tinuiti

Q1 2022

Google Ads
Benchmark Report

WITH INSIGHTS ACROSS

Search, Shopping, and Youtube

TRIOPOLY SERIES

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Executive Summary

Spending on Google search ads rose 23% Y/Y in Q1 2022, a deceleration from a quarter earlier, but still above the growth rates Google was seeing prior to the pandemic. Between Q4 2021 and Q1 2022, Google search ad click growth slowed slightly from 11% Y/Y to 10%, while CPC growth decelerated a bit more sharply from 18% Y/Y to 12%.

Advertiser investment in Google search remained resilient across industries, but retail spending growth was particularly strong in Q1 2022. Retailer Google search spend rose 27%, compared to 21% growth for other industries. After recovering in late 2020 through 2021, retailer Google search CPCs are now running nearly 40% higher than 2019 levels. From Q1 2021 to Q1 2020, pet supply and beauty brands saw the highest CPC growth rates.

Consumer clicks on brick-and-mortar store location ad links were up 19% on Google Maps in March compared to 2019. Get Location Details ad clicks were also up compared to 2019 for most of 2021, but growth fell sharply in August before turning negative in Q4 2021. As the Omicron wave subsided in the US over the course of Q1 2022, consumers were more inclined to venture back out to physical stores.

Mobile phones produced 75% of retail Google search ad clicks in Q1 2022, and over two-thirds of clicks for financial services and home services advertisers. For B2B brands, desktop generated 43% of Google clicks in Q1, but phones still produced the largest share at 55%.

Google text ad clicks fell for the first time since 2019, but high average CPC growth kept total spending growth in positive territory at 15% Y/Y. Advertisers continue to see the highest CPC growth for keywords containing their own brand names, but CPC growth remains elevated for the non-brand segment as well.

Soon to be the only Google text ad format that brands can create or edit, Responsive Search Ads accounted for 64% of Google text ad clicks in Q1 2022, up from 59% at the end of 2021. Responsive Search Ads became Google's default text ad option over the Expanded Text Ads format in February 2021.

Users falling into specific Google audience segments produced over 60% of Google text ad clicks in Q1 2022. Google's Similar Audience targeting accounted for 18% of clicks in the quarter, while Affinity Audiences accounted for 13%. Both segments have become more popular over time as privacy measures have made targeting previous website visitors more difficult.

Google Shopping ads continued to benefit from strong ecommerce trends as both click and spend growth accelerated from Q4 2021 to Q1 2022. Two years after the pandemic began driving more retail commerce online, Google Shopping spending rose 41% Y/Y in Q1, while clicks rose 22%. In recent quarters, retailers have seen larger average order size fuel sales gains from Shopping ads and justify higher average CPCs.

Amazon's share of both Google text ad and Google Shopping ad impressions fell sharply to start 2022, but recovered in March. Amazon had taken a more aggressive stance in Google ad auctions during the Q4 holiday season. For its part, Walmart increased its share of Google Shopping impressions significantly in early 2022, following a drop-off in late December.

YouTube ad spending was up 28% Y/Y in Q1, down from a 43% growth rate just a couple quarters earlier. Google itself has cited strong year-ago comps from Q4 2020 for the deceleration it saw in YouTube spending growth to close out 2021. For Tinuiti advertisers, YouTube impressions were up 23% Y/Y in Q1 2022, down from 27% in Q4, while average CPM growth fell to 4% Y/Y in Q1, from 8% in Q4.

In what has been a seasonal pattern, the number of Google advertisers running Discovery ad campaigns dropped to start the year, but began to rebound towards the end of Q1. Discovery adoption was roughly 20% lower in January 2022 than the all-time peak in November 2021. Over the long term, adoption of Discovery campaigns remains strong.

Average CPMs for the Google Display Network (GDN) rose 28% Y/Y, leading major Google ad segments in pricing gains. For placements made through Google DV360, average CPM was up 19% Y/Y in Q1 2022, compared to 22% in Q4. Connected TVs drew 8% of Google DV360 spend in Q1 2022, down a bit from 11% in Q4 2021.

Methodology

The Tinuiti Google Ads Benchmark Report is based on anonymized performance data from Google programs under Tinuiti management, with annual digital ad spend under management totaling over $3 billion. Samples are restricted to those programs that have remained active and maintained a consistent strategy over the time periods studied. Unless otherwise noted, all figures are based on same-client growth. The trends and figures included are not meant to represent the official performance of Google advertising or the experiences of every Google advertiser.

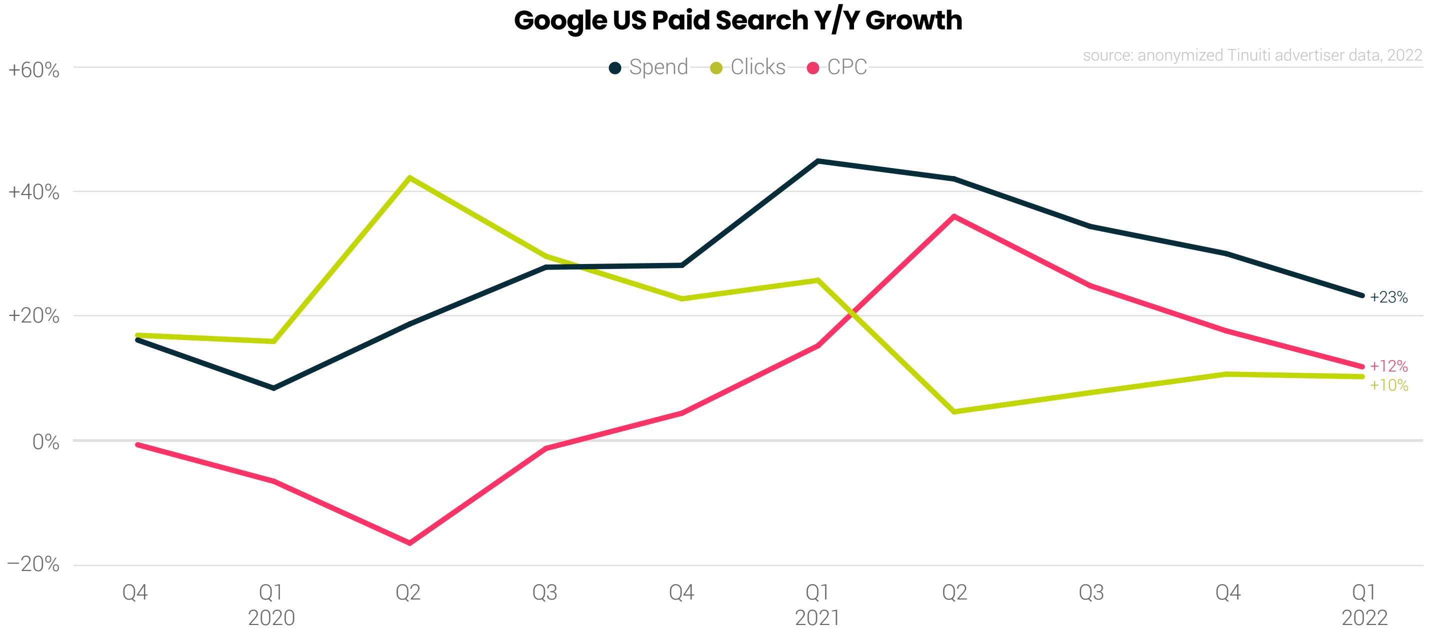
About Tinuiti

Tinuiti is the largest independent performance marketing firm across Streaming TV and the Triopoly of Google, Facebook and Amazon, with $3 billion in digital media under management and over 1,000 employees.

