2020 SHOPPING KPI SURVEY

PLA Marketers Share Shopping Metrics
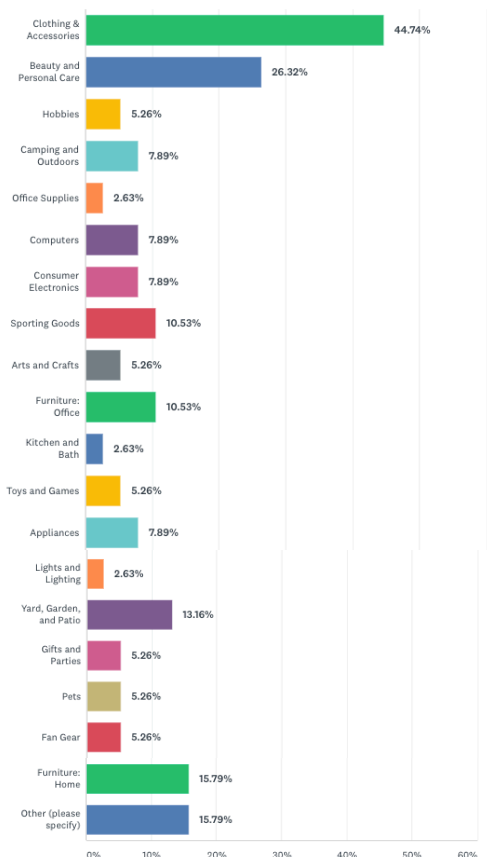
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Table of Contents

The Search Monitor recently conducted a survey to aggregate performance metrics for shopping campaigns on Google, Bing and Amazon.

Shopping engines don't publish any directional stats, and few research papers