Bidnamic

How successful retailers optimize their Google Shopping campaigns

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Foreword

Everyone's digital lives jumped forward in 2020. The impact of the global pandemic meant people all over the world either increased the frequency of online shopping or tried it for the first time – and the first timers have now fully embraced the benefits of ecommerce.

At the same time, acquisition and marketing budgets have been squeezed and the channels where those budgets are being deployed are proving less effective as competition ramps up.

Cutting-through, grabbing consumer attention at the right moment and converting intent into profit needs a retail rethink. New entrants who use innovative technologies and don't play by traditional rules have changed the game.

The opportunities are huge, but it is vital that fashion retailers adopt the mindset of the new generation of ecommerce specialists and deploy data, algorithms and insight to establish a sustainable competitive advantage.

This report explores why Google Shopping is now coming into its own for retailers that understand its potential and how, with the right partner, it can play a huge role in winning online.
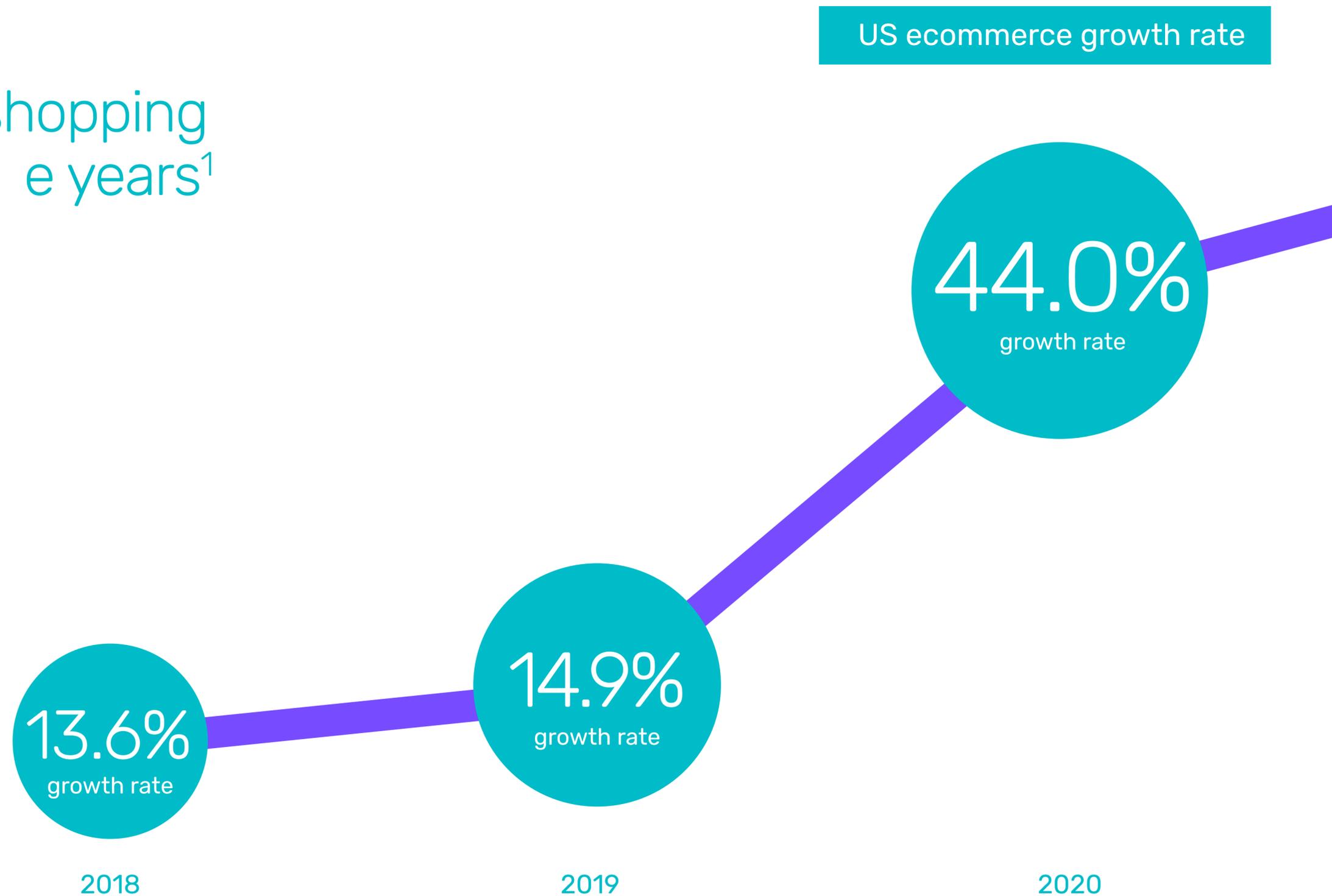
Liam Patterson
CEO, Bidnamic

2

Ecommerce Enters Hypergrowth
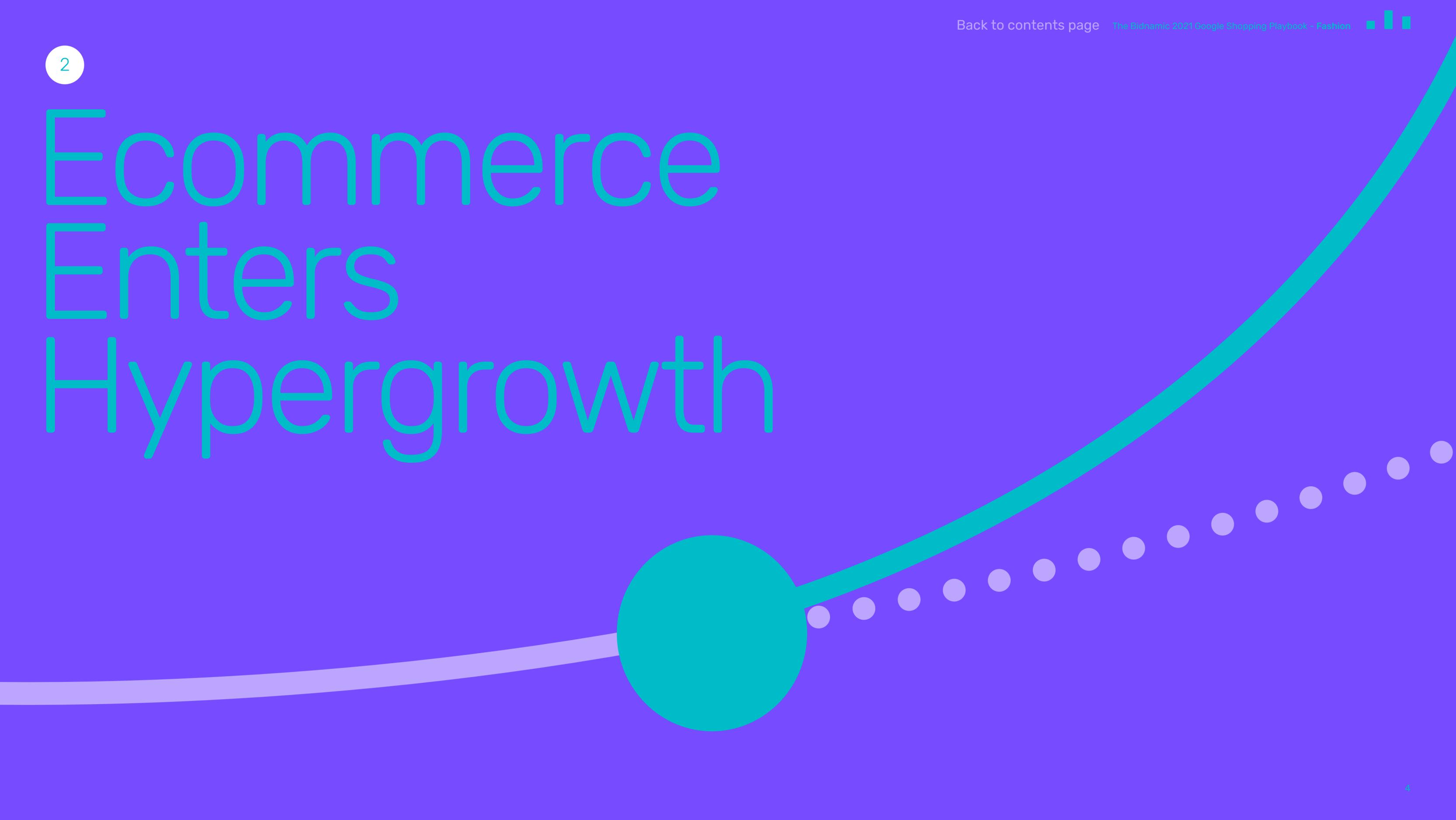
The global pandemic has accelerated the trend to shopping online by approximately fi e years[1]

The trend was already in progress but with stores either closed or di cult to access for a large portion of the population, the concept of regular online shopping, even for big ticket items, has been normalized.

Online sales make up an ever-growing share of total retail sales in the US. In 2018, ecommerce made up 14.3% of total retail sales, and 15.8% in 2019. In 2020 this leaped to 21.3% of all retail sales.[2]

US ecommerce growth rate

44.0%
growth rate

14.9%
growth rate

13.6%
growth rate

2018

2019

2020

[1]https://finance.yahoo.com/news/ibm-2020-u-retail-index-150119824.html
[2]https://www.digitalcommerce360.com/article/us-ecommerce-sales/

Fashion is the largest B2C ecommerce market segment

The global online market for the category was estimated at $525.1 billion in 2019 and growth was forecast at 11.4% a year.[3]

There is a huge ecommerce opportunity for fashion brands as barriers to purchase in physical stores make visits less appealing. The big advantage stores held was the ability to try the clothes and footwear on – this no longer applies.

As retailers focus on creating enjoyable online experiences and their ful lment and returns processes become frictionless, consumers will adapt to purchasing clothing online.

$525.1 billion

Fashion industry 2019

11.4%

forecast growth each year

Retailers are investing more in online

However, the initial competitive advantage enjoyed by rst movers is evaporating.