Google Paid Search Overall
Q1 2022

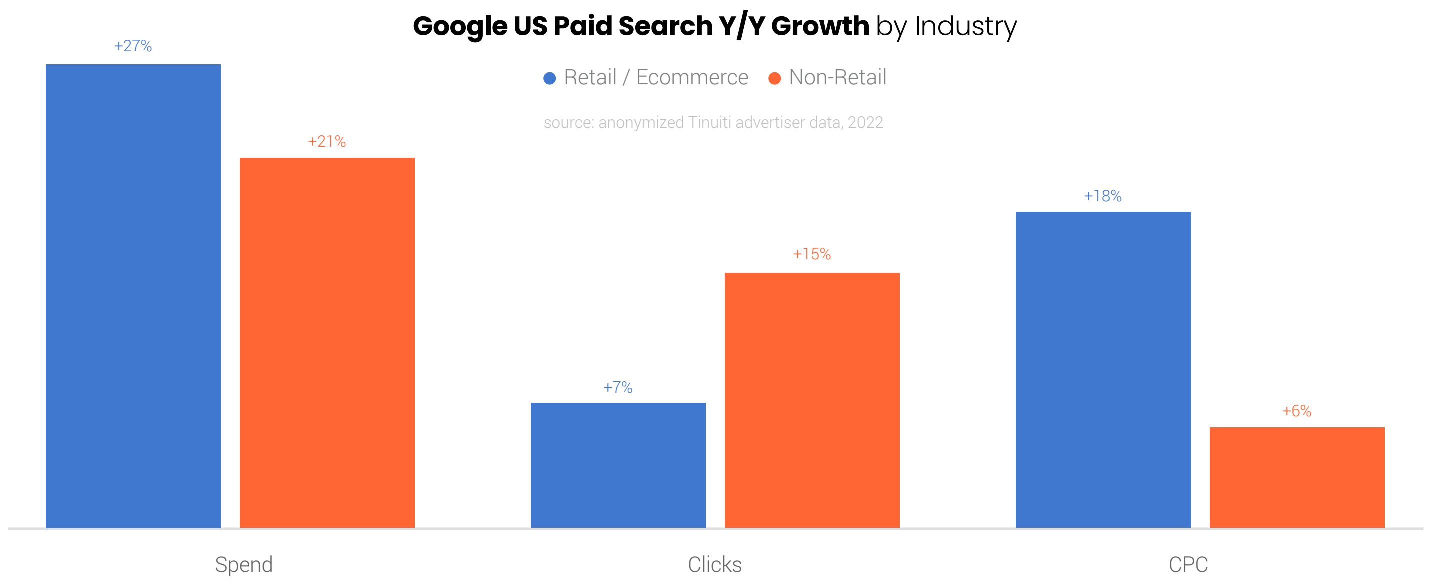
Growth in Google search ad spending remains elevated at 23% Y/Y.

Total spending on Google search ads grew 23% Y/Y in Q1 2022. That was down from 30% growth a quarter earlier, but spending on Google search ads continues to grow faster than it did prior to the pandemic, when Google was seeing growth in the mid-teens. Between Q4 2021 and Q1 2022, Google search ad click growth slowed slightly from 11% Y/Y to 10%, while CPC growth decelerated a bit more sharply from 18% Y/Y to 12%.



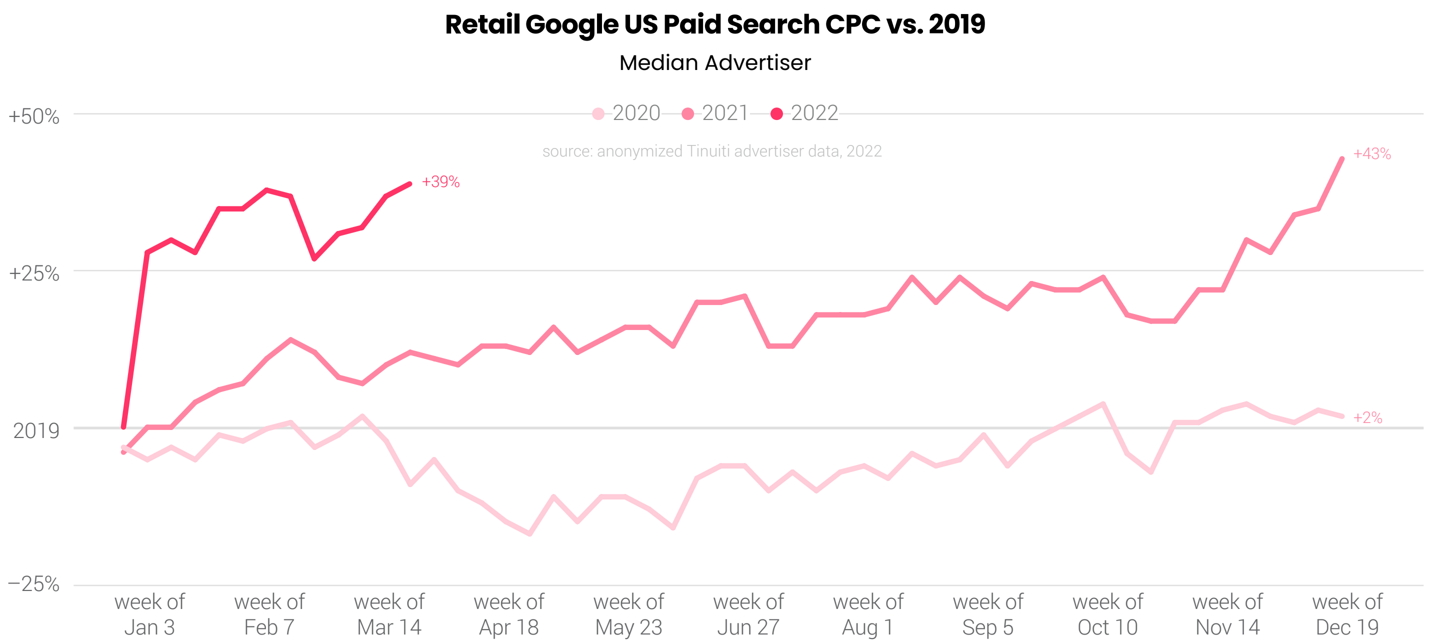
Retailers overtake other industries in Google search spending growth.

As they rebounded from particularly sluggish 2020 results, non-retail industries increased their Google spending faster than retailers over the course of 2021. Now, however, as the first quarter of 2022 and the two-year anniversary of the start of the pandemic has passed, retail and ecommerce is again growing its Google search spending faster than other industries. Retailer spending on Google search was up 27% Y/Y in Q1, compared to 21% growth for other industries.



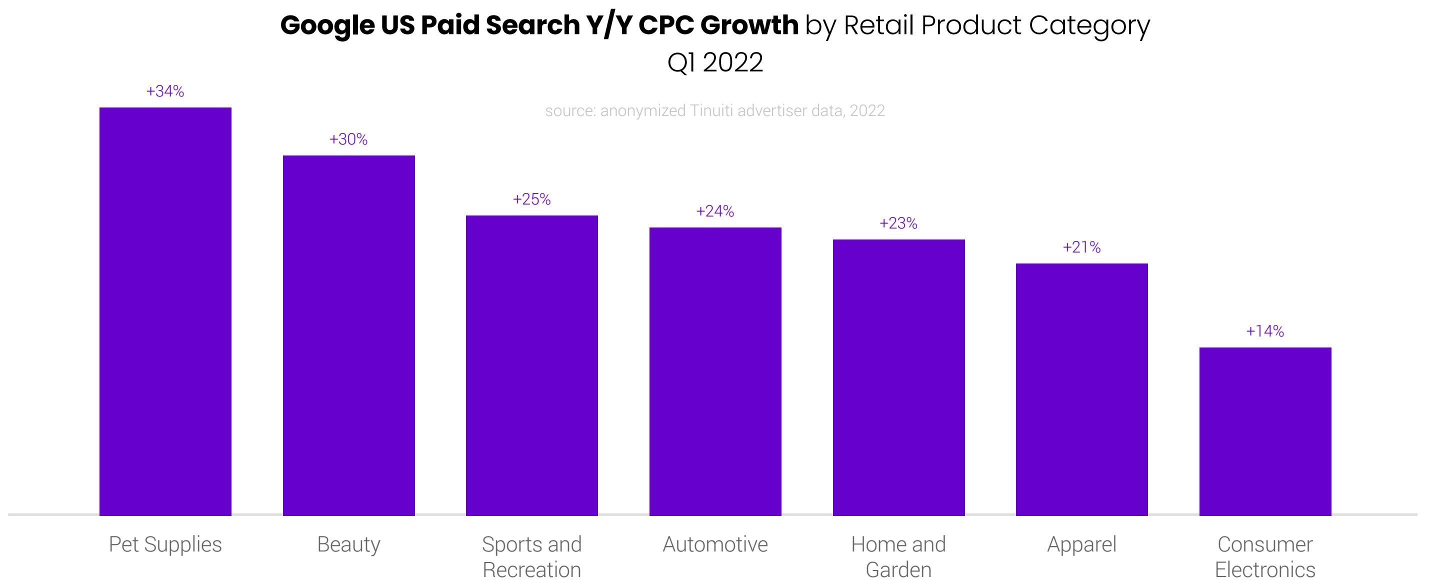
Google search ad CPCs up over 30% compared to 2019 for retailers.