have been published on this topic. Therefore, benchmarking and goal setting for shopping campaigns is challenging. That's why we took on the task of anonymously aggregating the top most requested KPI's, including CTR, Conversion Rate, and ROAS for advertisers running shopping campaigns on Google, Amazon and Bing.
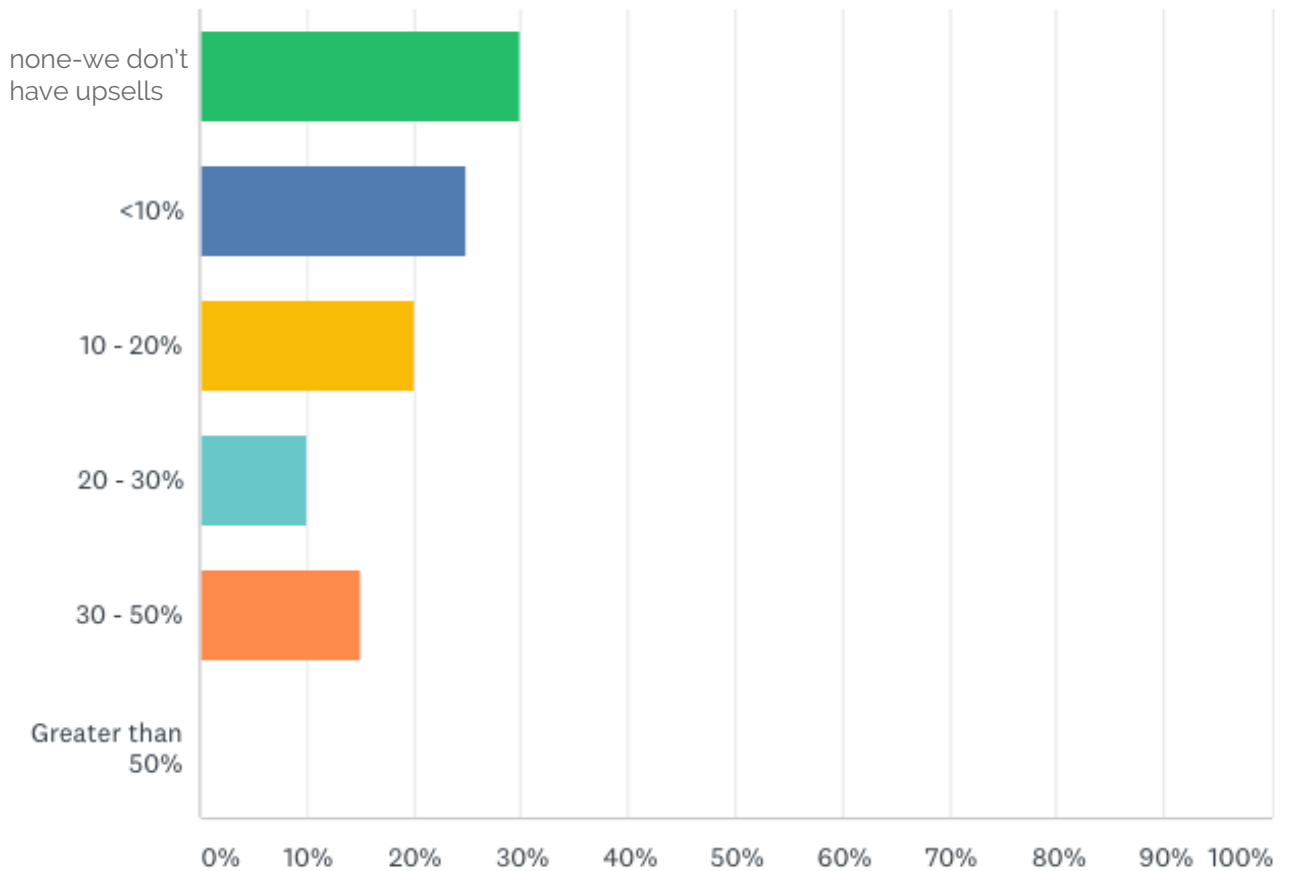
The stats captured include:

