Q2 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 18% Y/Y in Q2 2022, down from 23% growth a quarter earlier. Google spending growth appears to be settling back into its pre-pandemic range of the mid-to-high teens, even in the face of historically strong year-ago comps. Google search ad clicks rose 7% in Q2, while CPC rose 10%.

Retailers increased their investment in Google search ads by 20% Y/Y in Q2, as spending on Google Shopping ads grew faster than spending on Google's text ad formats. For other industries, Google search spending rose by 15% Y/Y. Retail CPCs were up 10% overall, but 22% for apparel brands and 34% for home and garden brands.

Sales generated by Google search ads were up 14% Y/Y for retailers in Q2 2022, but orders were up by just 6%. Inflationary pressure likely helped drive up average order value, which increased by 8% Y/Y. Larger brands saw higher than average order growth, though, as half of retailers saw flat or declining order volume, with any sales gains driven by higher average order value alone.

Google Maps ad traffic to brick-and-mortar store location details was 54% above 2019 levels in June as consumers continued to return to in-person shopping. Clicks on Google Get Location Details links had fallen by as much as 95% Y/Y during the early months of the pandemic, before largely recovering by early 2021. Get Location Details clicks did suffer, however, during the more severe COVID waves in late 2021.

Spending on Google text ads grew 15% Y/Y, but clicks were flat from year to year, marking the fifth quarter in a row of single-digit or lower click growth. Q2 2022 was the last quarter that brands could create or edit Expanded Text Ads, but that format's replacement, Responsive Search Ads, is already generating 71% of text ad clicks.

Google Shopping ad spending rose 26% in Q2 2022 as clicks grew 18% and average CPC increased 7%. The continued strength of Shopping ad click growth has come despite — or possibly because of —Google's return to serving free product listings in 2020. Shopping ads accounted for 64% of retailers' Google search ad budgets in Q2 2022, an increase from 56% in Q2 2021.

Although phones produced 78% of Google Shopping ad clicks in Q2 2022, they produced just 69% of Google text ad clicks. Generally, phones are a larger traffic driver for retail than other industries, accounting for 76% of Google search ad clicks in Q2. That compares to 63% of clicks for financial services brands and 54% of clicks for B2B advertisers.

Among advertisers running Google Performance Max campaigns at the end of Q2 2022, 77% continued to run Smart Shopping campaigns, a format Google is deprecating in favor of Performance Max. Across all brands running Google Shopping ads, 76% ran Smart Shopping campaigns as part of their Shopping ad mix in June 2022.

Amazon's share of Google Shopping ad impressions was back to 2019 levels in Q2 2022, following a steep drop in February. Other major players in the retail industry saw their share of Shopping impressions running flat or down compared to 2021, with Walmart seeing a particularly large year-to-year drop in impression share to end the quarter.

YouTube ad spending growth slowed to 14% Y/Y, facing particularly strong comps from Q2 2021 when YouTube revenue officially grew 84% Y/Y. Average CPM for YouTube ads fell for the first time since the first quarter of 2021, coming in 9% lower Y/Y in Q2 2022. YouTube ad impressions were up 29% Y/Y, though, up from a 23% Y/Y gain in Q1.

Advertiser adoption of Google Discovery ad campaigns remained stalled below late 2021 levels, as the format did not see a seasonal rebound in use in Q2 like it did a year earlier. Discovery ad campaign adoption was brisk over late 2020 through 2021 as brands sought incremental traffic streams during a period of strong ecommerce demand.

CPMs across the Google Display Network (GDN) were up 15% Y/Y in Q2 2022, a significant deceleration from 28% growth in Q1. For placements made through Google DV360, CPMs were flat year over year. Connected TVs accounted for 8% of spending on Google DV360, up slightly from a quarter earlier.

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

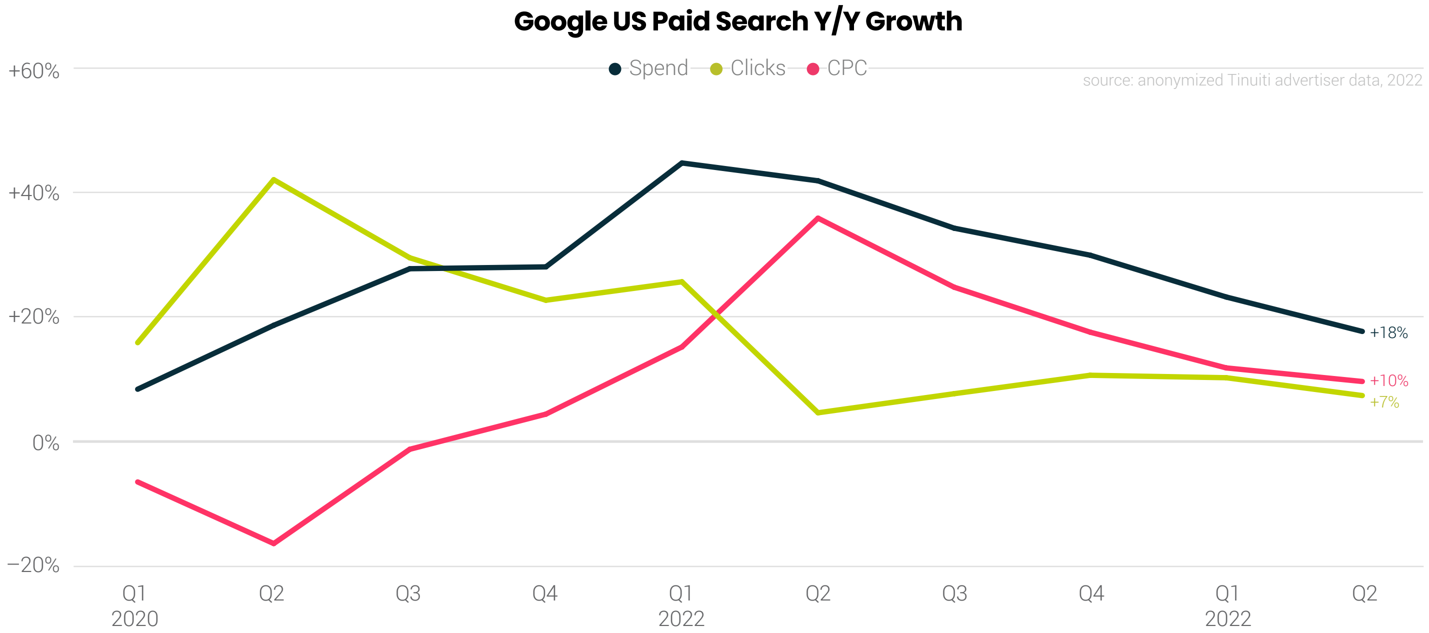
Tinuiti is the largest independent performance marketing firm across Streaming TV and the Triopoly of Google, Facebook and Amazon, with $3 billion in digital media under management and over 1,000 employees.