The typical retailer paid over 30% more per Google search ad click in Q1 2022 than they did in Q1 2019. Despite surging online demand, retail CPCs dropped early in the pandemic as brands faced a host of challenges keeping up with that demand, as well as a diminished presence from Amazon in Google search auctions. Google CPCs regained 2019 levels by the end of 2020 and trended higher throughout 2021. CPCs in 2022 are up sharply from 2021, but may have plateaued.



Retailers see less variance in Google search CPC growth across categories.

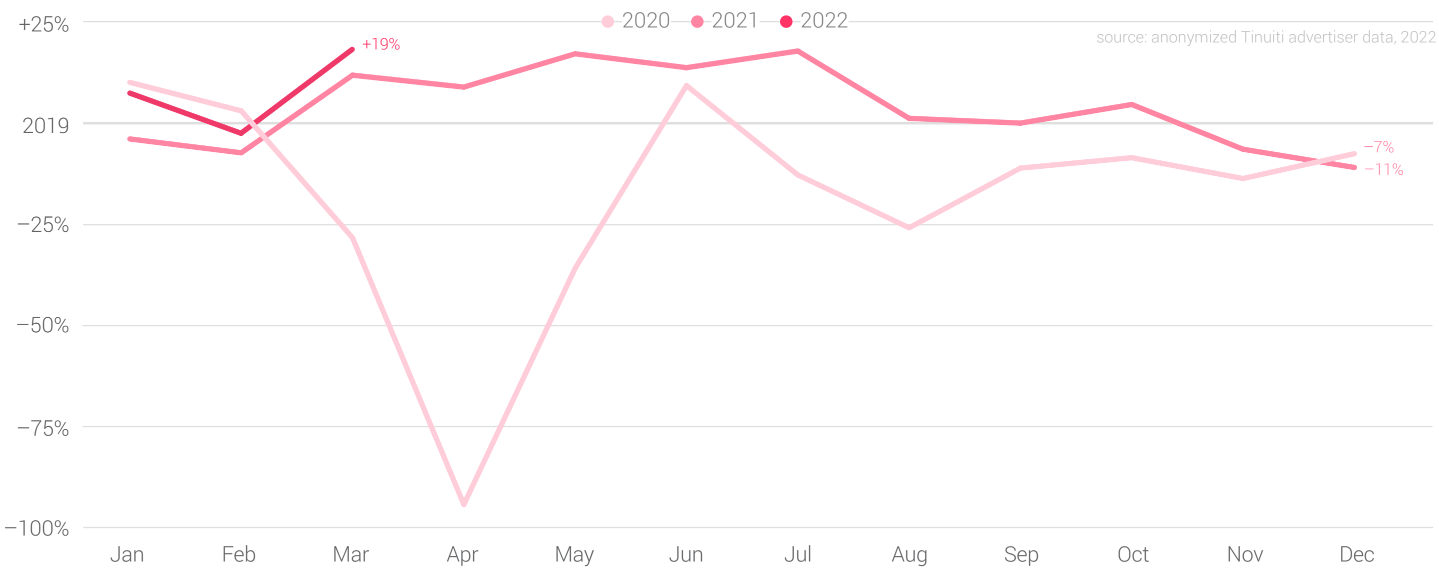
At 34% Y/Y, pet supply retailers saw the highest Google search CPC growth in Q1 2022. That was up from 24% growth in Q4 2021. Most product categories, however, saw a deceleration in CPC growth from Q4. Beauty retailers saw the biggest deceleration as CPC growth fell from 47% in Q4 to 30% in Q1. Beauty CPCs shot up in the first half of 2021 as reopenings allowed for more face-to-face interactions. Generally, though, CPC growth has varied less from one category to the next over time in the past year.



Consumer clicks on store location links up 19% on Google in March compared to 2019.

With the Omicron wave subsiding in the US over the course Q1 2022, growth in consumer interest in physical store locations compared to 2019 was the highest it has been since the beginning of the pandemic. In March, clicks on Google Get Location Details links were up 19% compared to 2019. Location detail clicks were also up compared to 2019 for most of 2021, but growth fell sharply in August before turning negative in Q4 2021.

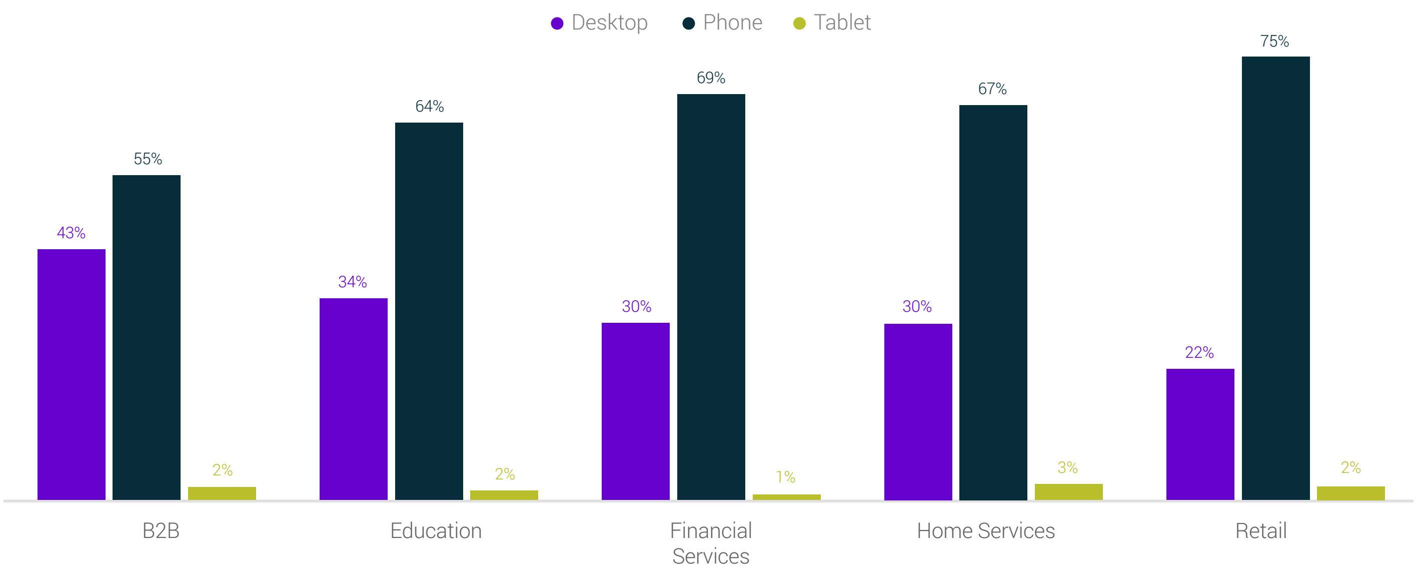
Google Maps - Get Location Details Clicks vs. 2019 by Month



Phone share of Google search ad clicks ranges from 55-75% across industries.