- ▶ Upsells
- ▶ Return on Ad Spend (ROAS)

- ▶ Clickthrough Rate
- ▶ Conversion Rate

- ▶ Budget & Campaign Set-Up

Industries Surveyed:

Industry	Percentage
Clothing & Accessories	44.74%
Beauty and Personal Care	26.32%
Hobbies	5.26%
Camping and Outdoors	7.89%
Office Supplies	2.63%
Computers	7.89%
Consumer Electronics	7.89%
Sporting Goods	10.53%
Arts and Crafts	5.26%
Furniture: Office	10.53%
Kitchen and Bath	2.63%
Toys and Games	5.26%
Appliances	7.89%
Lights and Lighting	2.63%
Yard, Garden, and Patio	13.16%
Gifts and Parties	5.26%
Pets	5.26%
Fan Gear	5.26%
Furniture: Home	15.79%
Other (please specify)	15.79%

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Upsells

What percentage of sales result in upsells?

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Highlights

Upselling and cart add-ons is a tool for driving incremental and impulse purchases once customers are in the shopping cart. It extends the concept of upsells and cross-sells at the product level, and engages customers at the moment they are most likely to increase spending.

The key to upselling is that you offer products that add value based on the buyer's selected items.

Over half of survey respondents either don't offer upsells or see less than 10% of shoppers adding additional items to their shopping cart after selecting a product from an ad.

There are two possible reasons for this—cart set-up and user behavior:

▸ **Cart set-up:** 30% of survey respondents indicated they do not offer upsells. This is a missed opportunity to increase order size and revenue. Don't assume the shopping cart page means the shopper has finished and is ready to checkout. You should always show cross-sell items, especially on cart views. Adding product recommendations based on in-cart products adds another layer of interest for buyers and helps add value to their buying experience. Studies show that placing recommendations in the cart garner higher conversions versus carts that don't have recommendations.

▸ User behavior: If a shopper is searching for a specific product and they find what they are looking for through an ad, they may proceed directly to checkout, complete their purchase and move on. But that doesn't mean there aren't ways to improve upsell opportunities on the website and in-cart.