Q2 2022

Google Paid Search Overall

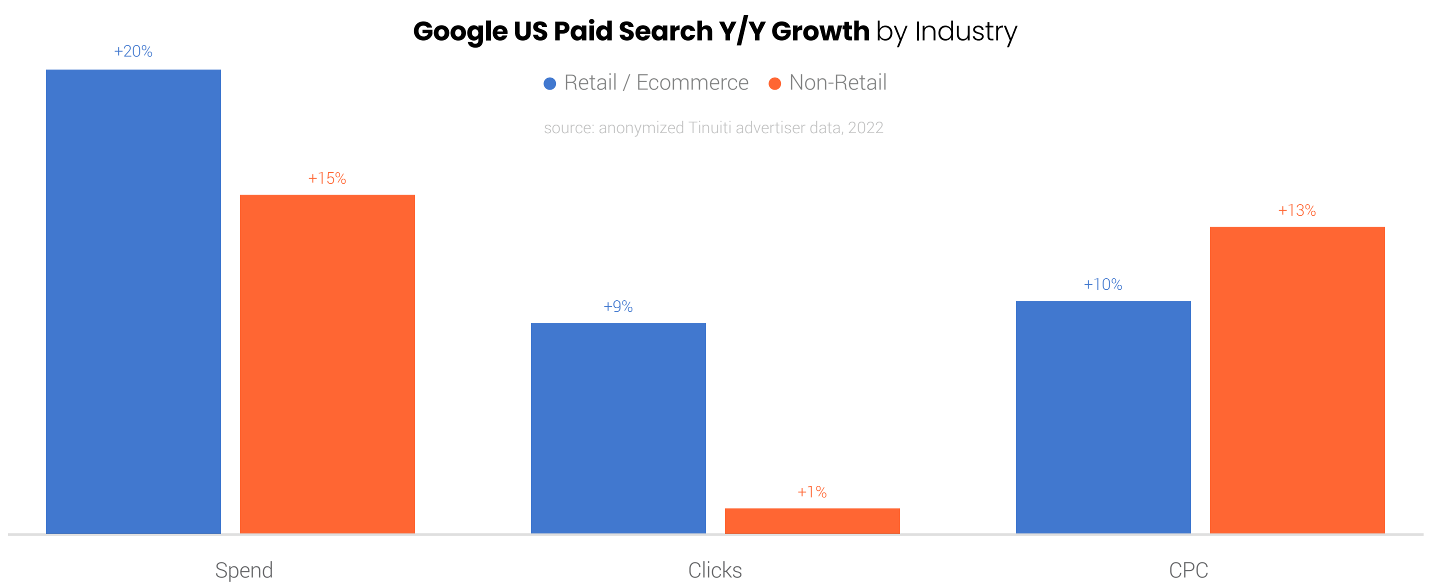
Google search spending growth back down to pre-pandemic levels.

Total spending on Google search ads rose 18% Y/Y in Q2 2022, down from 23% growth a quarter earlier. While year-ago spending growth comps remain historically strong on Google, growth now appears to be settling back in the pre-pandemic range of the mid-to-high teens, as opposed to swinging all the way back into negative territory. Google search ad clicks were up 7% in Q2, down from 10% in Q1, while average CPC growth decelerated for the fourth quarter in a row.



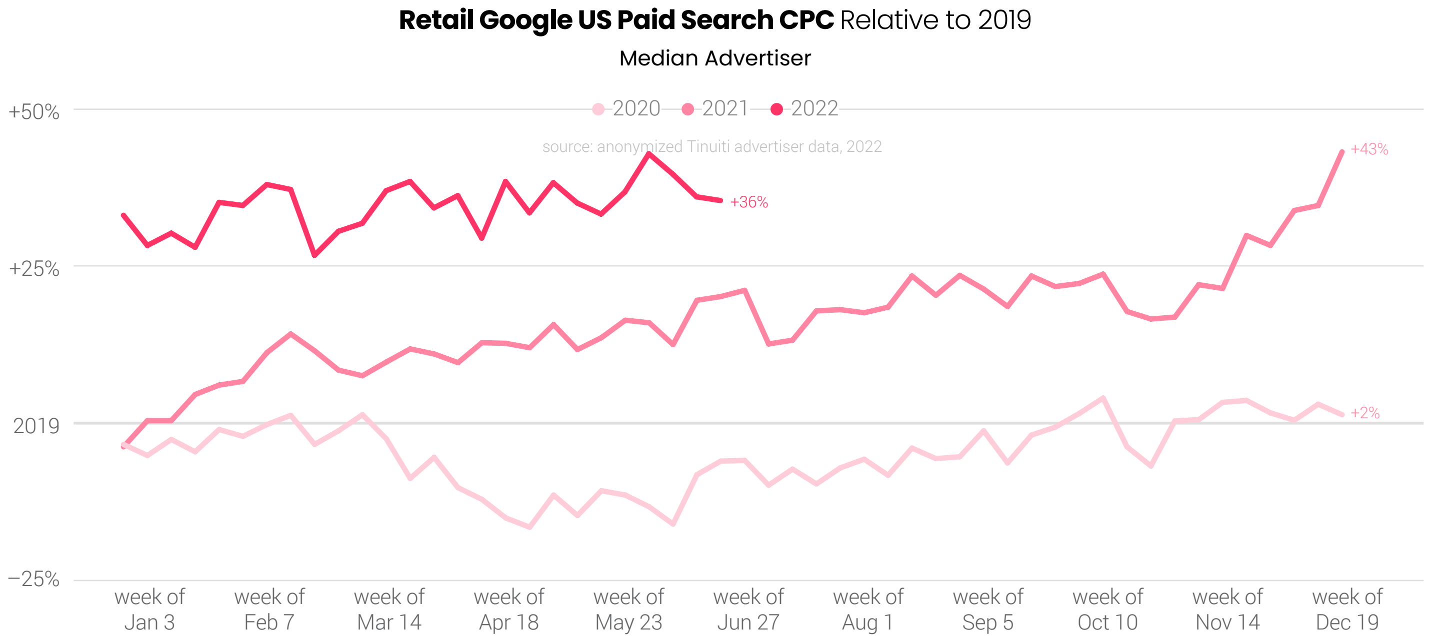
Relatively strong click growth propels retail Google search spending.

Retail was a bright spot for Google in Q2 2022, with the industry increasing its Google search spending by 20% Y/Y as spending on Google Shopping ads grew faster than spending on Google's text ad formats. Retail Google search ad clicks were up 9% in Q2, up from 7% in Q1, while average CPC rose 10%, down from 18% a quarter earlier. Outside of retail, Google search ad spending was up 15% Y/Y in Q2, as clicks rose just 1% and CPCs rose 13%.