Across the five major industries assessed for this report, retail again saw the largest share of Google search ad clicks produced by phones in Q1 2022. Phones accounted for 75% of retail ad clicks in Q1, similar to Q4 levels, while desktop generated just 22% of retail clicks. Phones accounted for roughly two-thirds of Google search clicks across education, finance, and services, but just 55% of B2B Google search ad clicks.

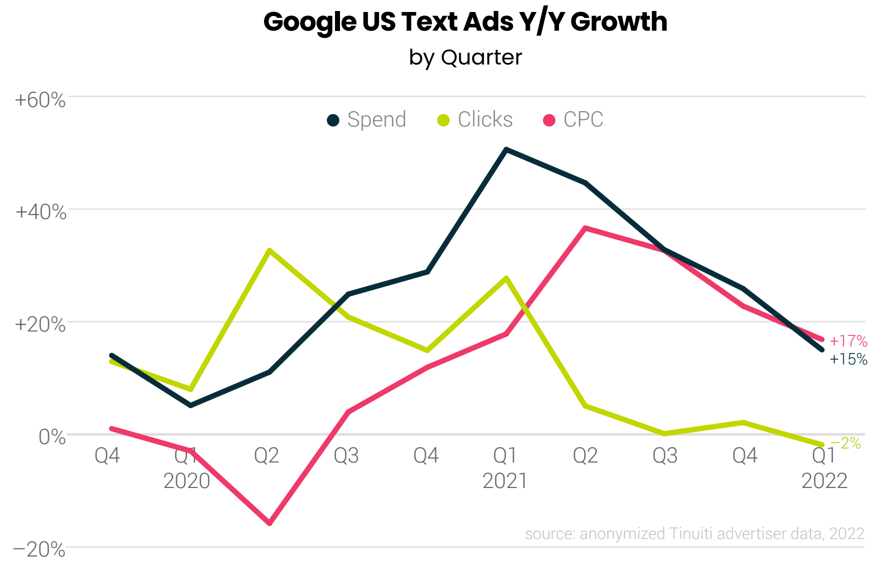
Google US Paid Search Device Click Share by Industry



Google Paid Search Text Ads
Q1 2022

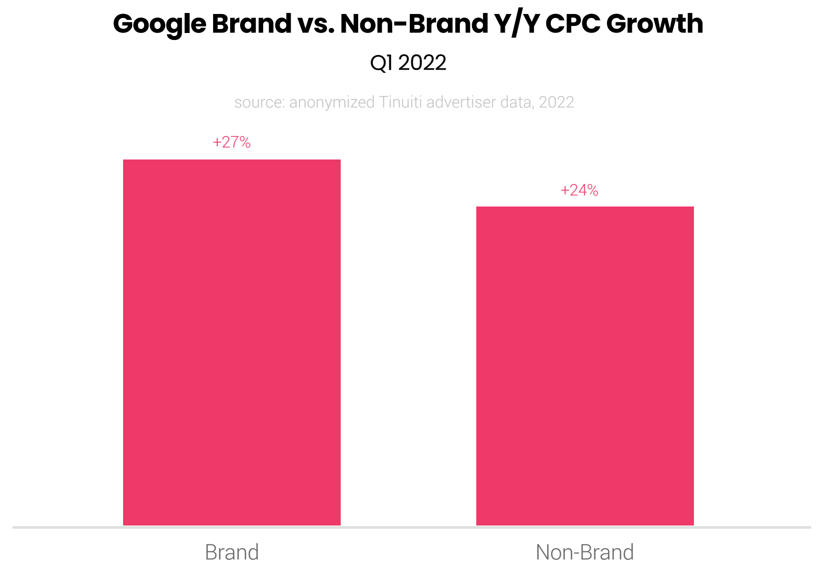
Google text ad clicks fall for the first time since 2019, while spend still rises.

While spending on Google text ads was up 15% Y/Y in Q1 2022, clicks for the format fell for the first time since mid-2019, declining 2% Y/Y. The average CPC for Google text ads was up 17% Y/Y in Q1, down from 23% growth a quarter earlier. With a relatively large contribution from industries outside of retail, Google text ads face particularly strong year-ago comps due to those industries seeing a significant rebound from weak 2020 results in the first half of 2021.



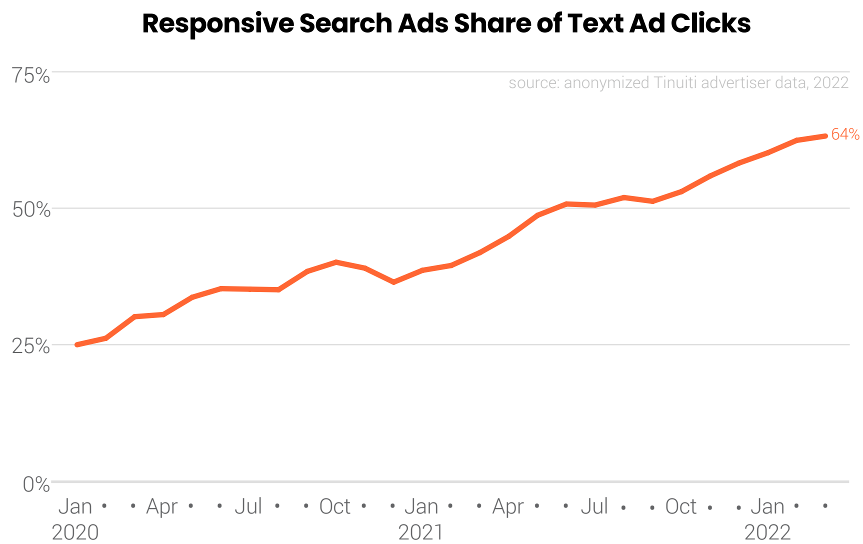
Brand keywords continue to get more expensive on Google with CPCs up 27%.

Advertisers running keywords for their own brand names on Google saw average CPC for that segment increase 27% from Q1 2021 to Q1 2022. Non-brand CPCs rose 24% over the same period. Compared to non-brand CPCs, brand CPCs remain relatively low for most advertisers due to the mechanics of the Google auction rewarding high ad quality and click-through rates. With brand traffic growing faster than non-brand in Q1, the mix shift to brand depressed overall text ad CPC growth.



Advertisers continue to phase out Google Expanded Text Ads ahead of their sunset.

At the end of Q2 2022 Google plans to sunset its Expanded Text Ads format, leaving Responsive Search Ads as the only text ad format that advertisers can create or edit for Google Ads. With three months to go until that deadline, nearly two-thirds of Google text ad clicks were produced by Responsive Search Ads as advertisers continue to phase out the older format. Responsive Search Ads became the default Google text ad option in February 2021.



Despite holiday spike, Amazon still playing smaller role in Google text ad auctions.

Although Amazon closed out 2021 taking a more aggressive stance in Google text ad auctions, its impression share dropped fairly sharply over January and February 2022, before rebounding a bit in March. Amazon's share of Google text ad impressions is running a few points higher than a year ago against the median retailer, but it remains well below its typical pre-pandemic level. Amazon dropped out of Google auctions entirely for three months in mid-2020 as it worked to overcome pandemic-related challenges.