ROAS

What is your return on ad spend?
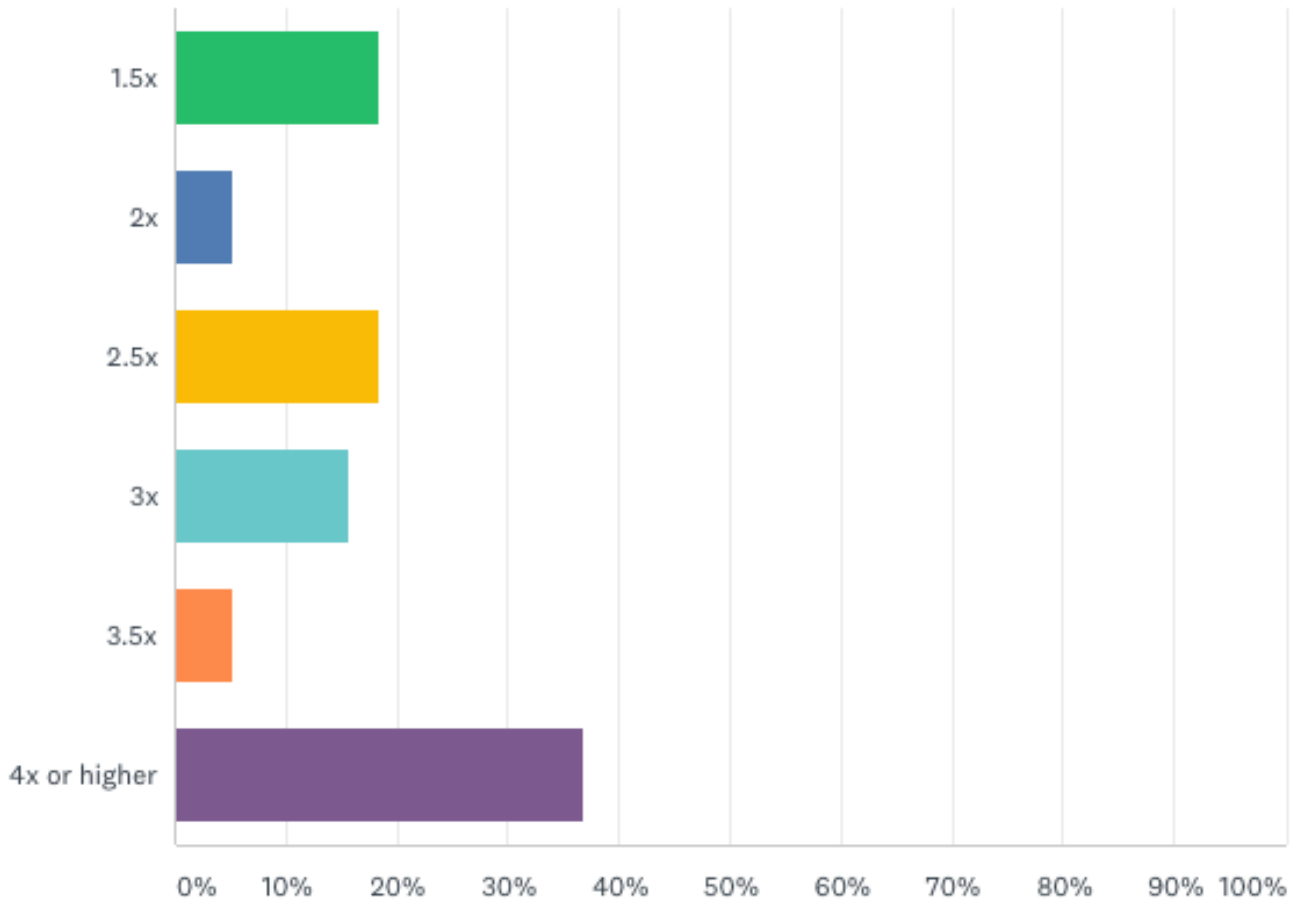
About the stat: ROAS (return on ad spend) measures how much a business earns in revenue for every dollar spent on marketing or advertising. For example, if your ROAS is 5:1, that means you are making $5 in revenue for every $1 you spend on advertising. ROAS is calculated as Gross Revenue / Ad Spend.

