Google search spend growth slows as click volume rises, reports show

Google search ad click volume continues to rise as CPC growth trends down and spend growth slows, according to reports out this week from performance agency Merkle and campaign management platform Marin Software.

Google's slower spend growth last quarter continues a trend that started in the fourth quarter of 2017, according to Merkle's first quarter 2019 digital marketing report (registration required). Click volume increases have buoyed spend as CPC growth has slowed over the past five quarters.

Marin Software's first-quarter data also reflects these trends, with click volume continuing to increase as CPCs have fallen since the second quarter of 2018.

Mobile driving click volume growth, lower CPCs. Mobile continued to be a key driver of higher click volume and lower CPC growth as mobile clicks are still less expensive on average than desktop. Overall, phone search ad spend grew 47 percent year over year among Merkle clients, while desktop search spend slowed to just two percent. Phone click share rose to 59 percent, up from 51 percent a year ago.

Across Marin's platform, mobile search spend share has bounced between 41 percent and 43 percent for the past four quarters.

Shopping vs. text ads. Google Shopping ads continue to take spend share from text ads among Merkle clients running both formats. Overall, text ad spending declined 12 percent, while Shopping spend grew by 41 percent from the prior year. Shopping ad spend on phones increased even more dramatically, hitting a ten-quarter high with a 77 percent increase.

The investment increase in Shopping comes with higher revenue-per-click (RPC) on desktop for retailers compared to non-brand text ads – 18 percent higher in the first quarter of 2019. RPC for Shopping ads on phones is comparable to that of phone text ads.

Shopping impressions on phones also increased significantly, by 127% in the first quarter, up from 60% in the third quarter of 2018, indicating Google is activating Shopping ads on more queries.

Showcase Shopping ads – the ads with multiple images that tend to show on broad queries – accounted for 8% of Shopping clicks last quarter, up from 3% a year ago.

Twenty-two percent of Marin advertisers are running Shopping ads, with 39 percent of spend share going to those formats, up from 36 percent the previous to quarters.

ITP impact on audience targeting. Apple's update to Intelligent Tracking Prevention (ITP 2.1) in March stands to have further impact on audience based advertising. Merkle reported that the share of ad traffic from cookie-based remarketing lists such as RLSAs has declined since the September release of ITP 2.0, which among other things blocks third-party cookies. Meanwhile, non-cookie based Similar and Seasonal Audience lists saw traffic share increase during the same period.

Source: Merkle

Apple iOS devices and desktop Safari generated more than half of Google paid search clicks in the first quarter for Merkle clients. Android devices accounted for 23 percent of Google search ad clicks.

Why we should care. Google’s primary revenue source still overwhelmingly comes from search ads. With competition from Facebook, Instagram and Amazon, expect to see continued focus on automated campaigns and optimizations and new formats and inventory opportunities. Google will report its first quarter earnings Monday.

About The Author

Ginny Marvin is Third Door Media’s Editor-in-Chief, managing day-to-day editorial operations across all of our publications. Ginny writes about paid online marketing topics including paid search, paid social, display and retargeting for Search Engine Land, Marketing Land and MarTech Today. With more than 15 years of marketing experience, she has held both in-house and agency management positions. She can be found on Twitter as @ginnymarvin.

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