As traditional rivals increase their online investment, new competitors launch ecommerce stores and consumers hunger for a wider range of goods.
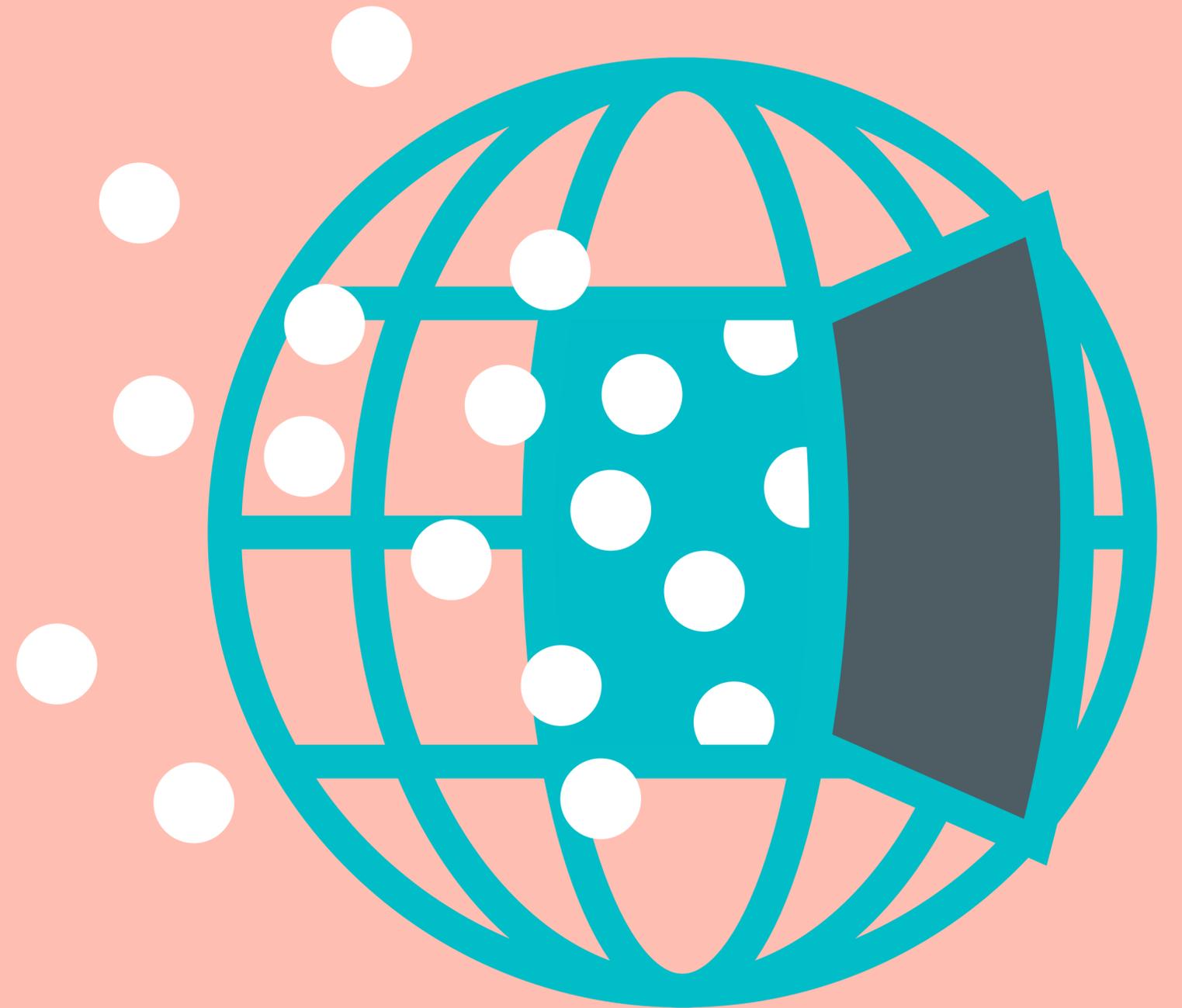
An integral part of winning will be the capability to surface the right message at the right time to prompt a customer action – and to be able to do it at scale.

Investment
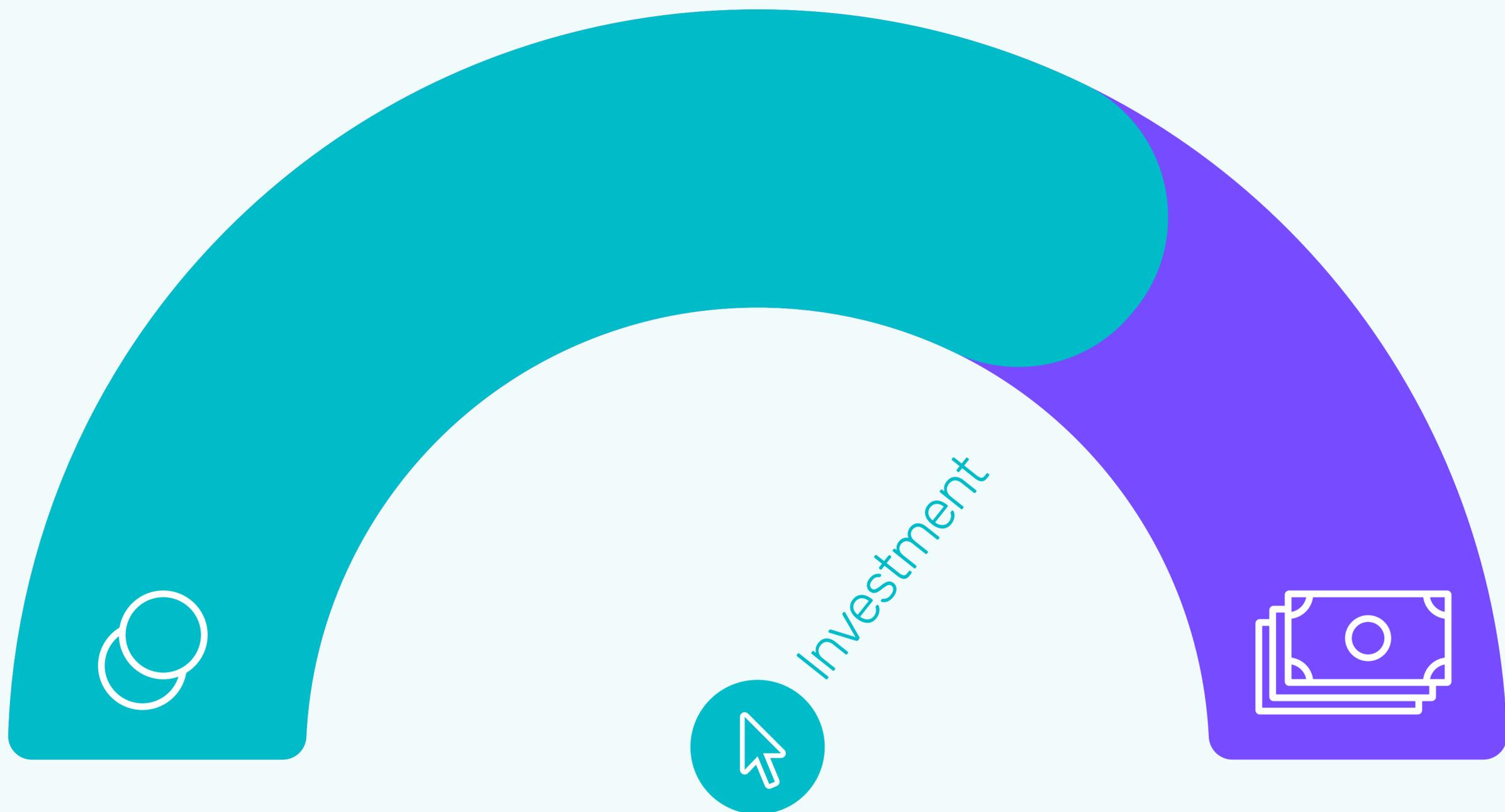
3

A New Breed of Competitor

New technologies have opened the floodg tes to a mass of competitors

Consumers can now shop from anywhere, and competition is taking new forms

Direct-to-consumer

Digitally native **direct-to-consumer** (DTC) brands continue to spring up. EMarketer forecasts US sales from digitally native brands that began life as online retailers will grow by 24.3% this year to $17.75 bn.[4]

$14.28 bn

↑24%
growth this year

$17.75 bn

Private label

The reverse side of the DTC coin is **the rise of private label** from some retailers. It's particularly evident in Consumer Packaged Goods and supermarket grocery with 'value ranges' but extends into all categories – **Walmart has its Time and Tru** clothing brands, while online fashion players like **ASOS and Amazon are also developing their own lines**.
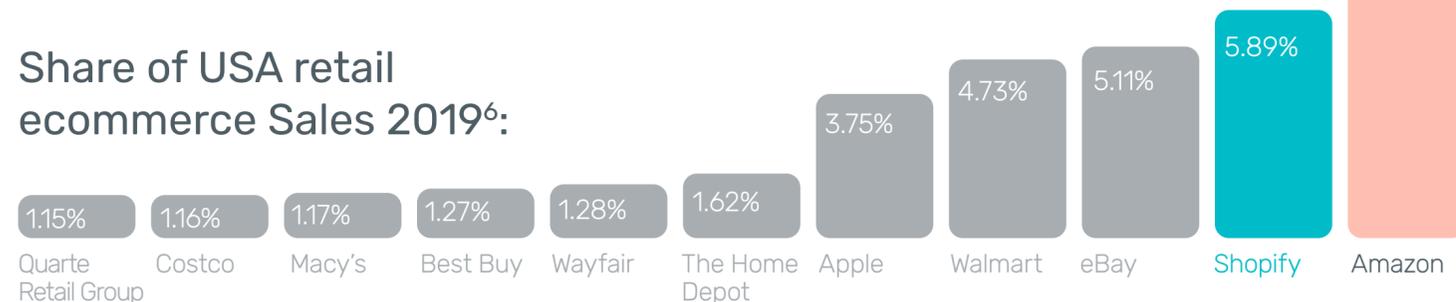
Sub-Range

Sub-Brand

Core Brand

Growing competition in a growing market

Amazon is omnipresent and the company makes use of every scrap of customer data to improve its o er to consumers. It is already estimated to be the leading apparel retailer in the US thanks to third-party sellers and is making strides into Luxury.[5]

There is also a growing long tail of **SMEs with digital storefronts thanks to 'plug in and play' technology platforms like Shopify**. Shopify alone has more than one million merchants using its platform and sales across its storefronts make it the second largest online retailer.

Share of USA retail ecommerce Sales 2019[6]:

1.15%	1.16%	1.17%	1.27%	1.28%	1.62%	3.75%	4.73%	5.11%	5.89%	36.99%
Quarte Retail Group	Costco	Macy's	Best Buy	Wayfair	The Home Depot	Apple	Walmart	eBay	Shopify	Amazon

Chinese suppliers are outselling US suppliers on Amazon.com[7]

Amazon.com top sellers in early 2020

Competition is also increasing from manufacturers and other points in the supply chain. Chinese suppliers are increasing the use of Epacket courier services and 'dropshipping' to sell direct.

49% China

47% USA
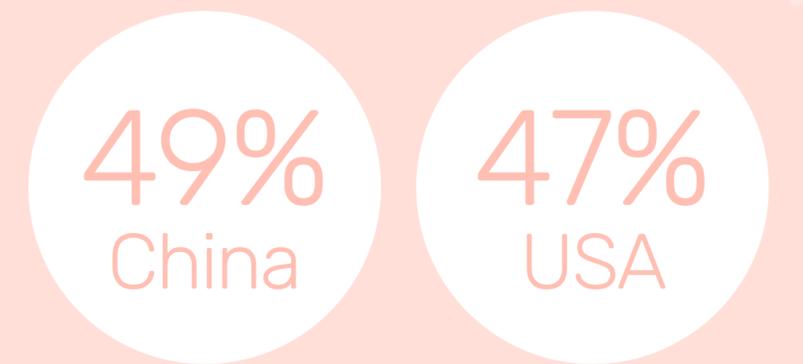
Take advantage of the growing market

To take advantage of the growing ecommerce market, retailers need to change their approach to business by using data, technology and algorithms to optimize and scale their online presence.

