager, Retail Search Operations
CPC Strategy