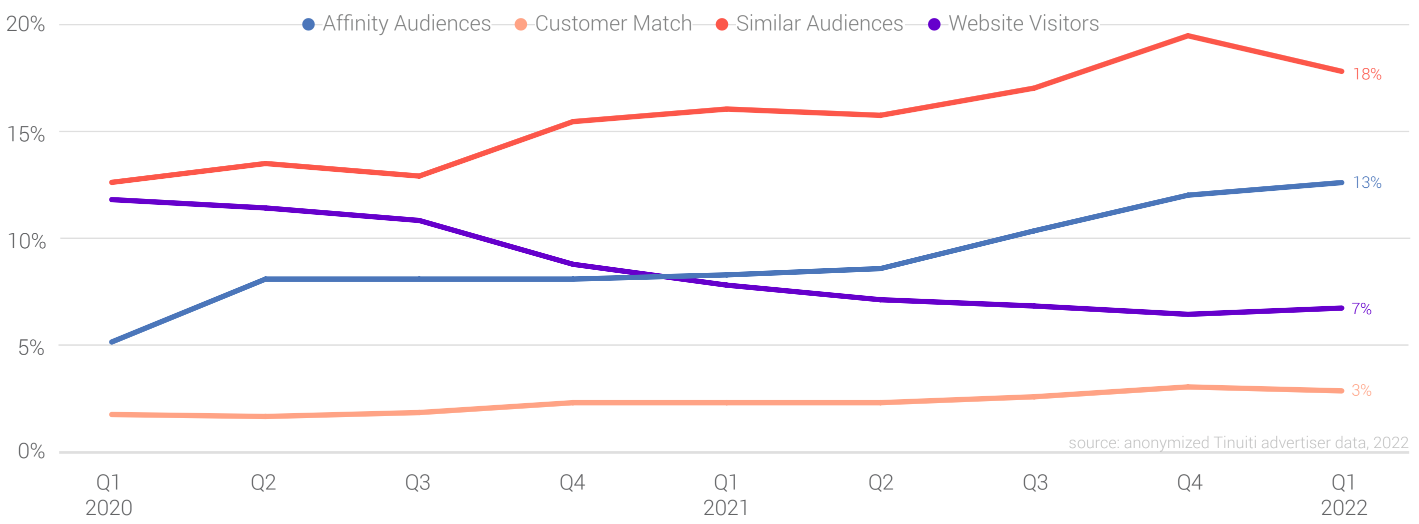
Amazon US Google Text Ads Impression Share

Median Amazon Competitor

Users in Google audience segments produce over 60% of its text ad clicks.

Similar Audiences accounted for 18% of Google text ad clicks in Q1 2022, down slightly from 20% in Q4 2021, but still ahead of Affinity Audiences at 13% share. Website Visitors and Customer Match audiences produced another 7% and 3% share of clicks, respectively. These four audience segments accounted for a combined 40% of Google text ad clicks, but including other audience types, over 60% of Google text ad clicks were tied to a specific audience segment in Q1 2022.

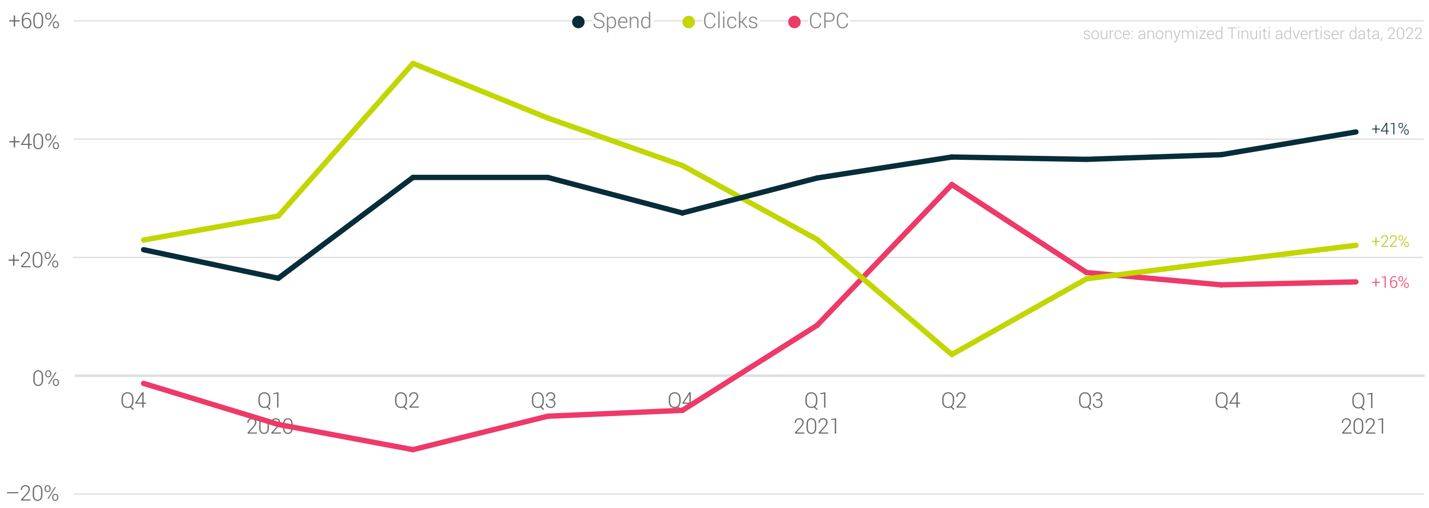
Google US Text Ad Click Share by Audience Type



Google Shopping
Q1 2022

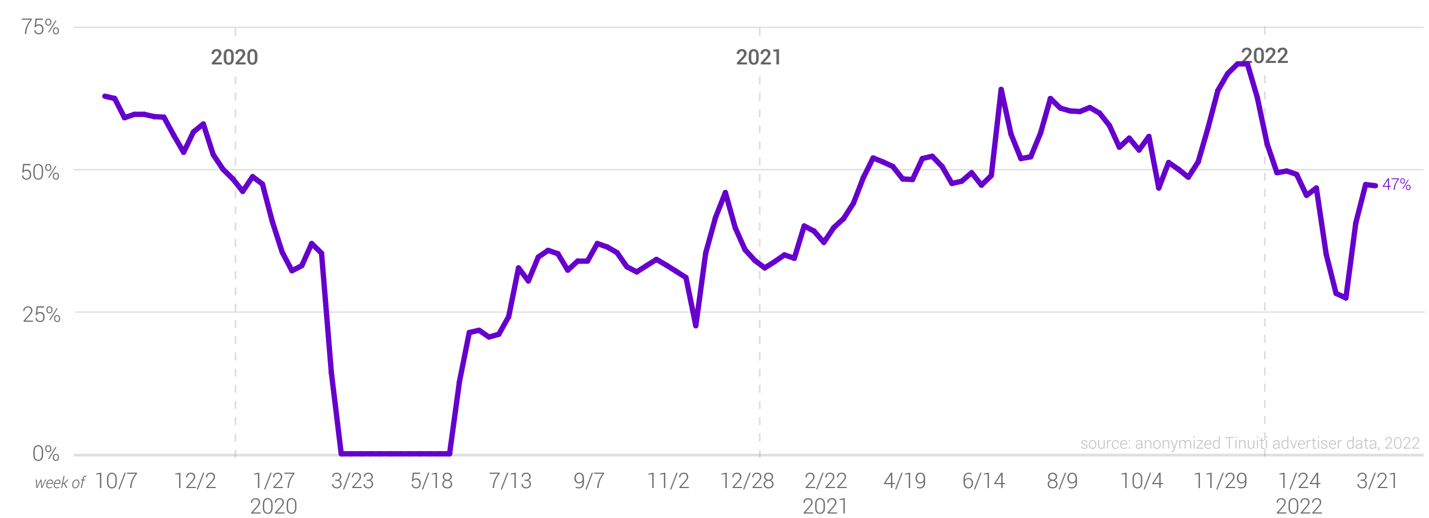
Google Shopping listings continue to drive click growth and draw larger ad budgets.