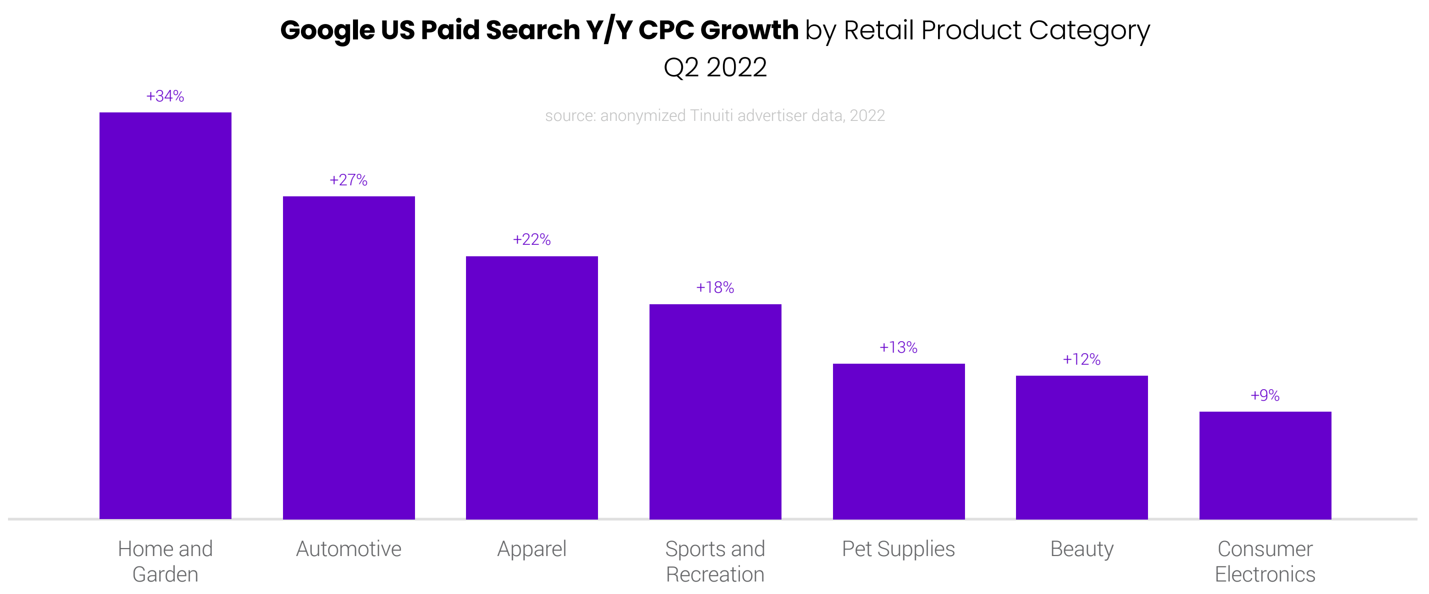
Retailer Google search CPCs have largely plateaued compared to 2019 levels.

The average CPC paid by retailers for Google search ads was up 36% in Q2 2022 compared to Q2 2019. That is up just slightly from a 33% increase in Q1 2022. Retailer CPCs fell significantly in late Q1 2020 and took the rest of that year to regain 2019 levels, despite surging consumer ecommerce demand at the time. CPCs rose significantly over the course of 2021, ultimately peaking at over 40% above 2019 levels by the end of the year.



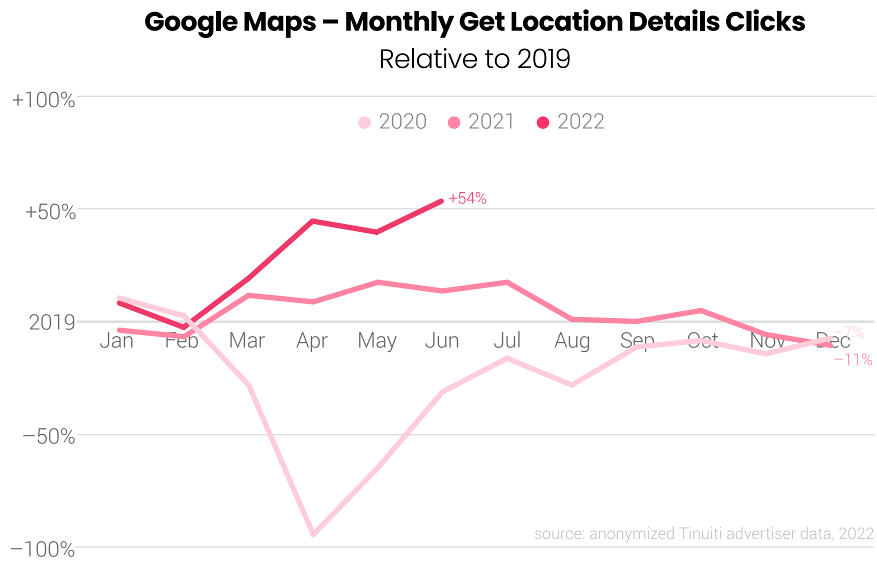
Consumer electronics brands see the smallest rise in Google search ad CPCs.

The average Google search ad CPC for home and garden advertisers was up 34% Y/Y in Q2 2022, the largest increase among the product categories analyzed for this report. For the second quarter in a row, consumer electronics brands saw the smallest rise in CPCs with an increase of just 9% Y/Y. After rising by 47% in Q4 2021, beauty CPC growth has slowed sharply, coming in at just 12% in Q2 2022. Beauty CPCs jumped in early 2021 as reopenings led to more in-person interactions.



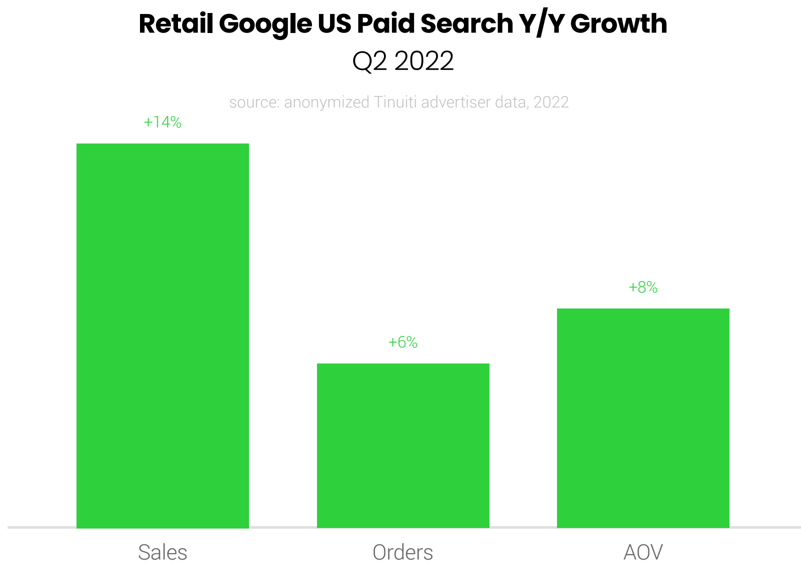
Google searcher interest in physical store locations up sharply from 2019 levels.

