Google brings bidding to Local Services Ads

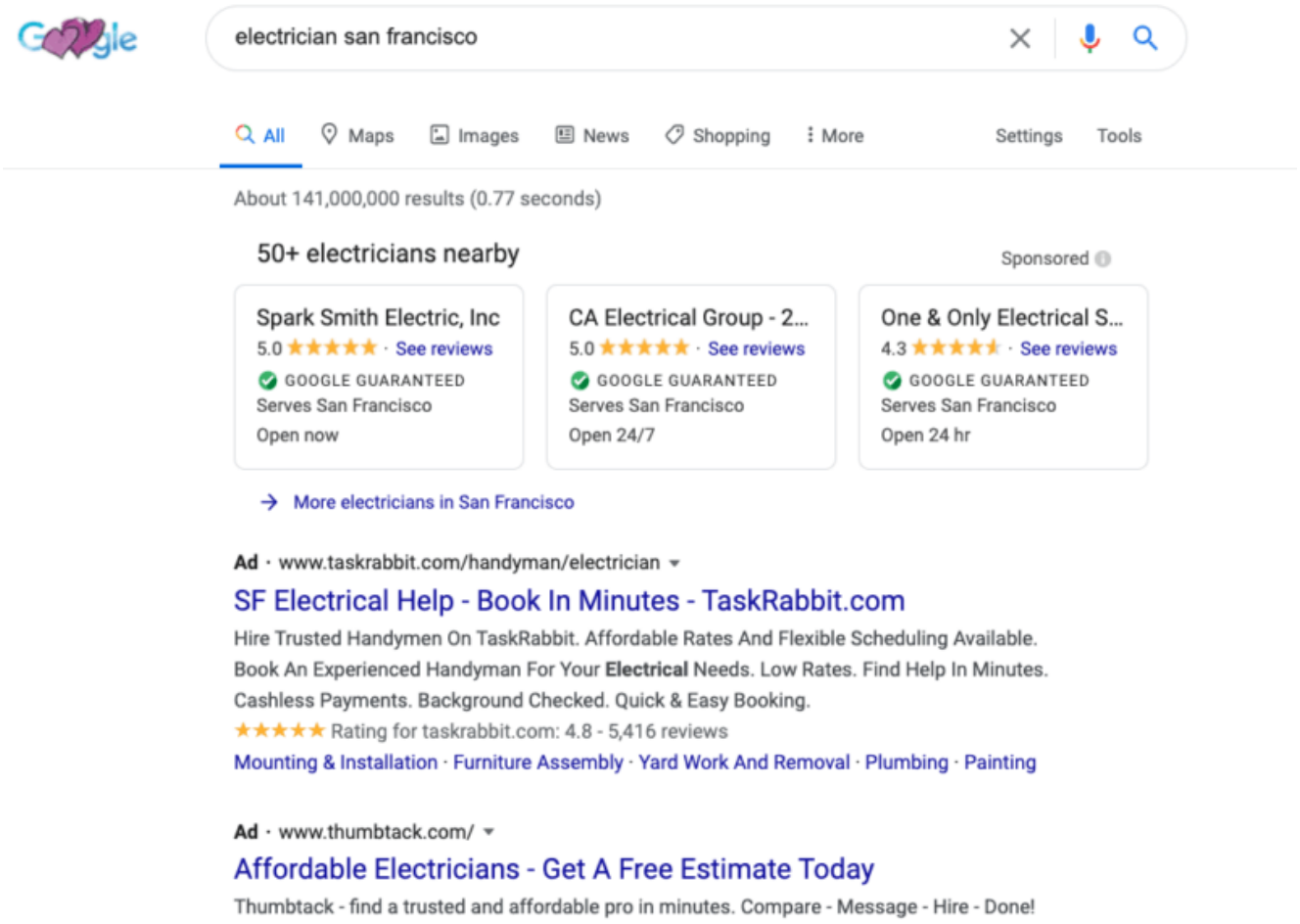
Google is opening up Local Services Ads (LSAs) to auction-based pricing. This comes after a successful test in a subset of professional services categories.

Google will notify the eligible advertisers. A selection of advertisers across the expanding list of LSA categories will now have access to bidding in a new beta test. They will be notified by Google if they are eligible to participate. Assuming this larger beta test also delivers positive results (for advertisers and Google), we can probably expect bidding to become generally available sometime next year.

The selected advertisers don't have to participate; they can continue using fixed pricing if desired. LSAs launched in 2015 with fixed cost per lead pricing – for simplicity. Prices were set by Google and varied by industry vertical and geography. Leads can be delivered in the form of calls, appointment bookings or messages, depending on what the advertiser wants to receive.

According to a Google spokesperson, "After seeing success with auction based pricing within our professional services vertical for Local Services Ads, we are excited to bring auction-based pricing as a beta to select markets for local services advertisers. We believe this model will help bring more customers to this trusted group of advertisers."

Google LSAs: "Electrician San Francisco"



The 'Trust Pack.' In order to participate, advertisers must be certified as "Google Guaranteed" or "Google Screened." Both programs involve licensing, insurance and background checks.

One of the major benefits of LSAs is that they appear at the very top of search results, above traditional ads and above the Map Pack. They prominently feature reviews and the trust signal of Google Guaranteed or Google Screened. (Justin Sanger recently dubbed the ads the "Local Trust Pack.") While Google hasn't released any LSA data, anecdotal evidence suggests these ads are performing well.

Google offered several advertiser testimonials about success with LSAs. Realtor Cleve Gaddis said, "Local Services Ads has produced leads which convert at a much higher rate than most of our other sources, generating a 10X return on investment within the first 6 months of use. I highly recommend using Local Service Ads, it's helped us stand out against our competition and the leads we're getting convert at a rate up

to four times higher than our typical lead sources."

Under the new auction-based pricing advertisers can only set one bid regardless of lead type. In other words, they must bid the same amount for a call, message or booking. If they operate in multiple verticals – as some in the home services industry do – they can bid separately by vertical (e.g., roofer vs. general contractor).

Why we care. This move could have been foreseen. As LSAs become more competitive, there's demand for a way to stand out. Indeed, some categories have numerous Google Guaranteed advertisers, but only three ads can appear on the page; the remainder are available on a list one page down.

Google says that bidding gives advertisers more control and allows those that want to pay more for leads the ability to do so. But as more local advertisers enter the program and competition intensifies it also means more revenue for Google.

Recently, Google started making the Google Guaranteed badge available to non-advertisers as part of an upgraded profile for $50 per month. Currently the Google Screened certification is only available for service providers that advertise using LSAs.

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