[5]https://www.forbes.com/sites/pamdanziger/2020/01/28/amazon-is-readying-major-disruption-for-the-fashion-industry/
[6]eMarketer, May 2020, Shopify

[7] https://www.marketplacepulse.com/articles/chinese-sellers-outnumber-us-sellers-on-amazoncom
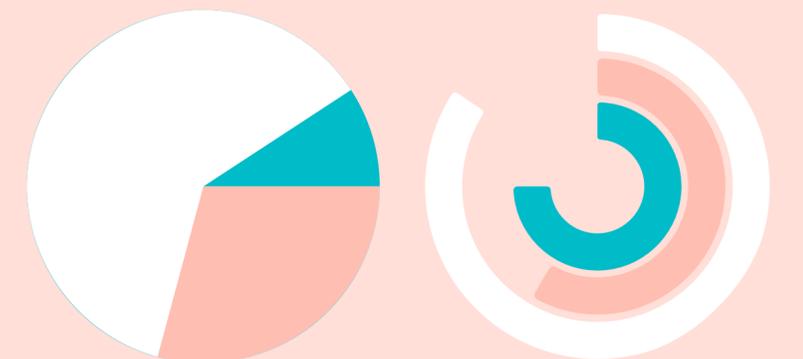
4

The Rise of Google Shopping in Search Marketing

The switch of focus to drive customers online means investment in search is rising

Rising investment in search spend

The entwining of ecommerce and marketing is irreversible as campaigns on platforms and social media channels increasingly route consumers directly to retailers. The switch of focus to drive customers online means investment in search is rising.

eMarketer forecasts[8] spend on search in 2022 will exceed its pre-pandemic predictions for the year and is expected to reach nearly $100bn by 2024.

Search spend will have **grown 68%** by 2024
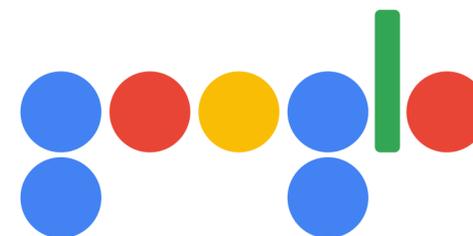
$60.5 billion

Search Spend 2020

$99.22 billion

Search Spend 2024

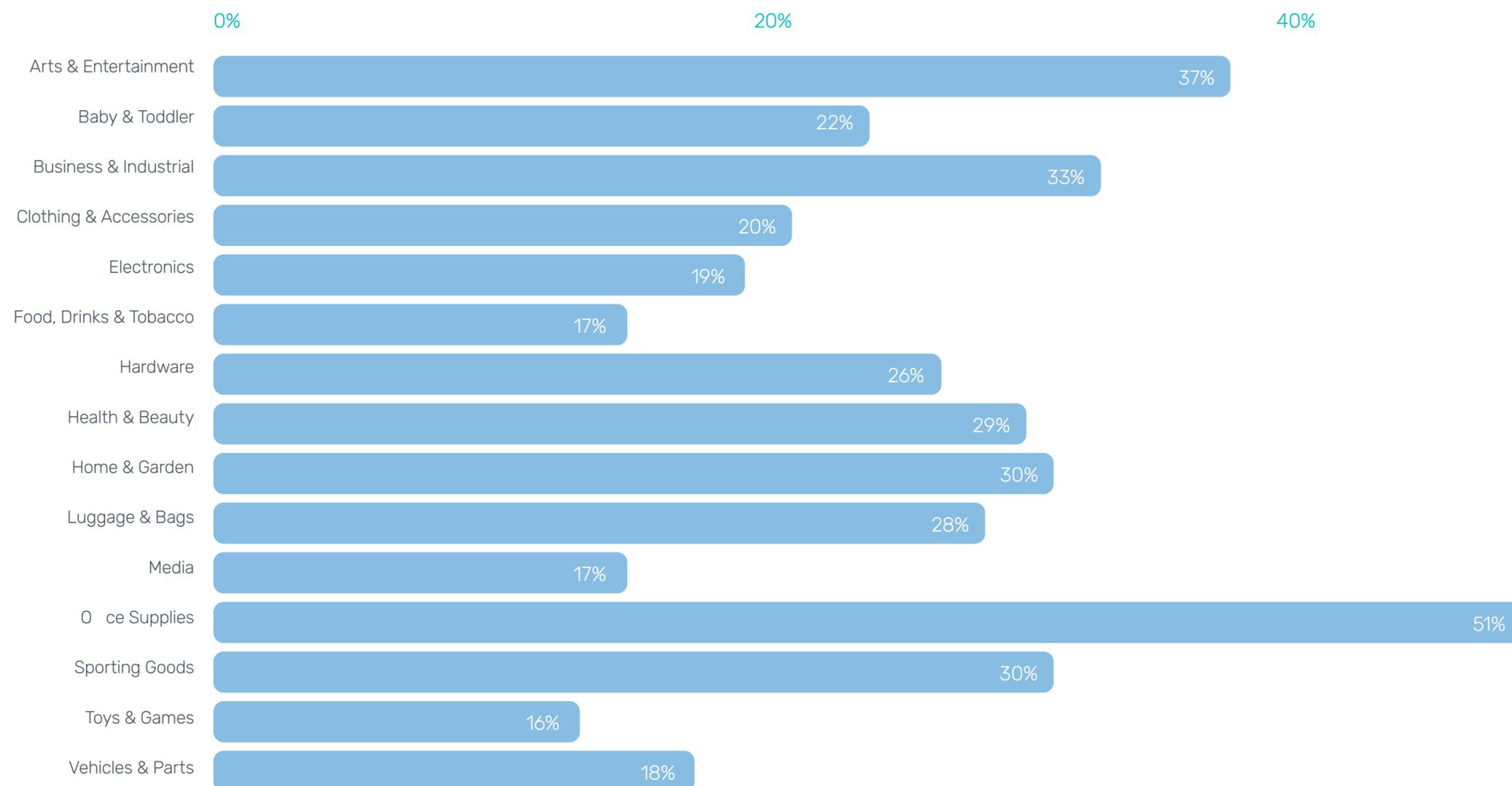# Amazon: your biggest competitor on Google Shopping

Google Shopping was added to the Google Ads platform in 2016 as a comparison-shopping service to compete with marketplaces like Amazon.

Since its launch, Google Shopping's image-based product listings have proved highly attractive to consumers. Data from Bidnamic's platform show that **Google Shopping's share of retail paid search clicks was 65% in Q3 2020**.

Enhancements such as Showcase Shopping ads and Smart Shopping have increased the audience and lowered the entry barrier for small advertisers, which have in turn led to increased competition.

Amazon, for one, accounted for over 50% of impressions in some retail sectors on Google Shopping in October 2020.

Amazon impression share on Google Shopping[9]

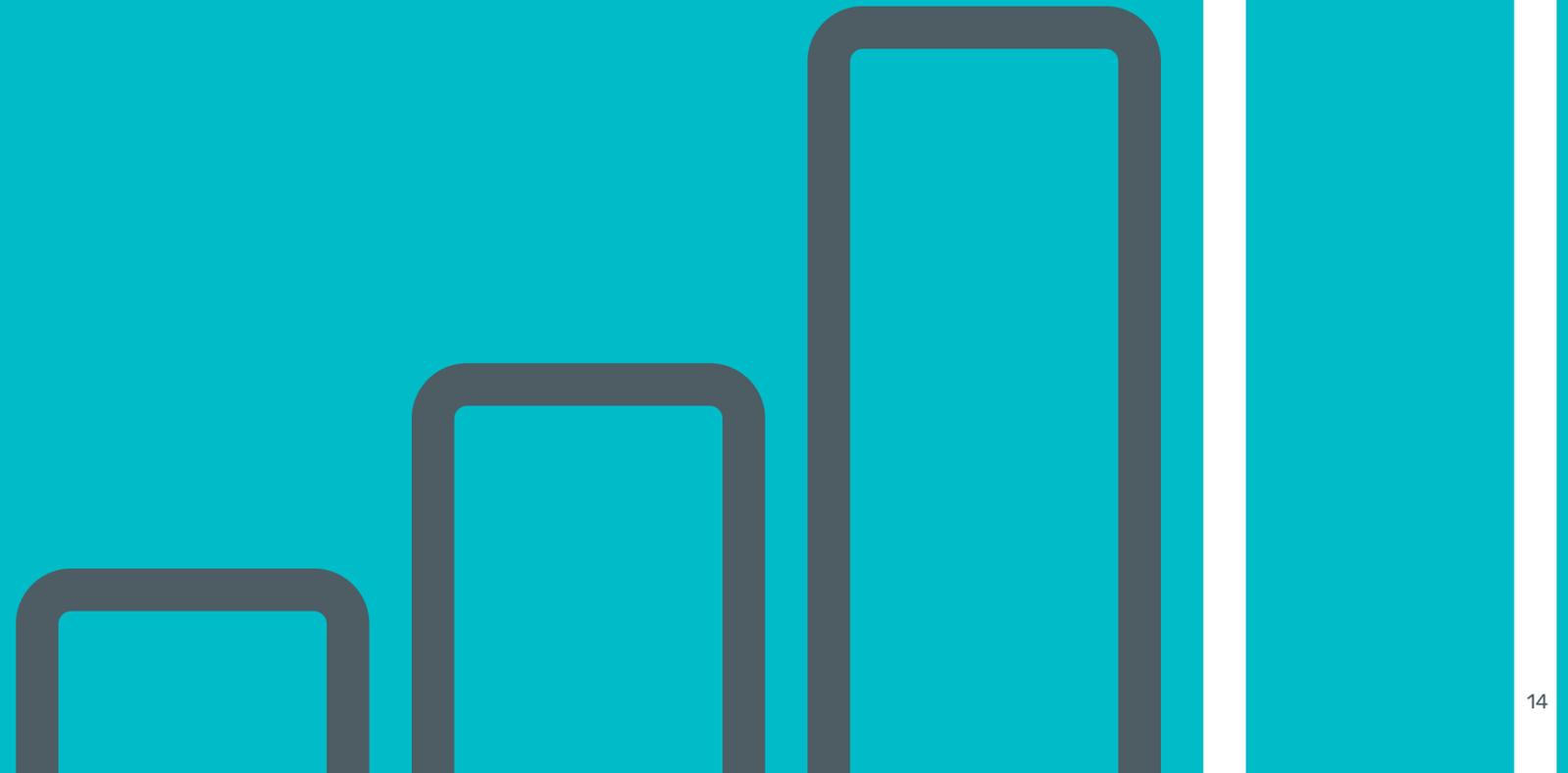| Category	Impression Share
Arts & Entertainment	37%
Baby & Toddler	22%
Business & Industrial	33%
Clothing & Accessories	20%
Electronics	19%
Food, Drinks & Tobacco	17%
Hardware	26%
Health & Beauty	29%
Home & Garden	30%
Luggage & Bags	28%
Media	17%
Office Supplies	51%
Sporting Goods	30%
Toys & Games	16%
Vehicles & Parts	18%

5

How To Win:
Obsess Over Input Metrics

Online retailing's powerful advantage over the high street

The difference is that online shopping can provide a vast amount of useful customer data which a retailer can use to understand how to deliver the right message, in the right place, and at the right time to catch the attention of shoppers.

The most successful online retailers start by defining the input metrics that will have the biggest impact on their campaign goals — their output metrics. To win, a retailer must understand the importance of each of the core input metrics and how technology can drive incremental improvements and provide scale in ways that aren't possible manually. The correct inputs will help a retailer understand where best to focus budget for growth.

Alongside metric definitions we have assembled examples of **best practice case studies to show how retailers can use technology to improve input metrics** and win more, and more profitable, customers.

Images

Search relevancy

Reviews and ratings

5.1 Click-through rate

Optimized for mobile

Product reviews

Site speed

Localize

5.2 Conversion rate

Merchandising

Flexible payment technologies

Discounts and codes

5.3 Average order value

Email systems and processes

Cart abandonment emails

Back-in-stock alerts

5.4 Customer lifetime value

SKU level ROAS

Cross-platform data

Reduce the cost of fulfilment

5.5 Profit per transaction

Online retail success

5.1   How To Win

Click-through rate

A small gain in click-through rate — at the top of the funnel — has a huge ripple effect on performance. Improving your click-through rate from 0.2% to 0.4%, for example, will double traffic and have a similar impact on revenue.