Consumer use of Google as a go-to destination for shopping remained robust in Q1 2022, two years after the pandemic began driving more retail commerce online. Clicks on Google Shopping ads were up 22% Y/Y in Q1 2022, up from 19% in Q4. With average CPC up 16% in Q1, total spending on Shopping ads rose 41% Y/Y. Over the last two years, the slowest rate of growth for Shopping spending was 28% in Q4 2020, which was still faster than growth over the second half of 2019.



Amazon share of Google Shopping impressions plummets to start the year, but recovers.

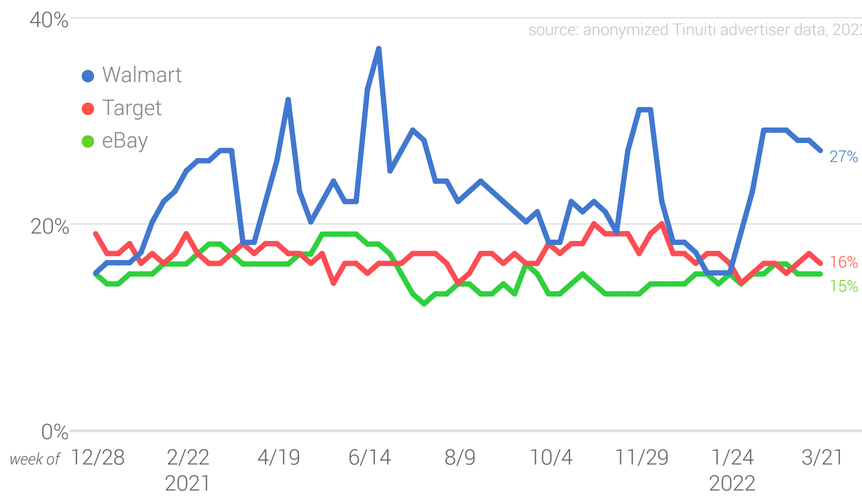
After it turned off its Google Shopping ads in March 2020, it took Amazon 20 months before it regained its pre-pandemic share of Google Shopping impressions. By the end of 2021, Amazon even surpassed its late 2019 impression share levels in Shopping auctions. To start 2022, however, Amazon's impression share plummeted to a 65-week low by the end of February, before recovering in March.



Post-holidays, Walmart share of Google Shopping impressions up, Target down.

After spiking over the three-week period beginning with Thanksgiving week in 2021, Walmart's share of Google Shopping impressions dropped to relatively low levels in late December before spiking again over February 2022 and remaining elevated through March. Target saw a smaller, but steadier impression share lift over the holidays, but has since reverted to a more typical presence in Shopping auctions. eBay did not exhibit much of an impression share lift in Q4, but has seen its share rise a bit in early 2022.

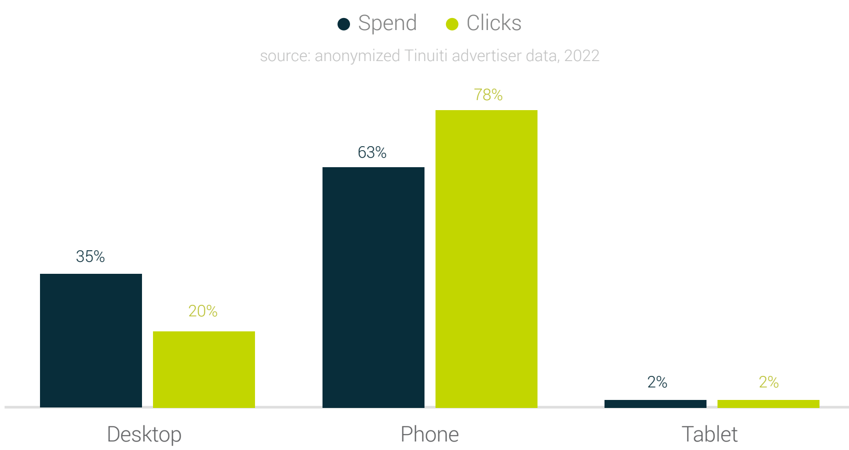
Google US Shopping Ads Impression Share
for Walmart, Target & eBay
Median Competitor



Google Shopping clicks still run considerably cheaper on phones than on desktops.

Phones produced 78% of Google Shopping clicks in Q1 2022, up one point from a quarter earlier. Desktops accounted for 20% of Shopping clicks, while tablets contributed another 2%. On average, phone clicks remain considerably cheaper than desktop clicks as desktops accounted for 35% of Google Shopping spend, while phones accounted for 63% of spending.

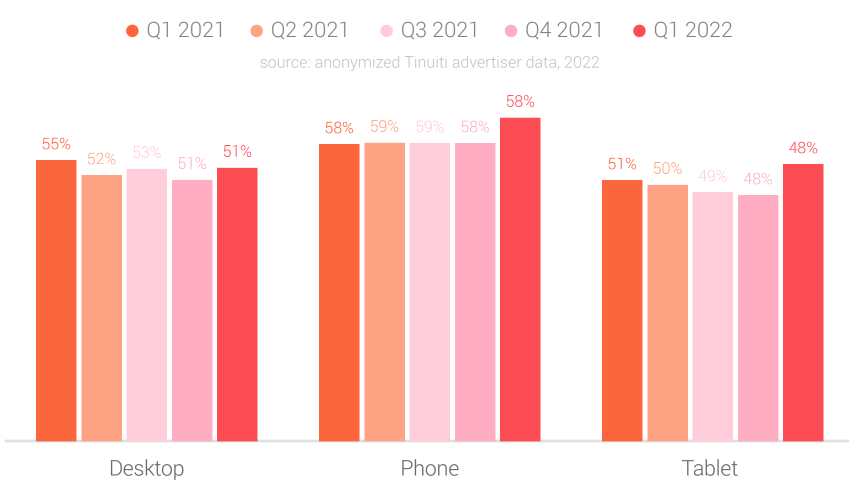
Google US Shopping Click Share by Device Type



Shopping share of retail Google search spending jumps to start the year.

As a share of total Google search ad spending for retailers, Google Shopping ads were 63% of spending on phones in Q1 2022, up from 58% a year earlier as well as 58% in Q4 2021. Shopping spend share also increased on tablets, from 51% in Q1 2021 to 54% in Q1 2022. On desktop, Shopping spend share was down a point between Q1 2021 and Q1 2022, but up three points from Q4 2021.

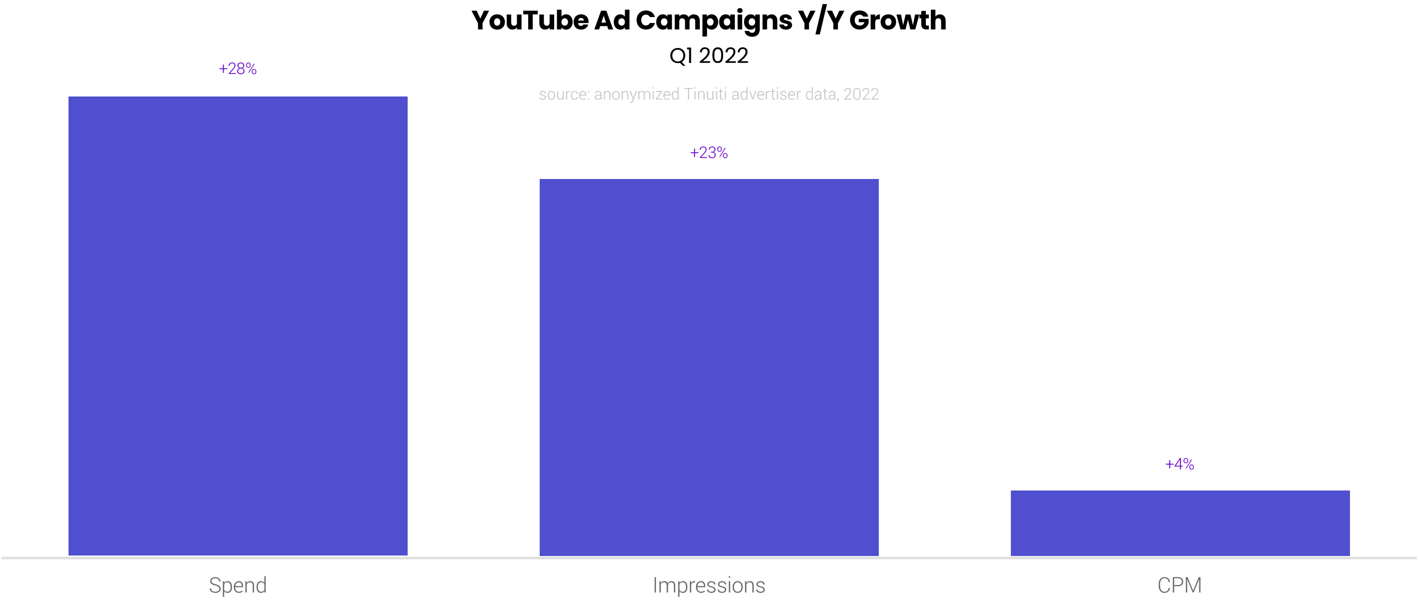
Shopping Share of Retailer Paid Search Spend
Median Advertiser