While spending on Google text ads was up Google Maps ad traffic to physical store location information was 54% above 2019 levels in June as consumers continued to return to brick-and-mortar shopping. Clicks on Google's Get Location Details links fell by as much as 95% during the early months of the pandemic, but largely recovered by early 2021. New COVID waves in the fall and winter of 2021 depressed offline shopping interest at the time, but Get Location Details clicks picked up significantly in the spring of 2022.



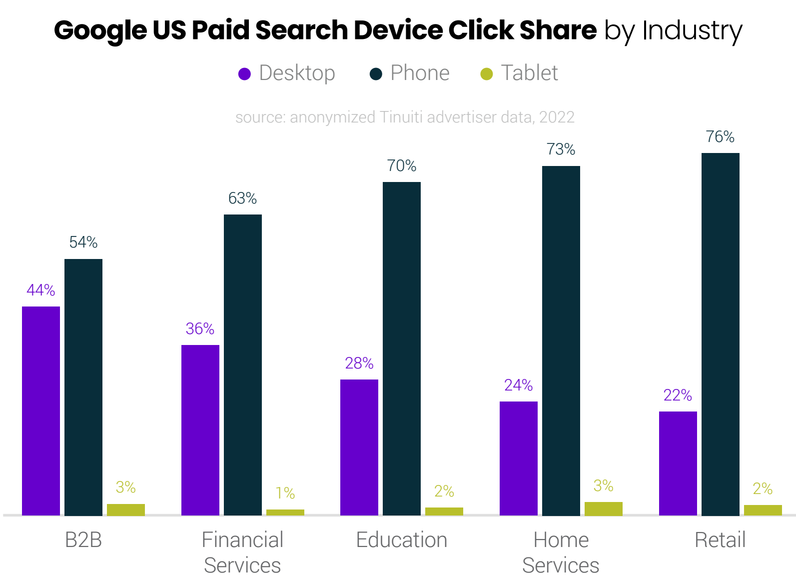
Higher average order value drives retail sales gains from Google search ads.

Retail sales generated by Google search ads were up 14% Y/Y in Q2 2022. Inflationary pressure is likely driving up the size of consumer orders as average order value increased 8% Y/Y. Total orders were up just 6% Y/Y in Q2, with most of those gains being driven by larger brands. Half of retail advertisers saw flat or declining order volume, with all of their sales gains driven by higher average order value.



Phone share of retail Google search ad clicks up to 76% in Q2 2022.

Phones produced 76% of Google search ad clicks for retailers in Q2 2022, up a point from a quarter earlier. That was the largest share for phones across the five major industries analyzed for this report. With many of its customers searching on work computers, the B2B industry still sees desktops and laptops generate 44% of its Google search ad clicks, the largest share among major industries. Tablet share of Google clicks was 3% or less across all industries in Q2.



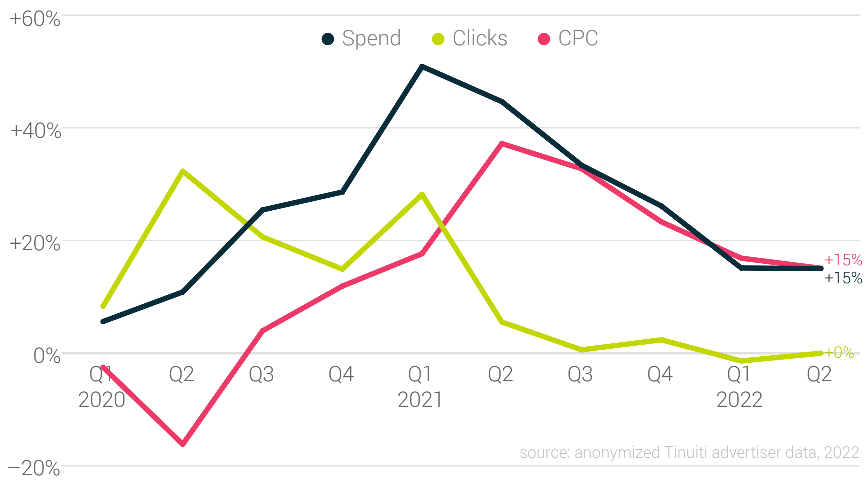
Q2 2022

Google Paid Search Text Ads

Google text ad traffic remains flat as higher CPCs fuel spending growth.

Spending on Google text ads grew 15% in Q2 2022, steady with Q1 growth. Since mid-2021, text ad click growth has hovered around zero with higher CPCs driving nearly all spending growth. This again held true in Q2 0222, with clicks flat compared to Q2 2021 and CPC up 15%. Before the pandemic, text ad spending was growing in the low teens, but those gains were being driven by click growth in late 2019.

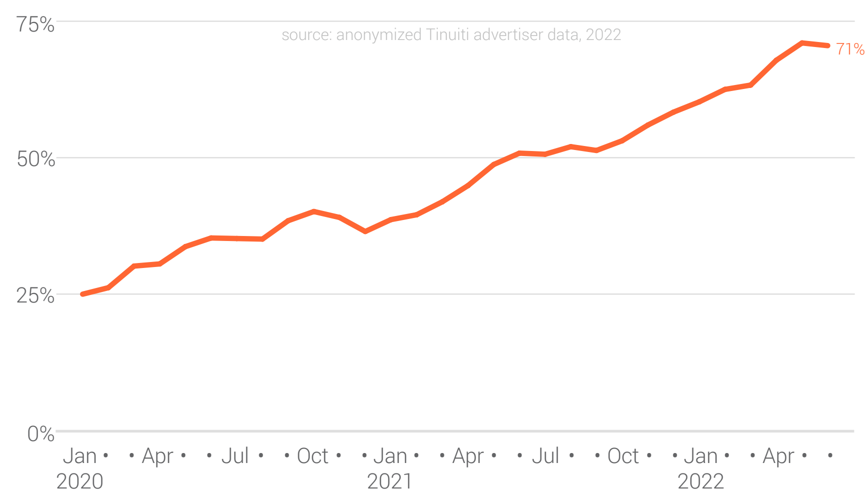
Google US Text Ads Y/Y Growth
by Quarter



Responsive Search Ads hit 71% share of text clicks as Google sunsets Expanded Text Ads.