Highlights

Return on Ad Spend (ROAS) is an important metric to track in shopping ad campaigns. ROAS is essential for quantitatively evaluating the performance of ad campaigns and how they contribute to a retailer's bottom line. By keeping careful tabs on ROAS, advertisers can make informed decisions on where to spend ad dollars and how to become more efficient.

So, what is a good ROAS? Target ROAS is influenced by several factors, including profit margins, operating expenses, the age and overall performance of a business.

While there's no "right" answer, a common ROAS benchmark is a 4:1 ratio — $4 revenue to $1 in ad spend.

37% of our survey respondents indicated they are seeing ROAS of at least 4x.

Here are a few tips to optimize ROAS:

- Set up targeted ROAS. Google shopping ads allow you to set up targeted ROAS which automates the management of your bids to maximize the value you get from your Shopping campaign.
- Consider gradually reducing the target ROAS of your campaigns. This lets the bid strategy know that you are willing to spend more for each conversion, so the strategy will spend more to increase sales and conversion value.
- Review your bid strategies and ROAS often to track performance and adjust strategies.
- Make sure you remain competitive with other advertisers by monitoring competitors' performance and strategies.

CTR

What is your average clickthrough rate?
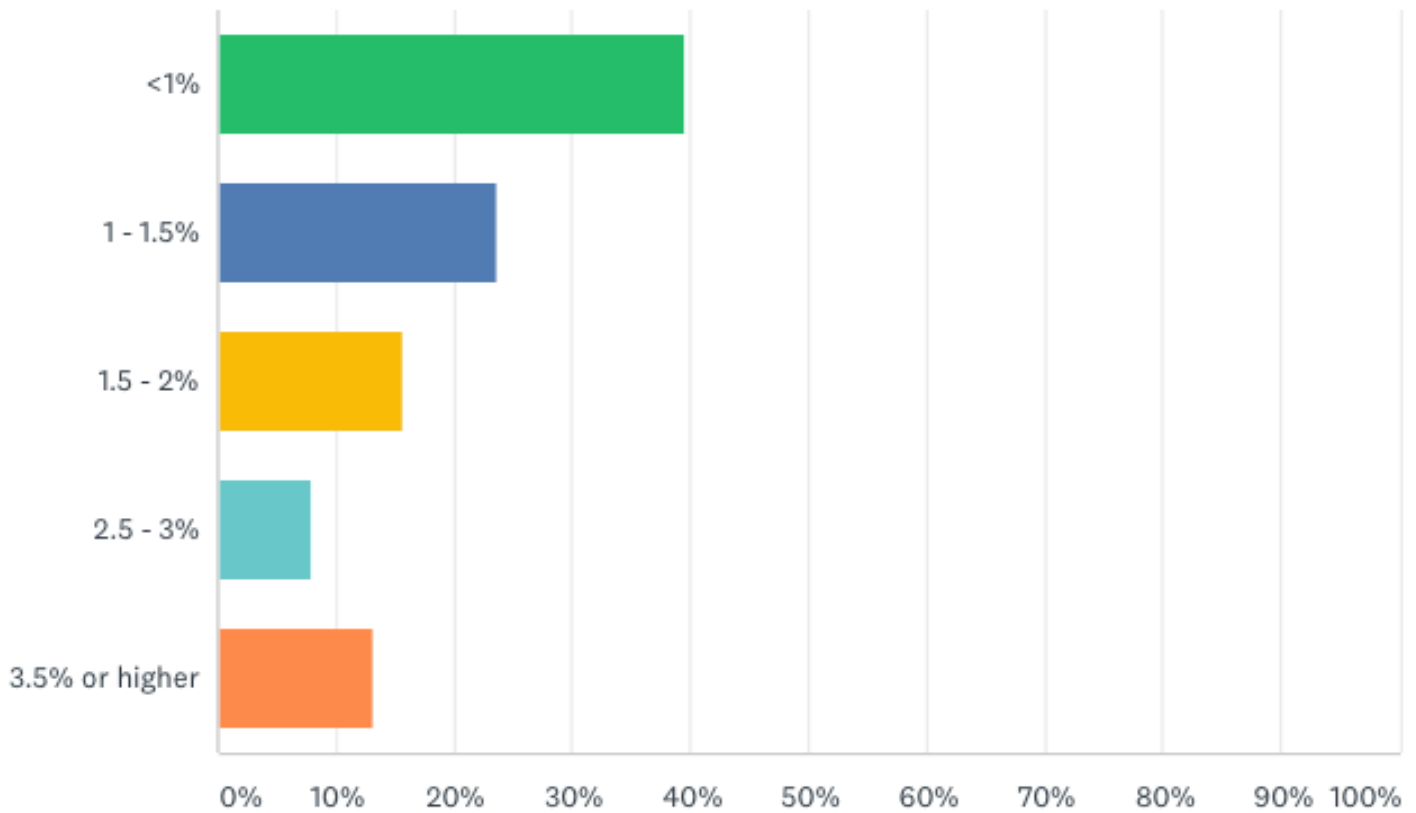
About the stat: CTR (click-through rate) is the ratio of clicks on an ad to the total number of ad impressions. Calculated as clicks / impressions.