Data-driven technologies can help by optimizing your keyword choices and ad performance.

What's important

There are two areas of focus when optimizing your click-through rate (CTR). First, ensure that your product is directly relevant to the intent of the keyword search.

Second, make your ad content stand out more than that of your competitors. If you have a large number of keywords and ads this can be too complex and time-consuming to do manually. Using specialist, data-driven technologies you can deliver rapid improvements in your CTR in an e   cient way.

Price and promotions

yourcompany.com

Pro tip

Bidnamic reveals the exact terms shoppers are using when searching for each unique product SKU, and their respective performance. This helps our clients discover high value search terms which they can insert into product titles and descriptions to increase relevance and click-through rate.

Integrating Trustpilot reviews and ratings increases CTR

Case study

Life Style Sports, Ireland's largest sports and fashion retailer, increases CTR by over 20%

Once Life Style Sports had achieved Review Snippets and Google Seller Ratings in their paid and organic search by collecting Trustpilot reviews, results followed swiftly.

The positive ratings provided additional verification for prospective customers, and once customers landed on site, the increased trust that exhibiting Trustpilot reviews gave UK consumers also proved critical.

▶ View full case study

20%
increased CTR

Trustpilot is free and open to every company and consumer everywhere. Sharing your experiences helps others make better choices and companies up their game.

We bring consumers and companies together to continuously share, collaborate and improve. The power of our platform comes from being open to all consumers and companies, independent of both and transparent.

5.2   How To Win

Conversion rate

Increase the percentage of visitors to your website that convert into paying customers by **optimizing your conversion rate.**

What's important

Whether they've come from an organic search or a paid search, visitors to your website derive from an investment in search marketing, and failing to convert them is an opportunity missed.

Conversion rate optimization (CRO) is a key success factor in ecommerce, and any investment in CRO should generate immediate returns. Improving your conversion rate from 2% to 2.1%, for example, represents a 5% increase in online sales.

CRO requires a fast, responsive website, and using advanced data techniques to deliver more compelling content based on the digital history or behavior of the visitor.

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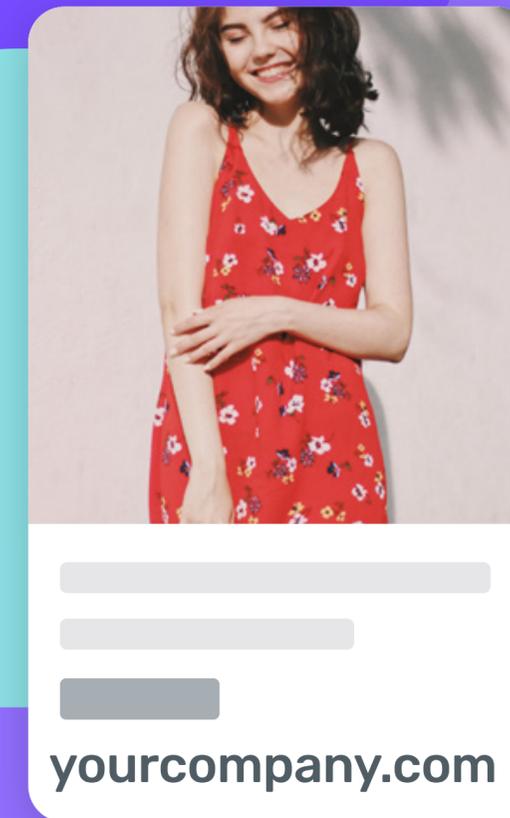
Pro tip

Bidnamic's platform logs the exact conversion rate of each search term against a speci c product SKU, enabling our clients to identify opportunities to improve low-converting product SKUs by reviewing pricing, image quality or descriptions. Also wasted ad spend can be reduced by setting negative search terms for out-of-stock size or color options, or irrelevant search terms.

Optimize site speed on mobile, tablet and desktop

A 2020 study observed that a 0.1 second website speed improvement resulted in a remarkable 8.4% increase in conversion rates. Also that retail customers were particularly sensitive to website speed in their pre-checkout journey.

Mobile site speed improvements had a direct correlation to improved funnel progression.

An 8.4% increase in conversions with retail consumers was observed, and an increase in average order value of 9.2%.
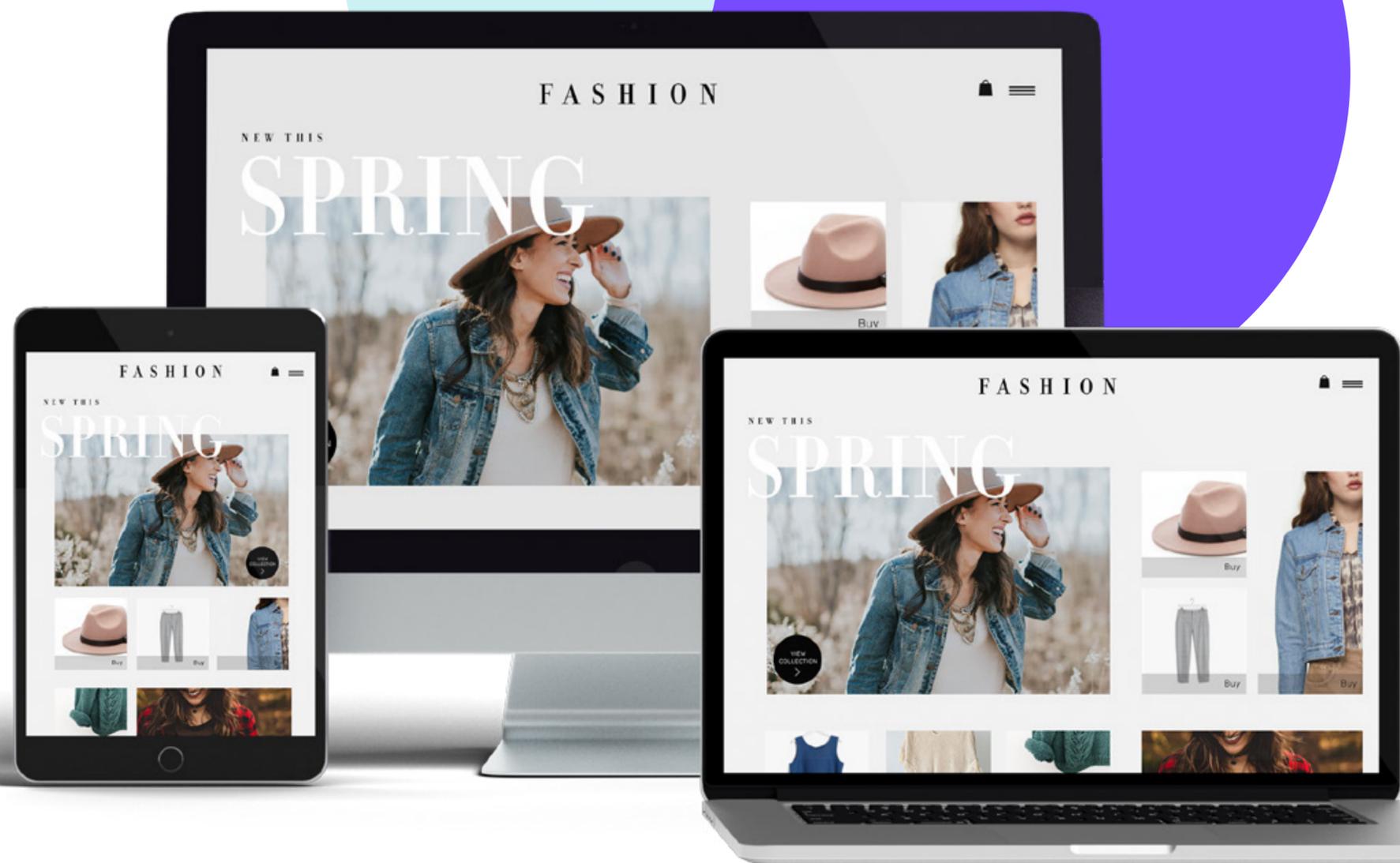
When mobile site speed improved we also observed positive change in the number of page views, conversion rates and average order value.

An 8% increase in page views per session was measured for luxury sites.

Retail consumers were most sensitive to speed in the pre-checkout stages of their conversion journey.

Integrate independent product reviews

Case study

Ann Summers, a British multinational retail company specializing in sex toys and lingerie, sees an increase in conversions of up to 230%

Unsurprisingly, the higher the star rating, the higher the chances to convert. The highest conversion rate was seen on products rated 5 stars, meaning a **5-star rating resulted in a huge 230% conversion increase**.

However, products with 1-star reviews still had a higher progression rate than products with no rating at all.

230%

increase in conversions
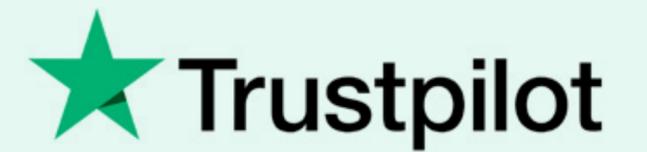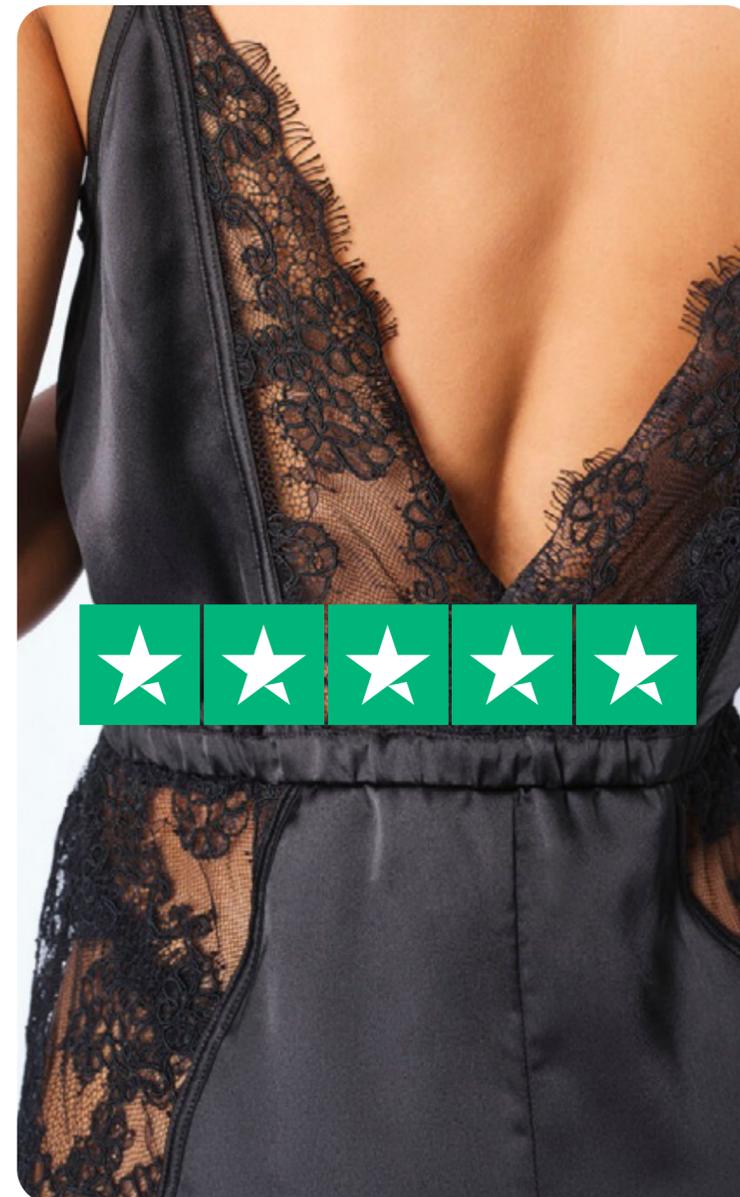
▶ View full case study

Trustpilot is free and open to every company and consumer everywhere. Sharing your experiences helps others make better choices and companies up their game.