YouTube, Discovery & Display Q1 2022

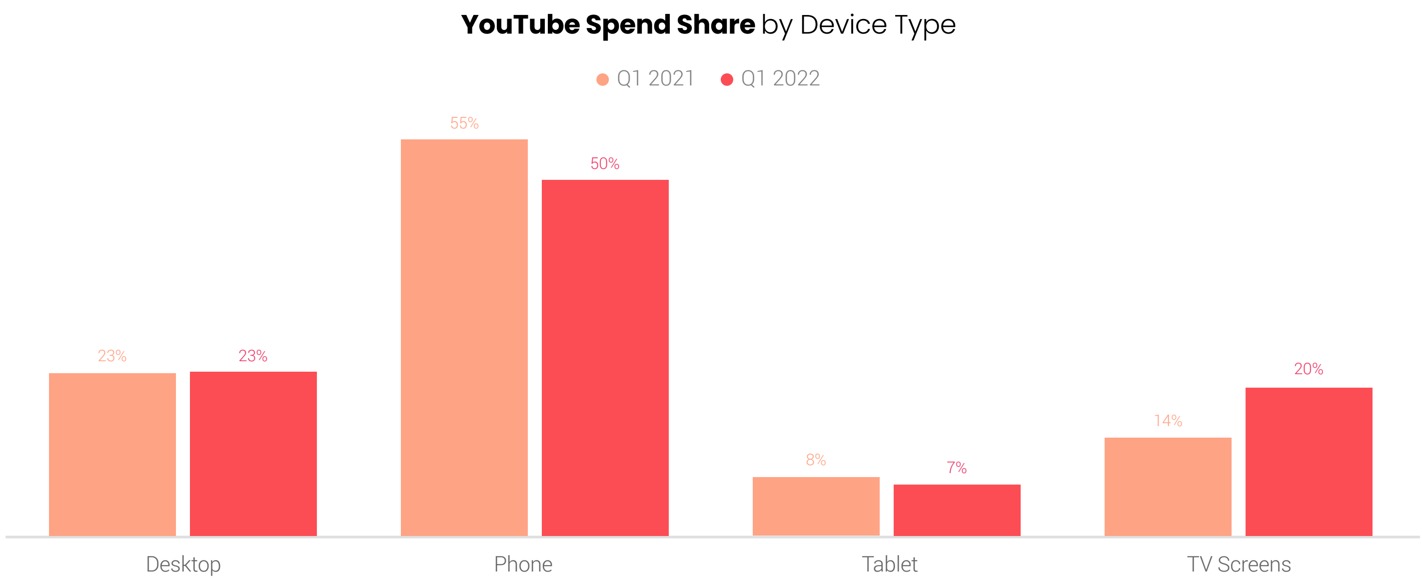
YouTube spending is up 28% Y/Y against strong year-ago comps.

Advertiser spending on YouTube placements was up 28% Y/Y in Q1 2022, down from 43% growth just a couple quarters earlier. Google itself cited strong year-ago comps from Q4 2020 for the deceleration it saw in YouTube spending growth to close out 2021. For Tinuiti advertisers, YouTube impressions were up 23% Y/Y in Q1 2022, down from 27% in Q4, while average CPM growth fell to 4% Y/Y in Q1, from 8% in Q4.



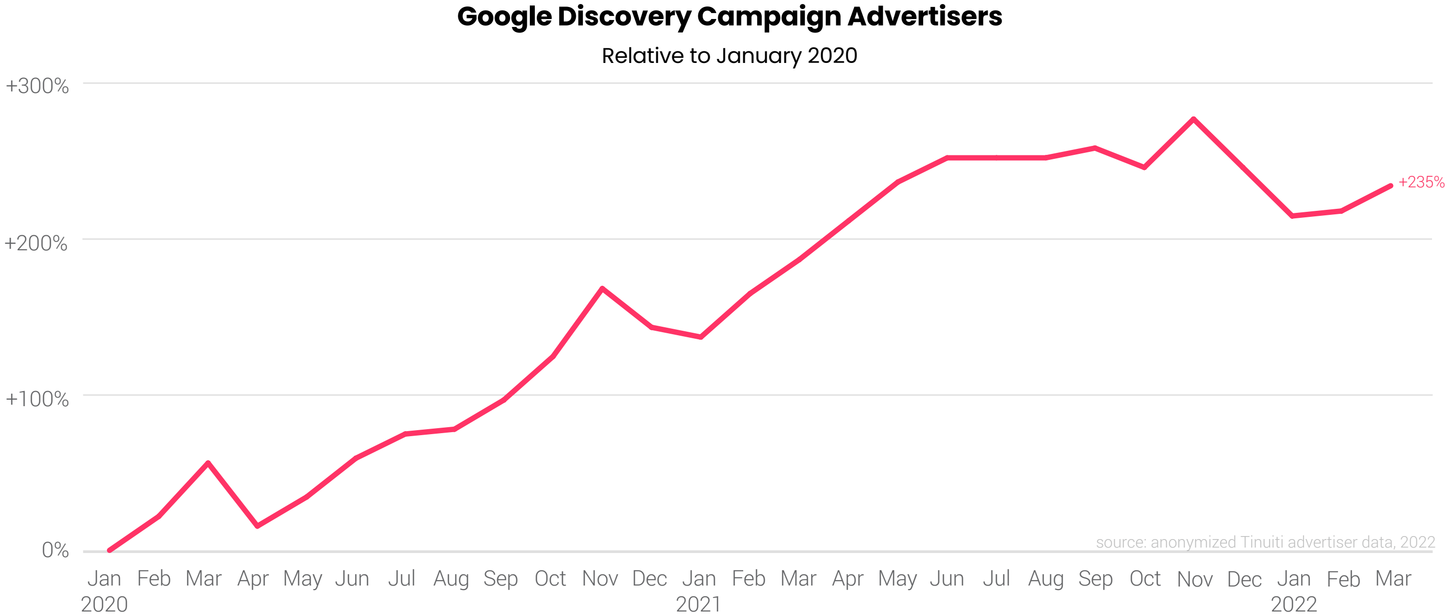
New inventory helps Connected TVs drive a larger share of YouTube spending.

Connected TV accounted for 20% of YouTube spending in Q1 2022, up from 14% a year earlier. Notably, YouTube began automatically including CTV inventory in Video action campaigns in October 2021. The rise in CTV spend share has come primarily at the expense of phones, which generated 55% of spend in Q1 2021, but just 50% in Q1 2022. Desktop share was steady at 23% between Q1 2021 and Q1 2022, while tablet share slipped a point to 7%.