The share of Google text ad clicks produced by its Responsive Search Ad format hit 71% in June 2022, up from 59% at the close of 2021. While Google will continue to serve its other major text ad format, Expanded Text Ads, going forward, it is no longer allowing advertisers to create or edit ads using the format, as of June 30. Advertisers have had some time to adapt to Responsive Search Ads, which became the default Google text ad option in February 2021.

Responsive Search Ads Share of Text Ad Clicks



Amazon presence in Google text ad auctions near pandemic-era highs.

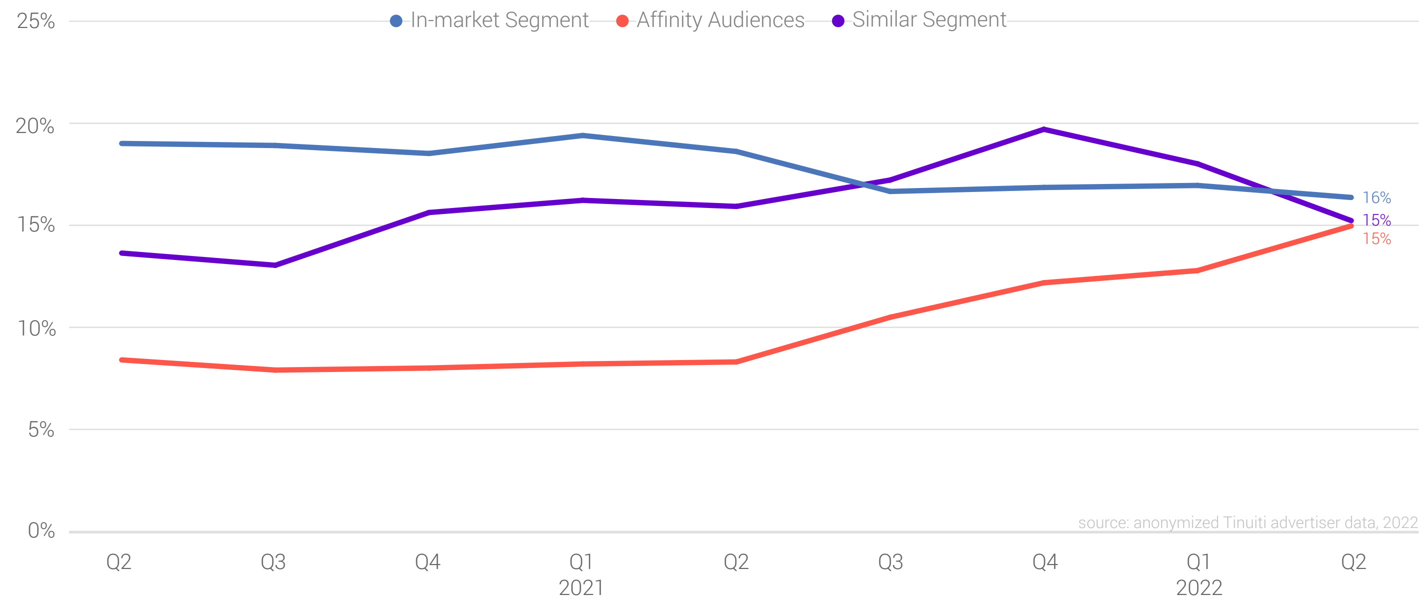
From early March through early June 2020 Amazon notably dropped out of Google auctions entirely. At the time, advertisers that remained in Google auctions saw their CPCs fall. Although its presence is still diminished compared to pre-pandemic levels, Amazon has generally been ramping up its share of Google text ad impressions over the past two years. At the end of Q2 2020, Amazon's impression was near the pandemic-era highs it hit during the peak of the 2021 holiday shopping season.

Amazon US Google Text Ads Impression Share
Median Amazon Competitor

Affinity audiences producing a growing share of Google text ad clicks.

Google's Affinity audience targeting segment accounted for 15% of text ad clicks in Q2 2022, nearly matching the share for Google's In-market and Similar audience segments. Affinity audience click share was just 8% to start 2021, but it began to take off mid-year. Customer match click share has also risen since 2021, but still stands at just 3%. Across all of Google's audience types, over 60% of Google text ad clicks were produced by a specific audience segment in Q2 2022.

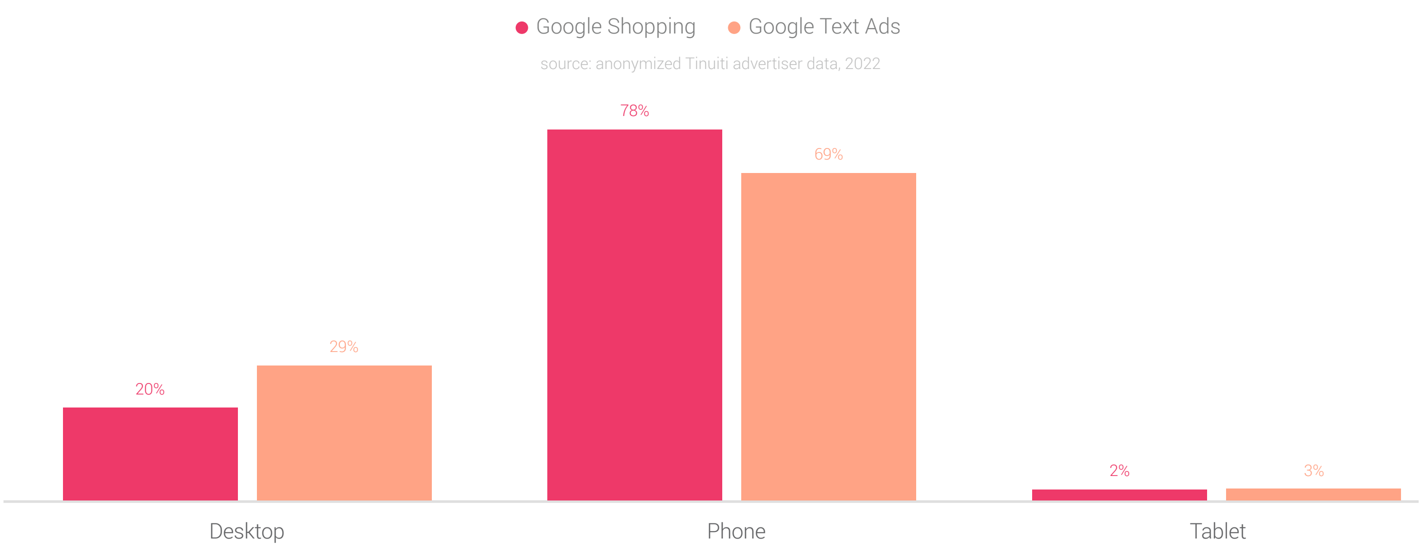
Google US Text Ad Click Share by Audience Type



Google's text ads see mobile as a smaller traffic contributor than its Shopping ads.