We bring consumers and companies together to continuously share, collaborate and improve. The power of our platform comes from being open to all consumers and companies, independent of both and transparent.

Deliver more compelling mobile content

Case study

Rip Curl, market leader of surfin wetsuits, surf watches and casual surf apparel, increases mobile conversions

When visiting any of Rip Curl's international websites **every customer is greeted on the mobile responsive home pages with a range of products 'recommended for you'**.

These can include products that were bought by similar customers, frequently purchased items and exciting new Rip Curl lines, and contributed to an incremental increase in month-on-month revenues.

▶ View full case study

freshrelevance

Fresh Relevance is the real-time personalization and optimization platform. We analyse customer data and use it to maximize the customer experience for each individual across email, website and app.

By increasing engagement across devices and channels, we help digital marketers and ecommerce professionals drive revenue and customer loyalty.

Personalize page product details and checkouts

Case study

Personalized product detail pages and checkouts drive 400% increase in conversion rate for Japanese marketplace

Real-time personalization includes product recommendations that adapt to every click that the shopper makes.

Every product attribute is taken into consideration, and the products recommended are based on specific attributes the shopper shows affinity towards.

For example, a color over a pattern, or a length over neckline. Product recommendations are based on the shopper's current journey as well as their historical data.

▶ View full case study

400%

increase in conversion rate
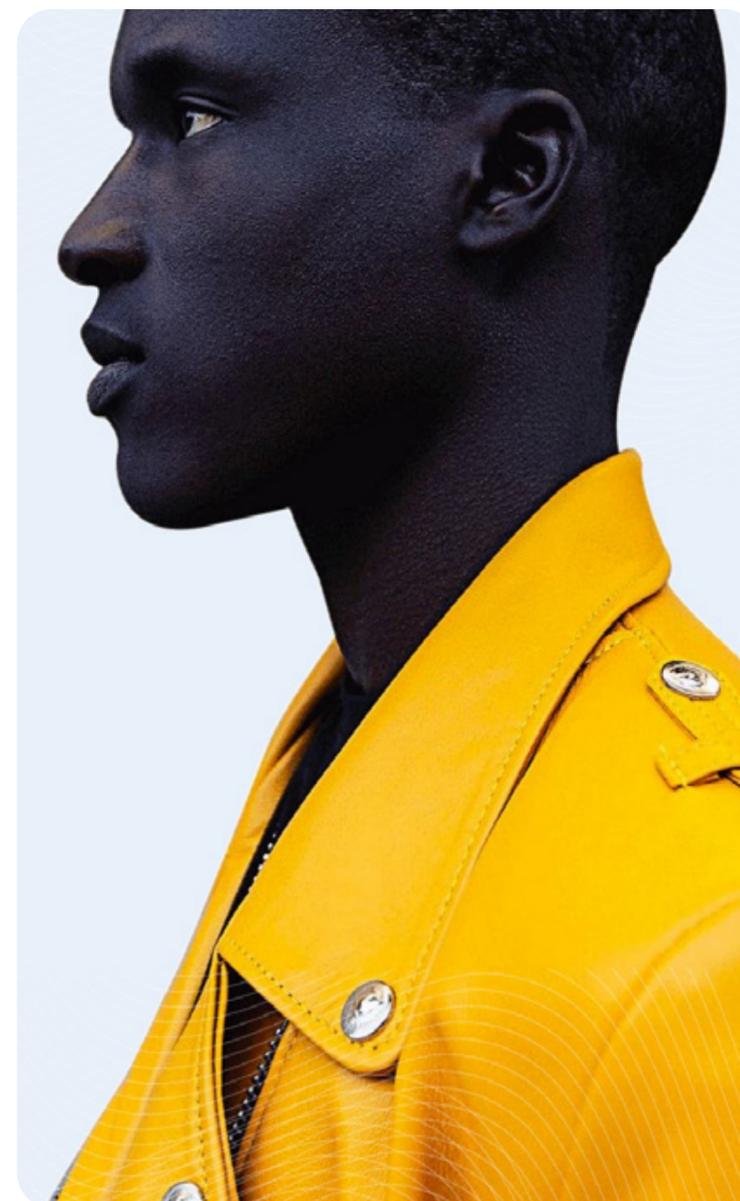
Vue.ai®

Vue.ai is a uni ed visual AI platform that is redesigning the future of retail commerce.

Using image recognition and data science, we help retailers generate product and customer intelligence, and combine these with market insights to power growth.

Abandoned cart and browse email campaigns

Case study

Luxury shirt maker Ledbury increases orders from abandoned shoppers by 55%

Ometria gave Ledbury the ability to create sophisticated abandoned cart and browse campaigns and send them at the perfect time.

Ledbury was also able to segment its abandonment campaigns based on category and product type, and further segment the messages based on customers' tastes and habits, further aligning the recipient with the brand.

▶ View full case study

55%
increase in orders from abandoned shoppers

ometria

Ometria is a smart email software platform that lets retailers increase customer revenue by sending personalized, relevant marketing messages throughout the customer journey.

Our platform combines an AI-based intelligence and orchestration layer with a retail-specic cross-channel marketing platform.

# Boosting shopper identific tion rates for remarketing campaigns

Case study

Samsonite boosts their identific tion rate to 24.5% of site tra

Samsonite turned to Wunderkind to help scale their email remarketing channel. Bringing advanced technology, tactics and services to the table, Wunderkind helped the retailer recognize more of their tra c down to an email address.

Wunderkind enabled the brand to dramatically increase its triggered email reach, which improved its cross-channel customer experience and recovered more abandoned revenue.

▶ View full case study

24.5%
identification rate
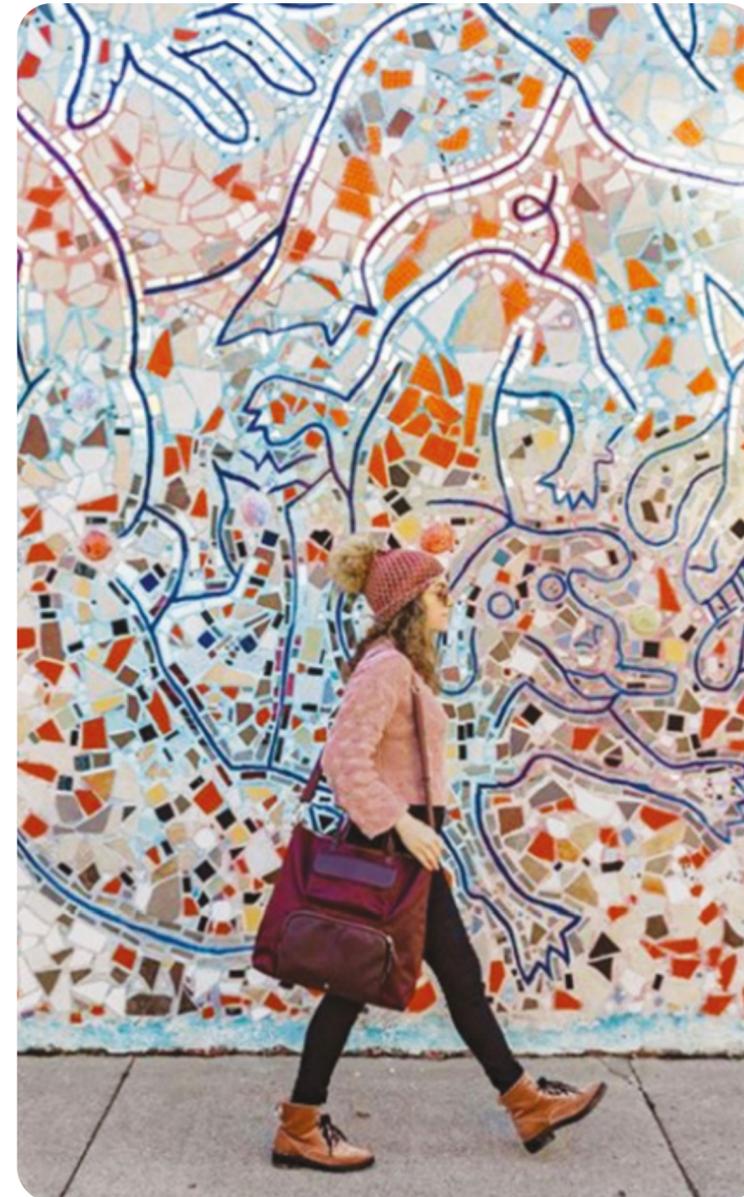
Wunderkind
Formerly BounceX

Wunderkind is a leading performance marketing engine that allows digital businesses to deliver one-to-one messages at unprecedented scale by remembering their visitors better than ever before.

Average order value

Increasing competition makes it harder to keep new customer acquisition costs at an affordable level. Focusing on average order value (AOV) — total revenue over a given period divided by the number of orders — is one way to address this.

What's important

Adding a $25 belt to a $100 trouser suit, for example, grows revenue for that order by 25%, but the acquisition cost remains the same, so profit rises.

Doing this well requires investment in great merchandising — presentation, discoverability, upsells and cross-sells — offering flexible payment terms, and making it easy to find and use discounts and codes.

All of which can be done faster, better and easier using smart technology.

yourcompany.com

Pro tip

Bidnamic's platform identifies products that might be low value and low margin but provide low cost per click 'gateways' to much larger average order values. Identifying gateway products provides opportunities to bid more competitively, and the data can also inform wider product merchandising tactics.

Real-time recommendations based on basket content

Case study

French fashion retailer The Kooples increases average basket value

The Kooples needed a personalization solution that supported multilingual, multi-currency websites and could respond to dierent consumer behavior in their core markets.

Working with Attraqt, they saw swift improvements by being able to make recommendations based on the contents of the customer's basket, which resulted in a signicant increase in sales.

▶ View full case study

9.5%
increase in average order value

Attraqt

Attraqt enables every customer to deliver the best possible product discovery experience for their shoppers by combining the very best capabilities in search, merchandising, recommendations and personalization.

This all-in-one solution is powered by the very latest AI to ensure that every consumer has a seamless, engaging and highly relevant journey from initial search all the way through to conversion and purchase.

Flexible payment terms

Case study

The destination brand for must-have lingerie and pleasure innovation, Ann Summers increases transaction values by 10%

Klarna Pay in 4 oﬀers a safe, simple and seamless way to extend the company's online checkout. Pay in 4 lets users split purchases into equal payments over six weeks.

There is never any interest or fees added meaning the customer will pay the same product price as they would if they were to use a debit card.

"With Klarna Pay in 4, our shoppers are still making considered purchases. They are not filling their baskets but rather spending just a little bit more, upgrading on quality, fabric or features."