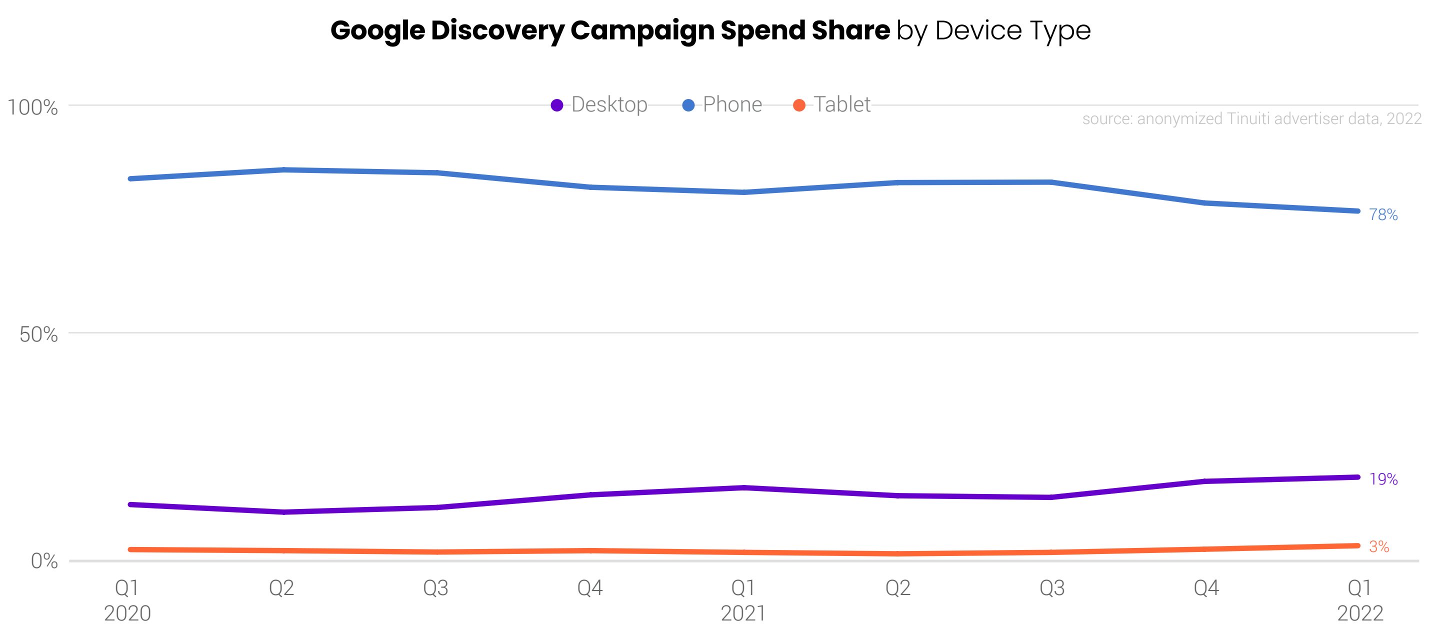
Discovery campaigns see seasonality effects with adoption down from holiday peak.

The number of Google advertisers running Discovery ad campaigns dropped to start the year, but rebounded somewhat over February and March. Discovery adoption was roughly 20% lower in January 2022 than the all-time peak in November 2021. The use of Discovery campaigns exhibited the same seasonality a year earlier, with adoption peaking during the prime holiday shopping season.



Desktop share of Google Discovery campaign spending is rising.

Originally seen as a direct play by Google to draw budgets from mobile-driven social platforms, Discovery campaigns have exhibited more in common with Google's other ad products over time, at least in terms of the devices generating spend. In Q1 2022, phones accounted for 78% of Discovery spend, while desktop accounted for 19%, very similar to what retailers see for Google paid search ads. Social ad platforms typically see mobile devices generate over 90% of spend.

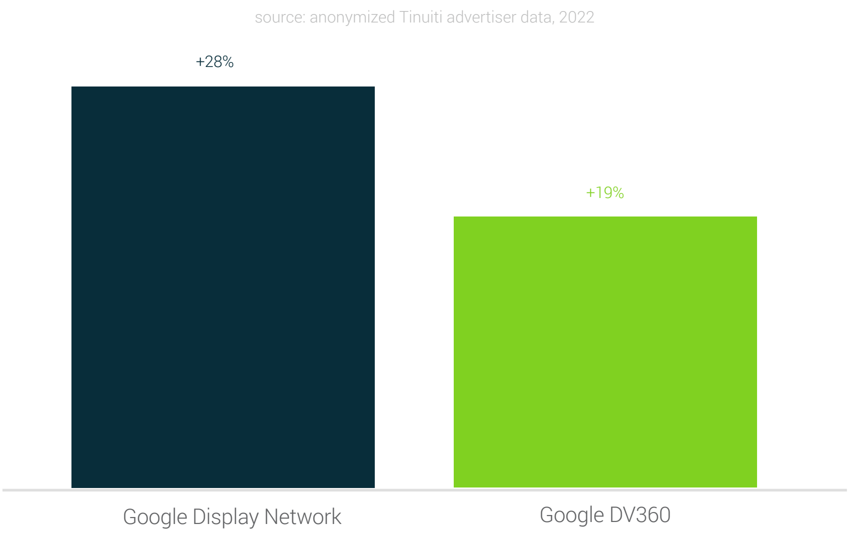


GDN CPMs rise 28%, leading major Google ad segments in pricing gains.

The average CPM for the Google Display Network (GDN) was up 28% Y/Y in Q1 2022, down slightly from 31% growth a quarter earlier. For placements made through Google DV360, average CPM was up 19% Y/Y in Q1 2022, compared to 22% in Q4. In recent quarters, the GDN has seen some of the largest pricing increases across Google's major ad segments including search, display, and YouTube.

GDN vs. DV360 CPM Growth Y/Y

Q1 2022

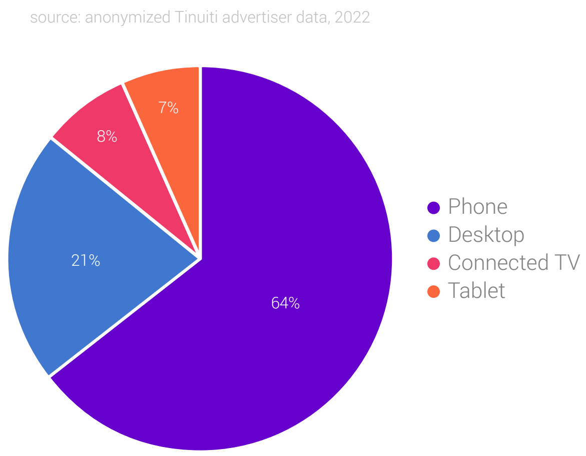


Connected TV share of Google DV360 spend dips post-holiday to 8%

Connected TVs drew 8% of total ad spend placed through Google DV360 in Q1 2022, down slightly from 11% in Q4 2021. CTV spend share was also relatively strong in Q4 2020 before declining in Q1 2021. Phones produced the largest share of DV360 spend at 64% in Q1 2022, up from 62% in Q4 2021. Desktops accounted for 21% of DV360 spend in Q1, while tablets accounted for 7%.

Google DV360 Spend Share by Device Type

Q1 2022



iOS CPMs remain solid compared to Android across Google DV360 placements.

After briefly dipping in Q2 2021, iOS CPMs on DV360 have been pretty steady relative to Android CPMs and in line with where they were at the beginning of 2020. These trends are in contrast to those for Facebook, where iOS CPMs fell sharply relatively to Android following the widespread rollout of iOS versions 14.5 and beyond and with them Apple's ATT measures.

Google DV360 iOS vs. Android CPM

Relative to Q1 2020

TAKE THE NEXT STEP

Schedule Your Google Ads Strategy Evaluation

Schedule a complimentary analysis of your existing Paid Search, Shopping, and Display campaigns to identify areas for improvement and opportunities for growth.

CONTACT US