Highlights

Looking at these results, most advertisers are seeing an average CTR of 1.5% or lower, while just over 20% see an average CTR over 2.5%.

As in any ad campaign, click-through rate (CTR) is an important benchmark to track.

A high CTR is a good indication that users find your product listings helpful and relevant. CTR is also a factor in determining ad rank. A strong CTR is relative to what you're advertising and on which networks.

You can use CTR to gauge which ads, listings, and keywords are successful for you and where you have room for improvement.

Visual appeal also matters when it comes to CTR, as do keywords, and how your keywords, ads, and listings relate to each other and to your business. The more those things work together, the more likely a user is to click on your ad or listing after searching on your keyword phrase.

It is important to benchmark CTR—and other metrics— **for your industry**. This is because you want to know how you stack up against industry competitors, not all advertisers.

For example, industries that traditionally value functionality over visual design, often have the poorest CTRs in their shopping ads. So if you sell office supplies, you don't want to compare your CTR to a luxury automobile advertiser.

A final note: CTRs for shopping ads are a unique format and have their own benchmarks, But to give context, the average CTR in AdWords is 1.91% for search and 0.35% for display (source: Larry Kim via Wordstream).

Conversions

What is your conversion rate?
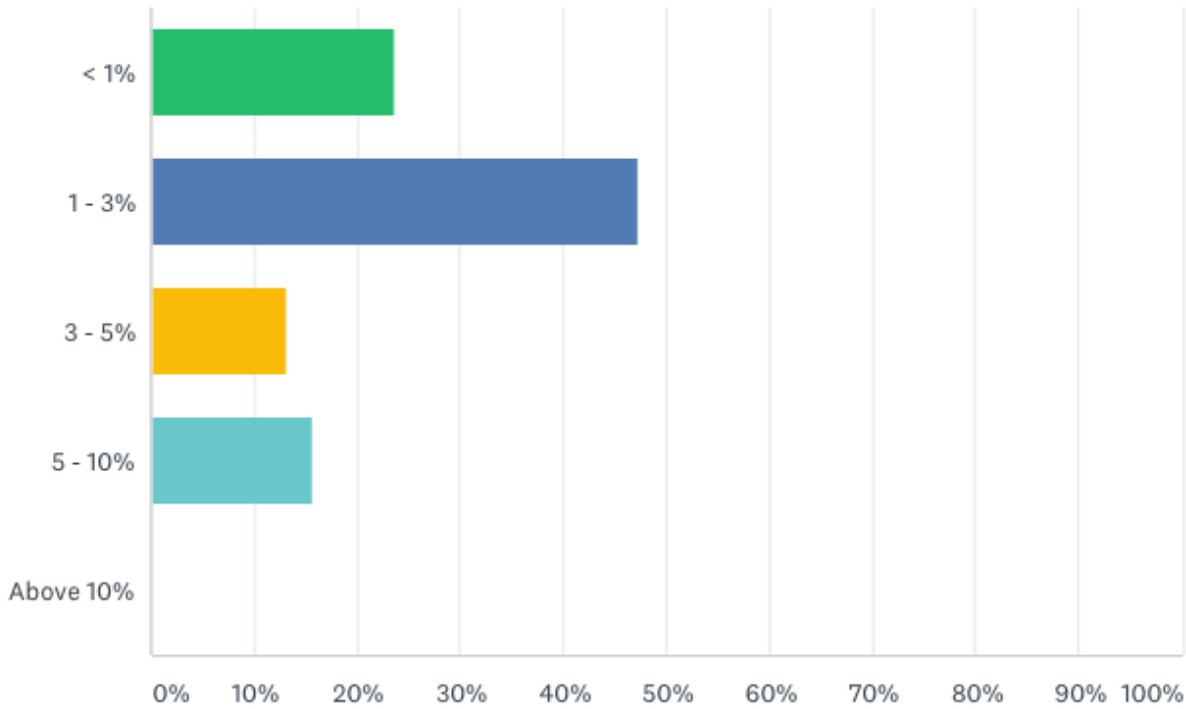
About the stat: Conversion rate represents the average number of conversions per ad interaction, shown as a percentage. Conversion rates are calculated by taking the number of conversions and dividing that by the number of total ad interactions that can be tracked to a conversion. For example, sales/ clicks.

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Highlights

Over 75% of survey respondents are seeing conversion rates above 1% for their industry, with almost 1/3 seeing rates of 3% or more.

The goal of all online advertisers is to achieve high conversion rates along with low costs per conversion. If this is a goal you are striving for, tracking this metric should be at the top of your list.

Be sure to keep in mind how conversion rates change depending on what industry you're in. It has been shown that advertisers selling low-cost products in high-competition industries— like apparel—see higher conversion rates than advertisers in high-end industries.

Also important to note is that shopping ads can have different conversion rates than traditional PPC ads. Shopping ads often show better lower funnel conversion rates (last touch attribution) since people coming from shopping ads are more ready to purchase. That means that the conversion from a last touch view might look stronger than search ads.

Just be sure you are comparing apples to apples and focusing on your industry, and the ad format.

Lastly, if you are seeing low conversion rates, don't just look at the ad. You need to look beyond the ad to make real improvements. To increase conversion, you need to not only improve the ad itself, but also improve your data feed quality, keyword targeting strategy, campaign setup, website design and user experience. All of these are key elements in increasing conversions.