While phones produced 69% of Google text ad clicks in Q2 2022, they produced 78% of Google Shopping ad clicks. This gap is partly explained by the industry mix of each format, but even consumer-facing retailers see phones produce a larger share of their Shopping clicks than their text ad clicks. Desktops and laptops produced 29% of text ad clicks in Q2 2022, while tablets generated another 3%.

Device Share of US Google Text and Shopping Clicks



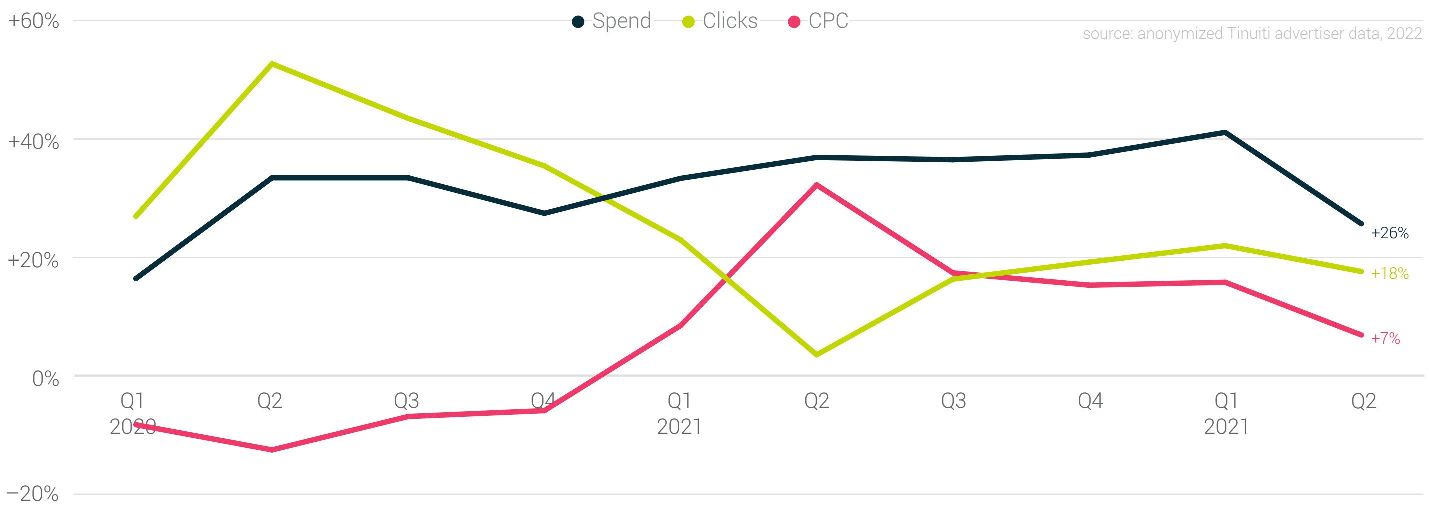
Q2 2022

Google Shopping

Google Shopping ad spending growth slows, but remains strong.

Spending on Google Shopping ads was up 26% Y/Y in Q2 2022. While that rate was down from 41% growth a quarter earlier, Shopping spending is still growing faster than it did over the second half of 2019. Shopping ad clicks were up 18% Y/Y in Q2 2022, a slight deceleration from Q1 2022. Shopping CPC growth, however, fell more sharply, coming in at 7% Y/Y compared to 16% growth in Q1. Shopping CPC growth had jumped in Q2 2021 against weak year-ago comps from the early months of the pandemic.

Google US Shopping Ads Y/Y Growth

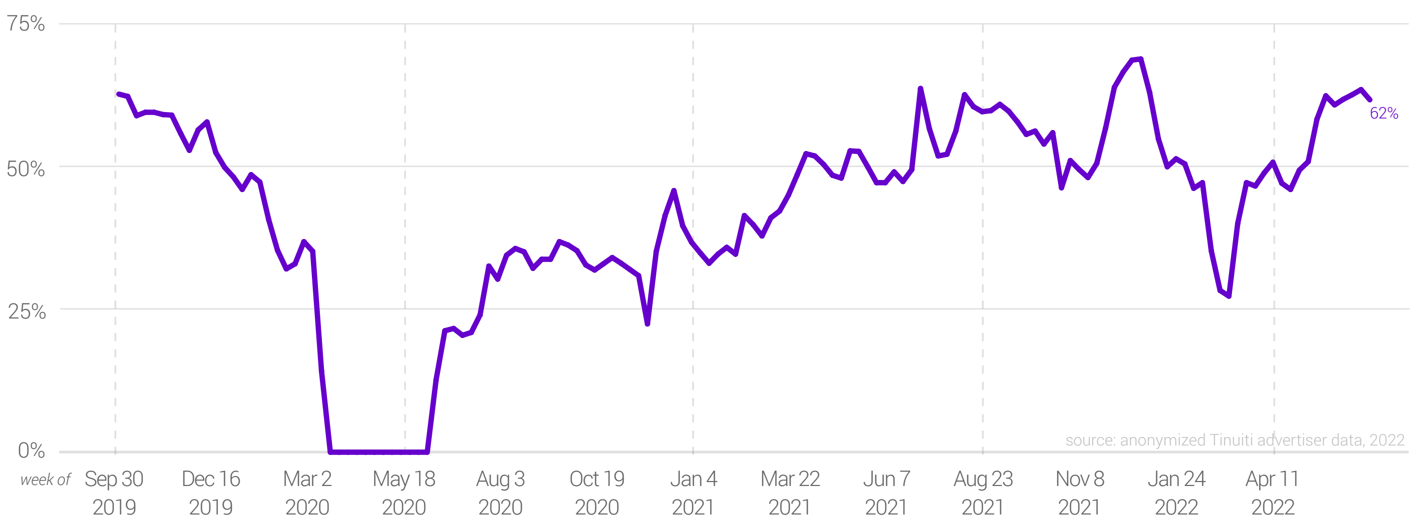


Amazon share of Google Shopping ad impressions back to 2019 levels.

Amazon's share of Google Shopping ad impressions fell roughly in half in mid-February, before it recovered in March. Over Q2, Amazon's presence in Shopping auctions rose further, nearly matching the highs it saw during the end of the 2021 holiday shopping season. While Amazon's share of Google text ad impressions remains well below its pre-pandemic level, its share of Shopping impressions is now higher than it was for most of Q4 2019.