▶ View full case study

Klarna.

Klarna Inc. is headquartered in Columbus, Ohio, providing payment solutions for 15 million consumers across the US alone.

Klarna oﬀers direct payments, pay after delivery options and installment plans in a smooth one-click purchase experience that lets consumers pay when and how they prefer to.
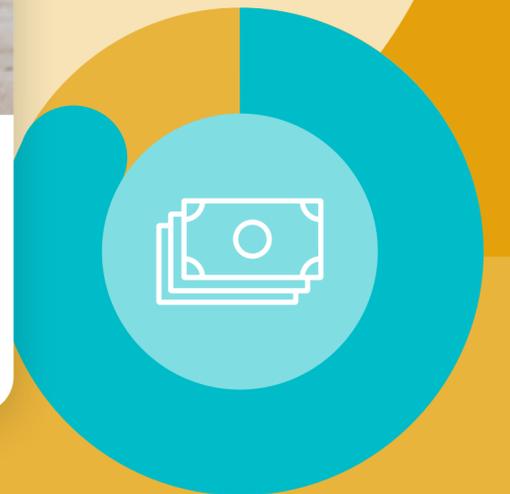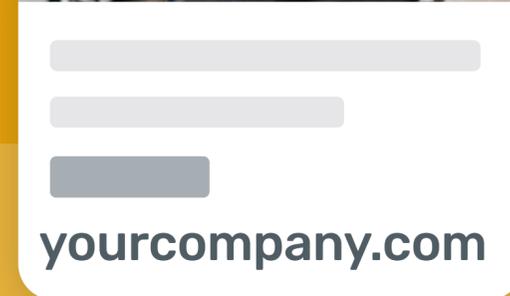
Customer lifetime value

Calculating the right customer acquisition cost for your business also means factoring in the projected lifetime value (LTV) — the profit you can expect to make over a set time period — for specific customer types.

What's important

Optimizing LTV needs a focus on reactivation and loyalty campaigns based on personalization, tracking and utilizing data from multiple sources.

Doing this quickly and efficiently involves using technologies that can utilize data from your ecommerce platform, your CRM and your accounting software. You can focus email campaigns, for example, on high LTV customers. Also cart abandonment emails can be personalized, and back-in-stock alerts can capture pent-up demand.

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Pro tip

In Google Shopping, use your data to identify products that lead to higher levels of repeat sales and a higher lifetime value, and target customer profiles that offer higher conversion rates. For example, Bidnamic's platform can automatically bid more aggressively for consumable products with frequent repeat purchase rates, or for products with lower refund or cancellation rates e.g. men's apparel, which has lower refund rates than female apparel.

Using a loyalty program to increase repeat purchases

Case study

London-based accessories, clothing and lifestyle retailer SkinnyDip increases repeat spend by 84%

As a natural extension of their brand, Skinnydip designed a fully-customized loyalty program and named it "Skinnydip Airlines".

To increase repeat purchase and engagement still further, **Skinnydip's team also implemented a tiered loyalty program structure**. Members can progress across four levels; Check-in, Departure Lounge, Boarding and Take-O .

84%

increase in repeat spend

▶ View full case study

LoyaltyLion is a data-driven loyalty and engagement platform. They unlock real insights to build a better understanding of what drives longer-lasting customer relationships and accelerate their clients' existing marketing e orts.

Using a referral program

Case study

Global fashion retailer PrettyLittleThing bags thousands of new customers

PrettyLittleThing partnered with Mention Me to tap into its customers' conversations and boost orders.

Through A/B testing, PrettyLittleThing has doubled the rate at which referred friends became customers. It has also incorporated key events such as International Friendship Day into its referral programs to drive brand advocacy.

▶ View full case study

40%
of new referrals came from name sharing
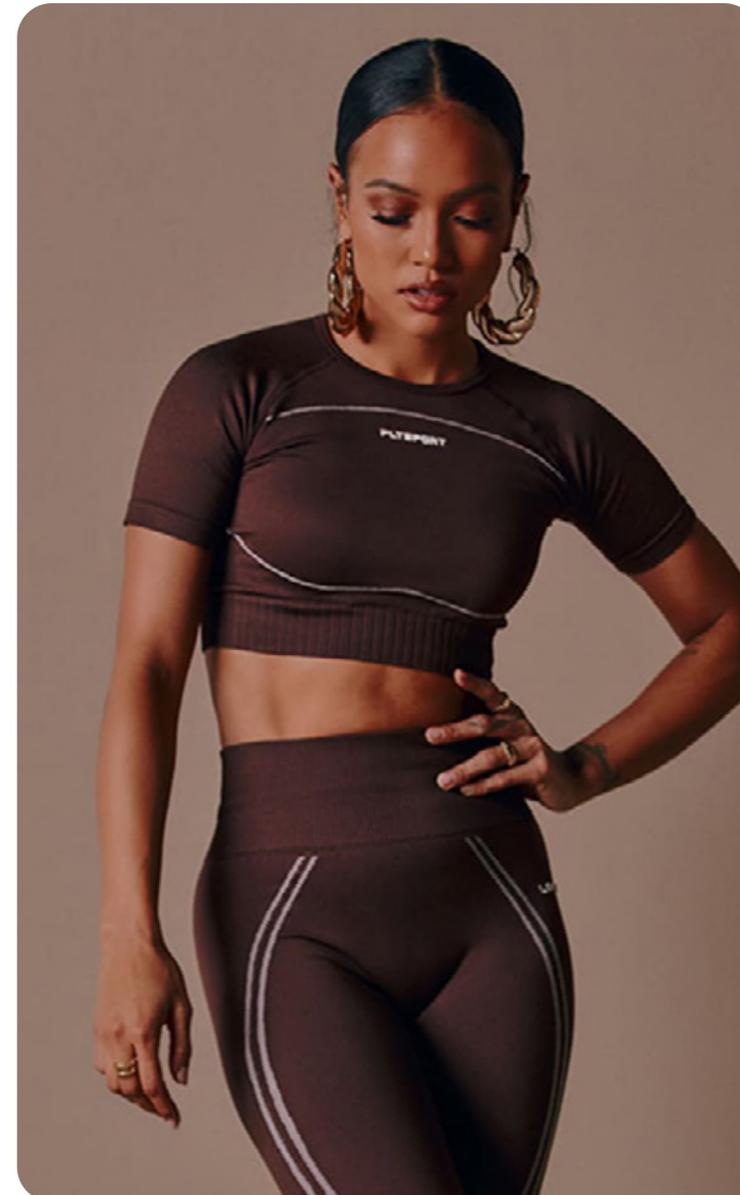
mention me

Mention Me is a referral marketing platform that fuels business growth. Our world-class programs have delivered more than 3 million referrals totalling $1bn+ in revenue, and increased customer lifetime value for 450+ brands around the globe.

5.5   How To Win

Profit per transaction

Margins are under pressure: more online retailers, ad spend shifting to digital, the phasing out of cookies and the erosion of consumer trust all point towards rising CPAs.[11]

Long-term ecommerce success requires being able to move beyond revenue- or cost-based metrics like ROAS or CPA, to focus instead on maximizing the profit generated by each transaction.

What's important

In retail, gross profit margin is the sale price less the costs of production (or wholesale price), customer acquisition, and fulfilment.

Many retailers use **average** margin i.e. the average profit they make across all products, as a 'broad brush' indicator.

The more successful retailers know their margins for each individual SKU. With the right technology, this data can be used to adjust ad spend at the granular, SKU level, driving down the cost of customer acquisition, and increasing profit margins across the board.

SKU % Profit ↑

yourcompany.com

Pro tip

Move beyond averages to precision, using Cost Of Goods Sold data. Using the cost price of each product SKU enables higher bids and a lower target ROAS for higher margin products, and prevents losses from a low target ROAS for low margin products. Use advanced Google Ads tracking to see which items are purchased after your Shopping ads are clicked, providing a clear measure of revenue and profit generated.

Making bidding decisions at the SKU level

Case study

Designer fashion marketplace Garmentory increases profi per transaction

Like many retailers, using group bidding meant that Garmentory was overbidding on a lot of their 400,000+ SKUs, leading to unpro table transactions on Google Shopping.

Bidnamic's unique purchase intent model, combined with machine learning, used Garmentory's budget more e ciently. Click volumes and revenue remained steady, but ad spend decreased by 10%.

"We offer great prices to our customers so we needed a solution that generates a very high ROAS. Bidnamic consistently delivers this — often 15x or more."

▶ View full case study

Bidnamic

Bidnamic is a marketing technology platform that helps retailers unlock the full potential of Google Shopping. Our machine learning platform pro les every single product SKU in your catalogue, predicting its optimal bid value algorithmically.

We make an average 500,000 Google Shopping bid adjustments per week for each of our clients, helping them to outrank competitors and increase market share.

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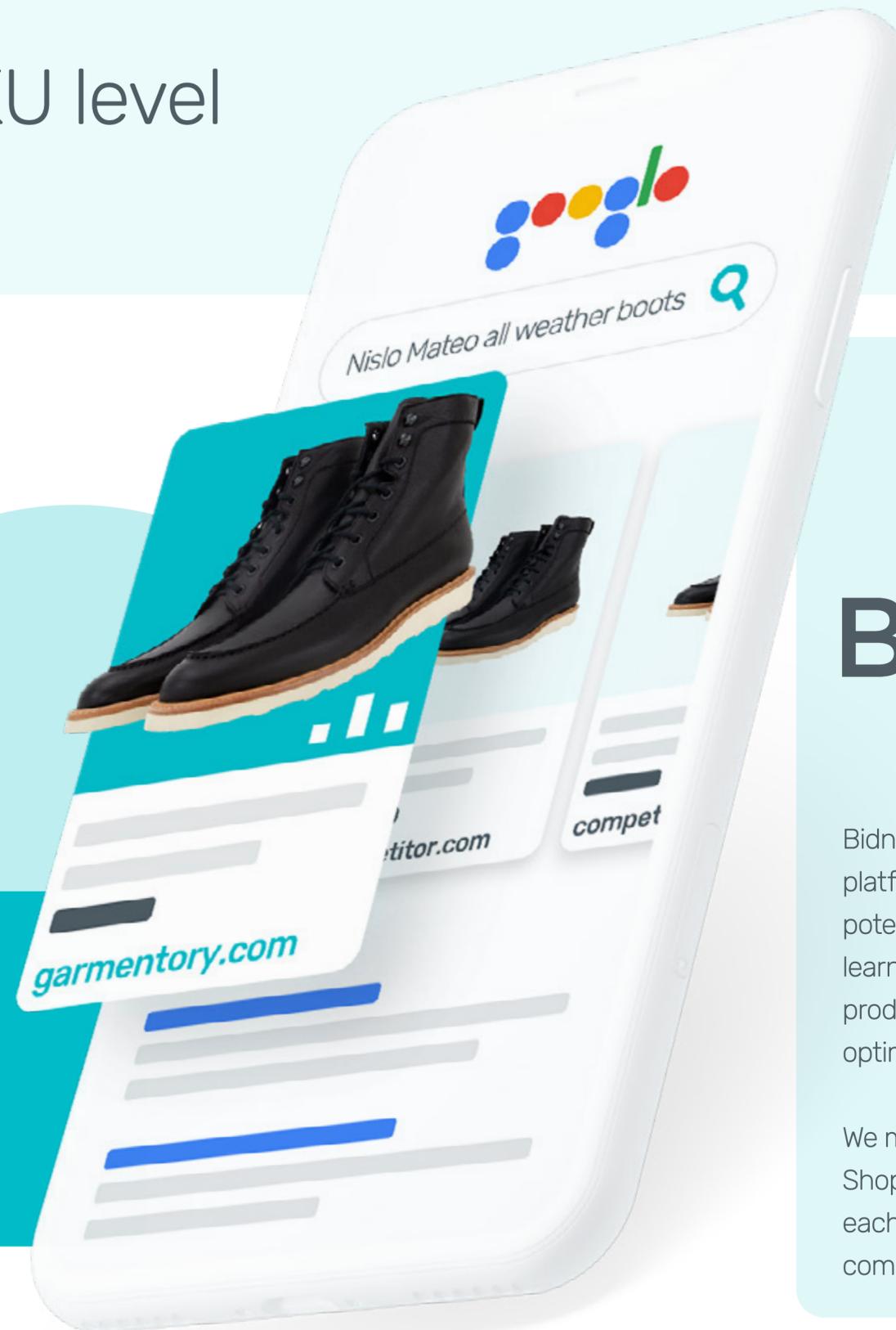
A New Strategy For Google Shopping Campaigns

Competitor discounting puts pressure on margins

You either reduce your price or see sales gradually fall. Only by continuously adding new lines and ranges can a business keep healthy margins — but adding more SKUs increases the complexity of managing bids.