Ad Spend Investment

What percentage of revenue do you spend on ads?
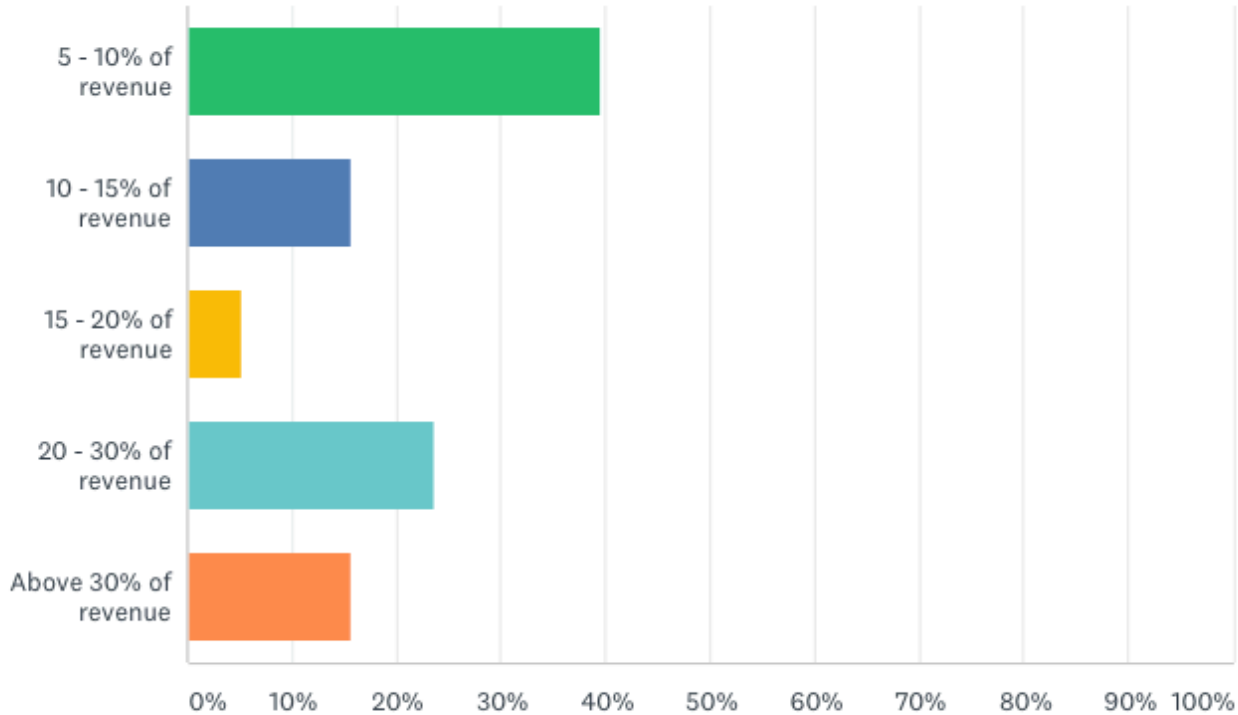
About the stat: Ad Spend Investment is a measure of the percentage of gross revenue that you are willing to spend on advertising. This stat is calculated as Ad Spend / Gross Revenue.

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Highlights

Shopping ads are a powerful, visual, and highly contextual ad unit, which has made them the new storefront.

Over half (55%) of survey respondents spend 15% or less on shopping ads (as a percentage of revenue).

Setting a budget as a percentage of revenue lets you keep your budget in line with sales and conversion goals.

In order to set realistic budgets, it is important to understand the other metrics covered in this report. Your budget should take into account your conversion rate, CTR, cost per conversion and ROAS.

The data shown here is a great starting point when determining your ad budget percentage. Knowing that 39% of advertisers spend less than 10% of revenue on shopping ads while 16% spend 30% or more is a helpful starting point.

Ad Spend and ROAS

We want to take a moment to talk about the relationship between Ad Spend and ROAS.

When analyzing your ROAS, it should align with your ad spend as a percentage of revenue. If they don't align, then something isn't adding up (literally).

For example, if your ROAS is 4x, that means your ad spend as a percentage of revenue should be 25%.

In this survey, we saw responses that showed some advertisers did not understand the relationship between these two metrics.

47% of survey respondents did not have answers to these two questions that aligned. That means that those advertisers are either underestimating their ad spend or over estimating their ROAS. As an example, we noticed several respondents marking 3X for ROAS and 10-15% for their ad spend investment.

We point this out to highlight how these numbers relate to each other and that it is important for advertisers to understand how the metrics work together and how they relate to one another. This is another way to check your data and further analyze the performance of your shopping campaigns.

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Campaign Organization

How do you organize your ad groups?