Amazon US Google Shopping Ads Impression Share

Median Amazon Competitor

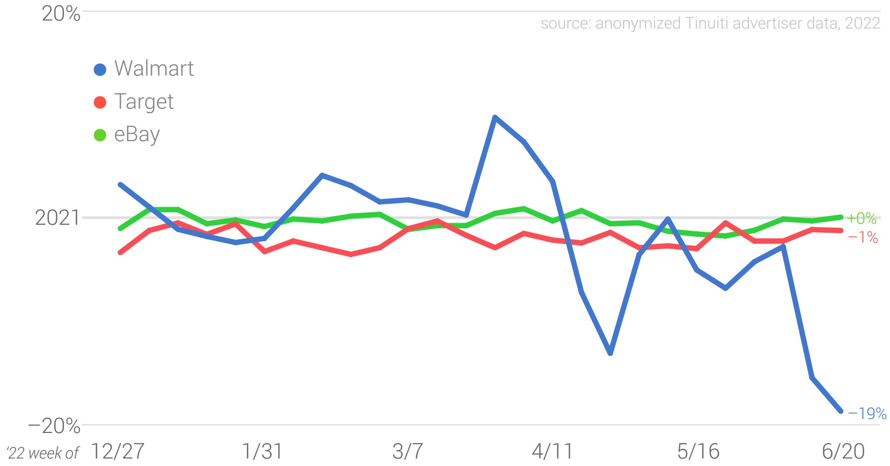


Walmart ends Q2 with significant year-to-year drop in Shopping impression share.

While Amazon appears to be taking a more aggressive stance in Google Shopping auctions, other major players in the retail industry saw their share of Shopping impressions running flat or down compared to 2021. eBay's presence in Shopping auctions over Q2 2022 was right in line with where it stood in Q2 2021, while Target saw a slight dip in its share of impressions. Walmart, however, saw a significant year-to-year drop in Shopping impression share in late April, and closed out Q2 with its largest declines in share for the year.

Google US Shopping Ads Impression Share for Walmart, Target & eBay Relative to 2021

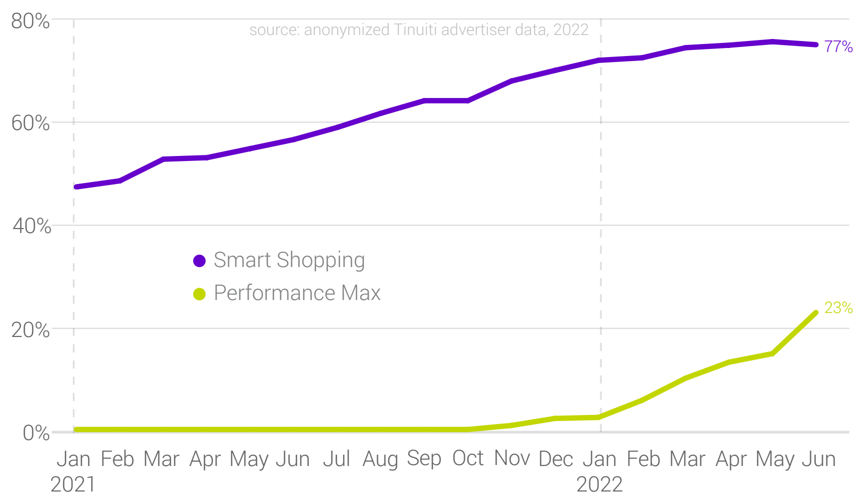
Median Competitor



Performance Max adopters prefer to keep running Smart Shopping campaigns.

Among brands running Google Shopping ads, 76% ran Smart Shopping campaigns as part of their Shopping ad mix in June 2022. Starting this July, Google is beginning to transition Smart Shopping campaigns to Performance Max campaigns, which will deliver additional inventory and allow for more formats. Performance Max launched to all advertisers in November 2021 and has since been adopted by 23% of all Google Shopping advertisers. In June, 77% of brands running Performance Max campaigns found value in continuing to run Smart Shopping campaigns.

Google Smart Shopping and Performance Max Adoption Rates for Google Shopping Advertisers

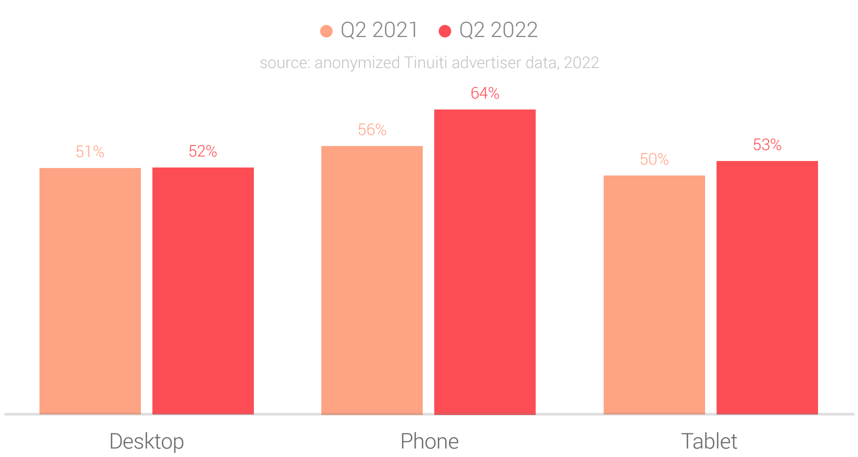


Shopping's share of retailer Google search spending jumps on phones.

Google Shopping ads accounted for 64% of retailers' total spending on Google search ads in Q2 2022, up from 56% a year earlier and 63% in Q1 2021. Shopping's share of desktop search ad spending was nearly unchanged compared to Q2 2021 at 52%. On tablets, Google Shopping ads generated 53% of retailer spending on Google search ads in Q2 2022, up three points from a year earlier.

Shopping Share of Retailer Paid Search Spend

Median Advertiser



Q2 2022

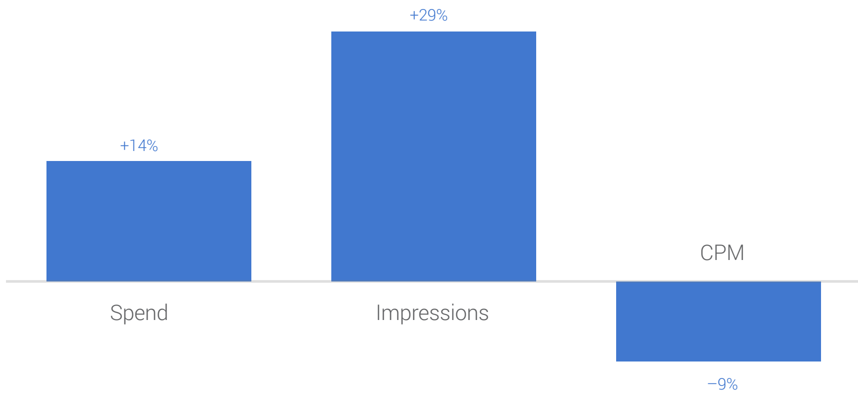
YouTube, Discovery & Display

YouTube ad impressions up, but spending growth decelerates on weaker CPMs.