Using Google Shopping correctly will help defend margin and maintain growth if you focus on the right output metric. Businesses typically set their Google Shopping campaigns targets based on cost per order (CPO) or ROAS. Both metrics are awed as they are based on broad averages. For instance, CPO does not factor in product margin or order value and does not account for order repeat rate.

Retailers need to focus on setting their bids to reach the maximum volume of customers pro tably. Aiming at targets based on CPO or ROAS means the CPC will be set for a large group of products rather than more cost-e ective bidding based on granular detail.

Underbid on your search CPC and competitors will scoop up new customers and your business growth slows. Overbid on search terms and you are spending more than you need to reach customers and will burn through budgets.

Search Volume

Under Bid   **Sweet Spot**   **Over Bid**

How to optimize Google Shopping and search spend
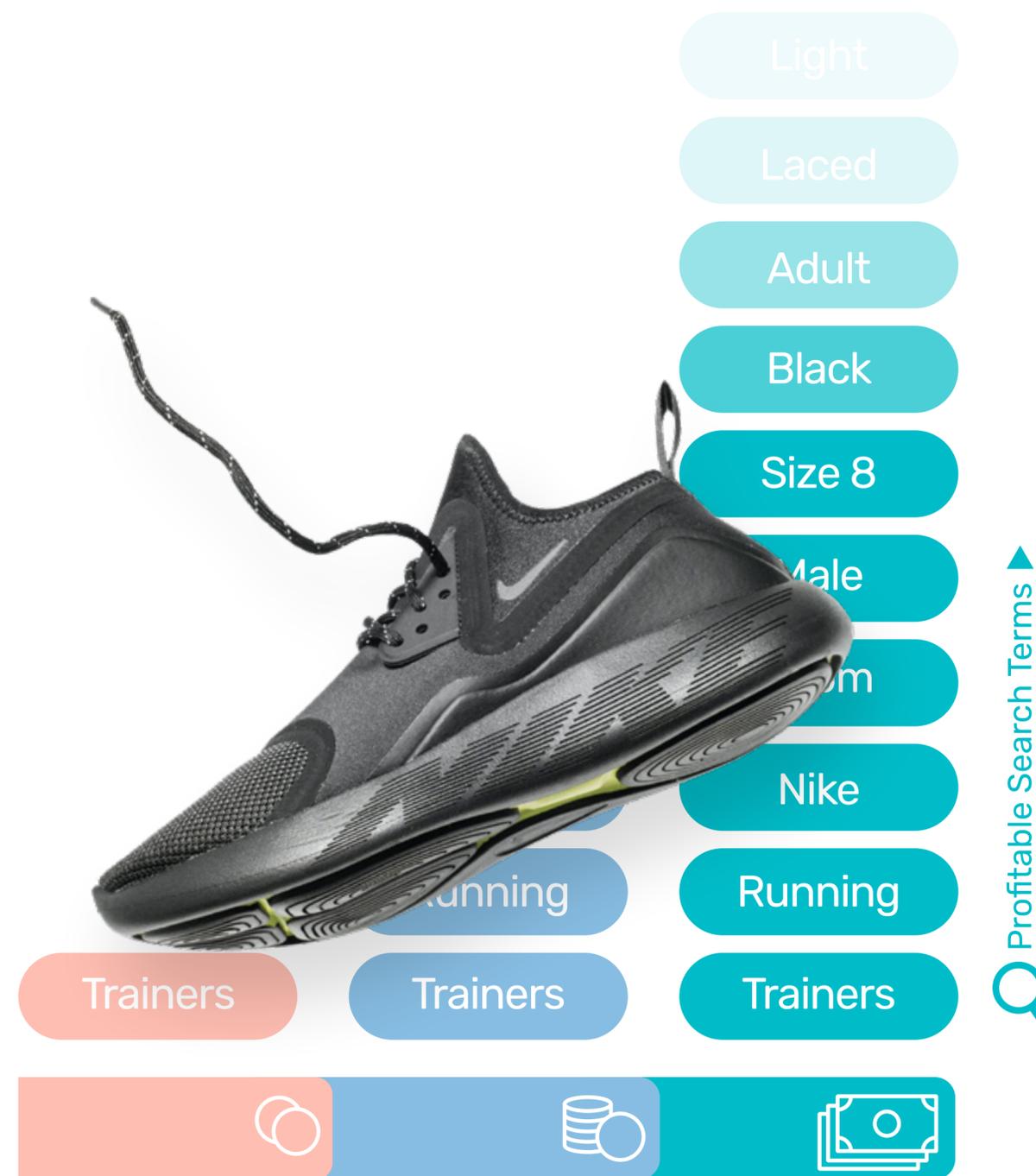
Optimizing Google Shopping and search spend starts with understanding the potential pro t available at SKU level in real time. This knowledge combined with the capability to execute constant bid adjustments will ensure that pro tability is always being enhanced by your ad spend.

The right input metrics also need to be allied with a laser-focus on and intelligent analysis of purchase intent signals — content should be served when a prospective customer is signalling they are in a buying mindset. You need the lightning-fast ability to target and bid on the search term keywords that show a high intent to buy.

To achieve the optimum competitive bid on the right keywords at the right time for a countless number of SKUs sounds beyond reach. But partner platforms that are genuinely based on machine learning can do this.

For the strategy to work retailers must ensure that they have not walled themselves o   from their most valuable asset — their data. It needs to be visible and accessible.

An intelligently automated, granular approach to Google Shopping will ensure a retailer is not wasting money but optimizing opportunities.
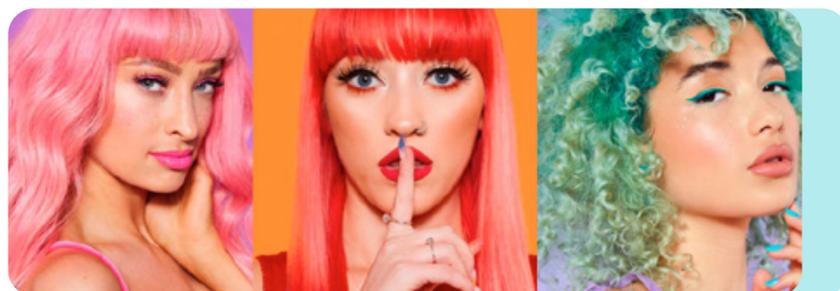
Light

Laced

Adult

Black

Size 8

Male

m

Nike

Running

Running

Trainers

Trainers

Trainers

Profitable Search Terms ▲

Targeted Budget ▶

3 barriers to Google Shopping success, and how to overcome them.

1. Growth

Case study

SHRINE

96%
Impression Share

"**The Bidnamic platform is great at finding new customers for Shrine's products where we don't yet rank organically** — soon after moving to Bidnamic's platform we had our best Black Friday ever. Also, the service is great — the team really gets what we are trying to achieve as a company."
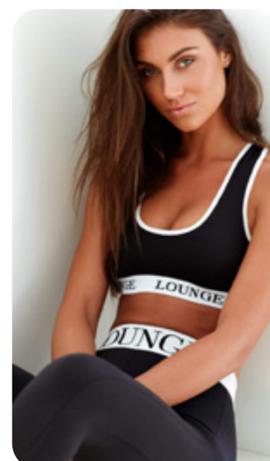
Mike Harrison
Head of Marketing

▶ View full case study

2. Profitability

Case study

LOUNGE

344%
YoY Revenue Growth

"We were blown away with how granular Bidnamic can get — **the platform allows Lounge to bid based on profitability for each product**, which was impossible to do manually."

Hannah Lewis
PPC Manager

▶ View full case study

3. Time

Case study

THE UNION PROJECT

62%
Revenue Growth in 6 months

"**Before Bidnamic we were managing things manually** which meant that our capacity to keep on top of our breadth of product and realize the potential of Google Shopping was incredibly limited."
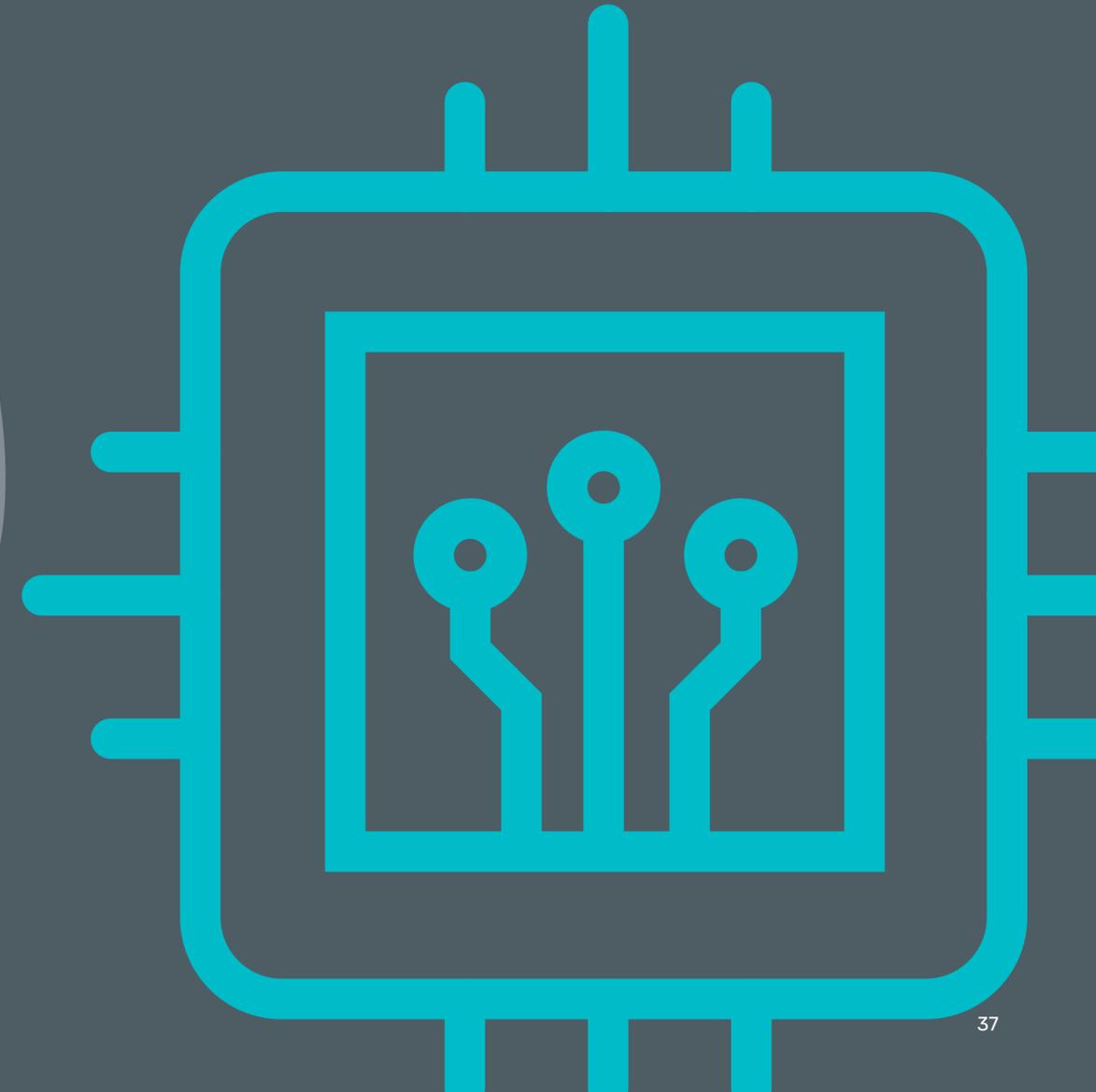
Max Shaw
Co-Founder and Director