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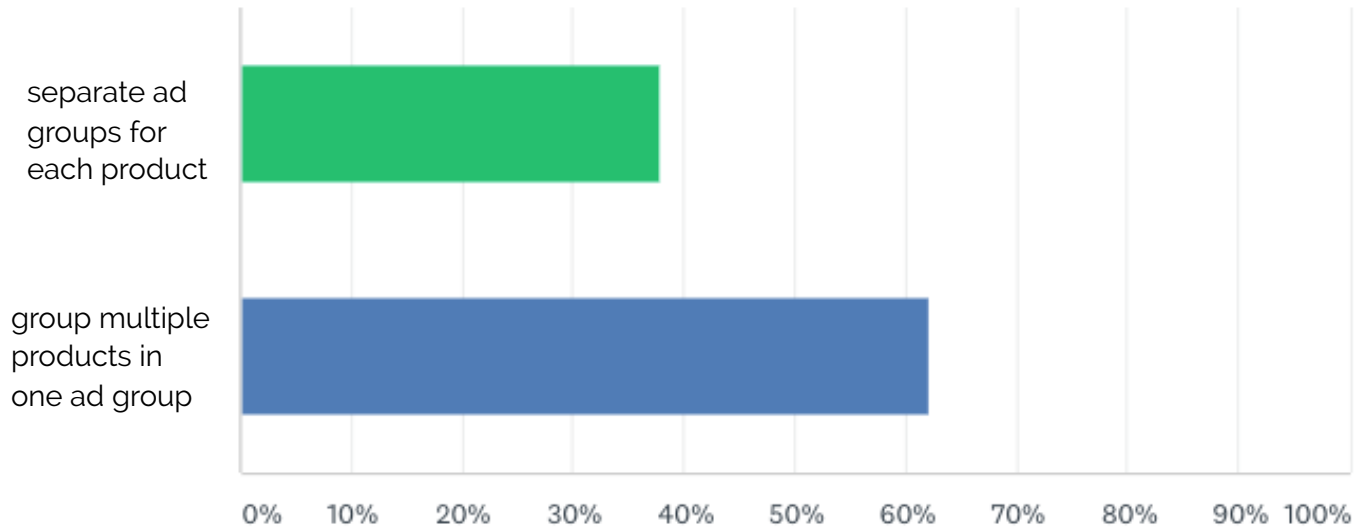
Highlights

When setting up shopping campaigns, there are two different strategies advertisers can employ depending on campaign goals—using separate ad groups for each product, or grouping multiple products together.

▸ Single Product Ad Group (SPAG): This strategy is similar to the Single Keyword Ad Group (SKAG) strategy in PPC campaigns. The purpose of SPAG is to manage CPCs to specific products, and identify negative keywords for specific products (rather than the entire data feed). This allows for more effective optimization.

▸ SPAGs make it easy for you to know which of your products are triggering what searches, and how much money your individual products are making.

▸ SPAGs can help ensure your campaigns are getting relevant traffic, that your bidding is in-line with an item's revenue, and that you're focused on products that make money.

Which strategy is right for you?

SPAG are best for data feeds with less than 100 products. As your feed expands, it can become hard to manage with a SPAG strategy.

If you manage thousands of SKUs, you want to identify top performers and keeping high-spending products with low returns from skewing your budget and lowering your ROAS and conversion rates. You can do this by separating top performing products into their own campaign with their own strategy and budget.

About The Search Monitor®

Hundreds of agencies, search marketers, and affiliate managers use The Search Monitor® to drive greater revenue from online advertising campaigns. The Search Monitor platform provides real-time advertising intelligence to monitor brand and trademark use, affiliate compliance, and competitive advertisers on SEM, SEO, local search, display, mobile, PLAs, and shopping engines worldwide. The platform helps advertisers with compliance issues related to trademarks, affiliate programs, offers, minimum advertised pricing (MAP), content monitoring, and hotel price parity.

The Search Monitor platform also provides competitive insights such as SERP visibility, keyword reach, ad rank, ad copy, popular offers, landing pages, and click and spend data. The Search Monitor data is the most precise available through high-frequency crawling and advanced geo-targeting from thousands of global IP addresses. All data is available through easy-to-use web-based reports, APIs, and automatic alerts that are customizable for 1,200+ verticals.

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