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7

Manual vs
Automated

Options for
Google Shopping
campaign management

The Bidnamic 2021 Google Shopping Playbook - **Fashion**

The right method to manage your Google Shopping

Google Shopping campaigns can be managed manually using **in-house or agency expertise**, or automatically with **a technology platform**.

Most manual campaign managers will use scripts or tools to automate work ow or to generate optimization suggestions, which then need to be implemented manually. Fully automated platforms use machine learning to automatically adjust bids based on campaign goals or live performance data.

Deciding which approach is the right option for your business is not a simple trade o between cost and quality. The following table outlines some of the key decision-making criteria.

Which Google Shopping management option is right for your business?

Management Option ↓	Your company's internal priorities and competencies					
	Importance of Google Shopping in your channel mix	Level of competition within your market in Google	Frequency of inventory changes / seasonality	Value of niche market knowledge in campaign mgment decisions	Value of Shopping data insights to other channels	Granularity of mgment info e.g. SKU margins, lifetime values
Manual (In-house or agency)*	Low / Medium	Low	Low / Medium	Low / Medium / High	Medium	Low / Medium / High
Automated (Smart Shopping)	Low / Medium / High	Low / Medium	Low**	Low	Low***	Low
Automated (Bidnamic independent platform)	Medium / High	Medium / High	Medium / High	Medium / High	Medium / High	Medium / High

*often using scripts or tools to automate workfl w or make optimization recommendations

**Google Smart Shopping needs 15 days to adjust to inventory changes and requires a high volume of clicks

***Granular insights on search terms and other performance metrics are hidden in Smart Shopping

When to use
Google Smart Shopping

Even campaigns with a relatively low number of SKUs can have many thousands of bidding options — too many for a human to manage — and automated bidding platforms o er a solution.

Google's 'set it and forget it' Smart Shopping platform saves time and money. It's a good option for when Google Shopping is a secondary channel or there's a low frequency of campaign changes.

But the black box approach used by Smart Shopping removes any option to use granular data, such as SKU-level margins or LTV, which can help optimize campaigns based on pro tability.

The black box algorithm also eliminates the opportunity to use your niche market or product expertise to optimize at a granular level, while the lack of access to campaign data is frustrating for marketers wanting to use keyword and product performance data to optimize other channels like Amazon or Bing, or in SEO activities.

Finally, there is an inherent con ict of interest as Google will bene t from errors such as over-bidding, or bidding on irrelevant search terms.

Whichever decision you make on managing Google Shopping, it should be constantly reviewed as your team and overall business circumstances change.
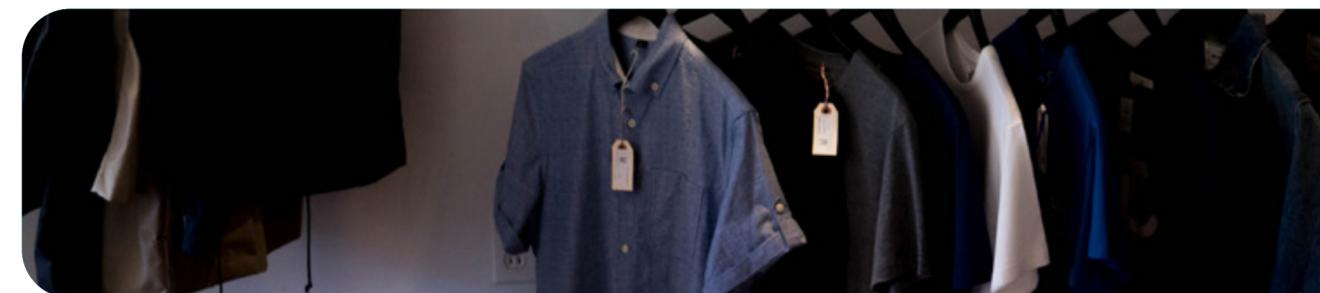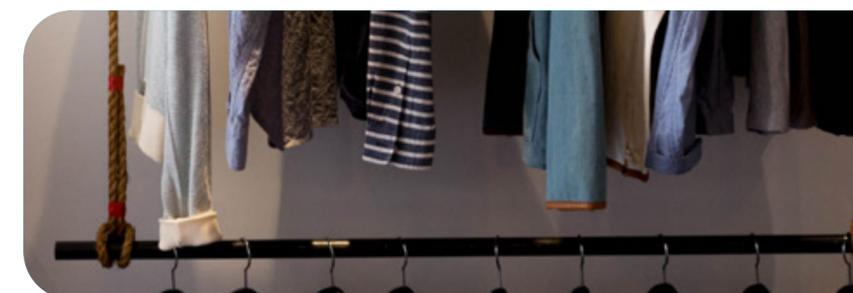
Machine learning technology works better with the human touch

Research involving 200 brands concluded that, in addition to reducing CPAs and increasing online transactions, brands that used advanced machine learning technology improved ROAS for digital marketing by up to 33%.[12]

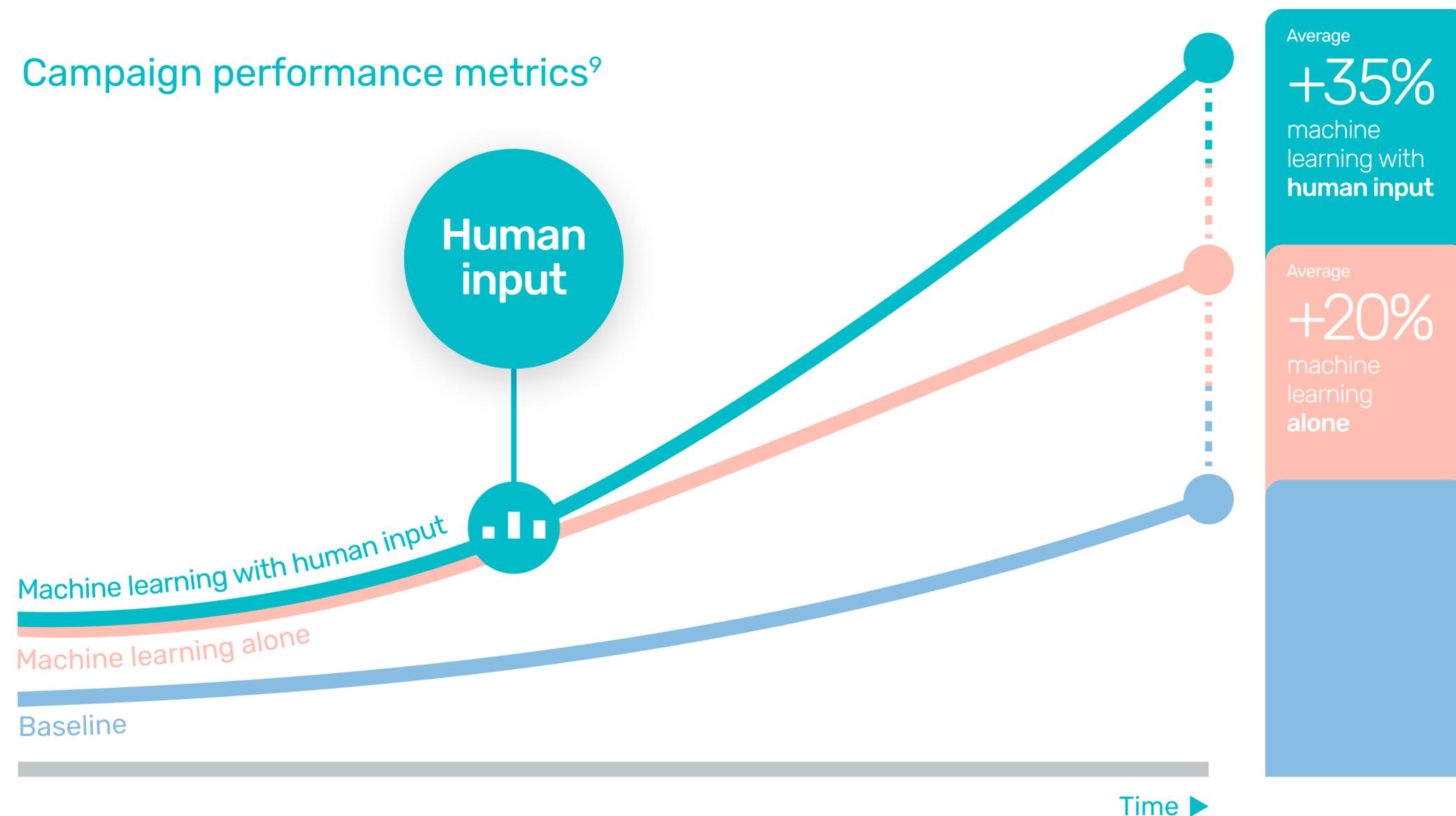**Measured benefits of using machine learning technology in digital marketing**

CPA reductions of more than 40%

Increases of up to 50% in online transactions

Improved ROAS of up to 33%

Of the brands that used machine learning technology, **the ones that also used active human supervision experienced an additional 15% boost** to their campaign performance.

Campaign performance metrics[9]

Human input

Machine learning with human input

Machine learning alone

Baseline

Time ▶

Average
+35%
machine learning with **human input**

Average
+20%
machine learning **alone**

Conclusion

Ecommerce offers retailers a platform to keep trading and help compensate for any drop in revenue from physical stores. However, the solution is not 'build it and they will come'. Every incremental pound of profit now needs to be fought for using all the data, technology and digital tools available. If you cannot capture the attention and convert a potential customer your competitor will.

The ability to respond to a search with the right product is step one. But to be profitable the cost of acquisition must be calculated at the optimum spend for your business. Only this will secure profit and your future in the fierce, fast-moving ecommerce environment. **And in this race being able to use Google Shopping to your best advantage will be invaluable.**

To discuss any of the points raised in this report and to explore how Bidnamic's platform can help your business book a call now.

Book a call

bidnamic.com/book-a-call

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