Advertiser spending on YouTube was up 14% Y/Y in Q2 2022, down from 28% growth a quarter earlier. YouTube faced particularly strong year-ago spending comps in Q2, as YouTube revenue officially grew 84% Y/Y in Q2 2021. The average CPM for YouTube ads fell for the first time since the first quarter of 2021, coming in 9% lower Y/Y in Q2 2022. YouTube ad impressions were up 29% Y/Y, though, up from a 23% Y/Y gain in Q1.

YouTube Ad Campaigns Y/Y Growth
Q2 2022

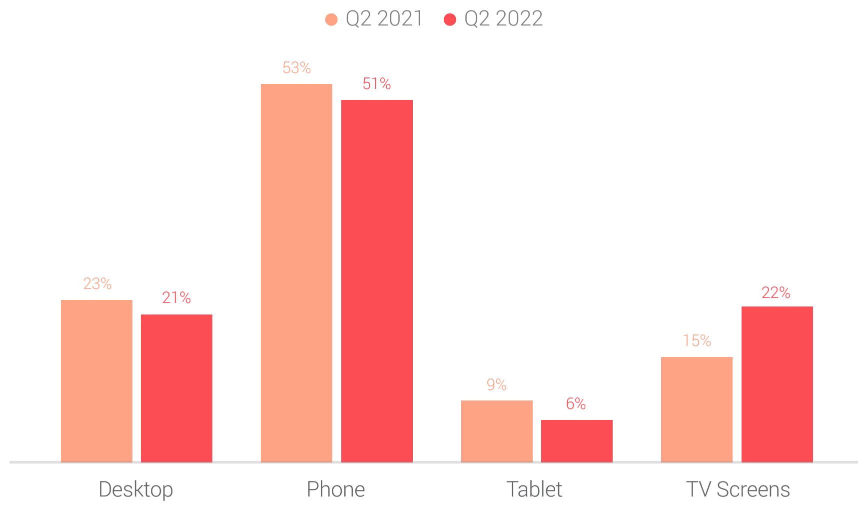
source: anonymized Tinuiti advertiser data, 2022



Connected TVs drawing nearly a quarter of YouTube ad budgets.

One of YouTube's best performing segments in the past year has been connected TV (CTV), which accounted for 22% of YouTube ad spending in Q2 2022, up from 15% in Q2 2021. While total spending on phone and desktop increased year over year, both segments saw a two-point spend share decline between Q2 2021 and Q2 2022 as a result of the strength of CTV. Spending on tablet YouTube ads was down year over year and tablet spend share fell three points as a result.

YouTube Spend Share by Device Type

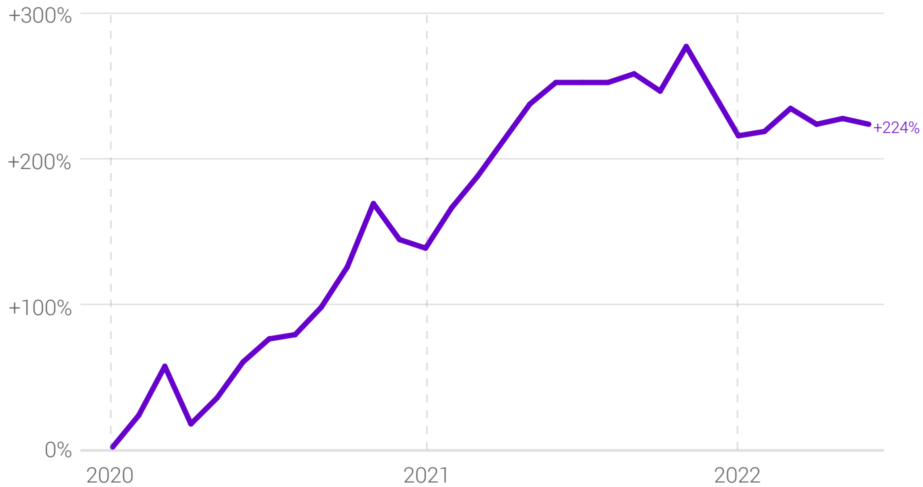


Google Discovery ad campaign adoption stalls below late 2021 levels.

Discovery ad campaign adoption was brisk over late 2020 through 2021 as brands sought incremental traffic streams during a period of strong ecommerce demand. As digital ad spending growth has cooled generally, adoption of Discovery campaigns has stalled. Although up 224% compared to January 2020, adoption of Discovery campaigns in June 2022 was down slightly compared to June 2021. In 2021, Discovery adoption dipped after the Q4 2020 holidays, but reached new highs in Q2. In 2022, Disovery adoption has remained below Q4 2021 levels.

Discovery Campaign Advertisers
Relative to January 2020

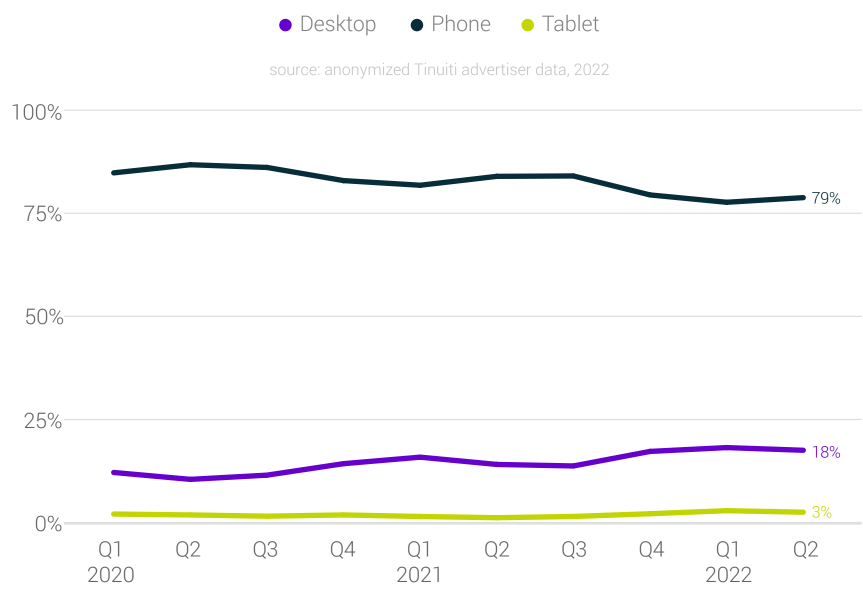
source: anonymized Tinuiti advertiser data, 2022



Discovery campaign spending 82% mobile, leading most Google ad formats.

Google Discovery campaigns generated 82% of their spend across phones and tablets in Q2 2022. While that share has fallen a bit over the past two years, Discovery campaigns remained one of Google's most mobile-driven major ad formats. Originally positioned to draw ad budgets from social, where mobile is typically well over 90% of spend, these figures, along with Discovery adoption rates, suggest some key differences with established social platforms, but some shared challenges.

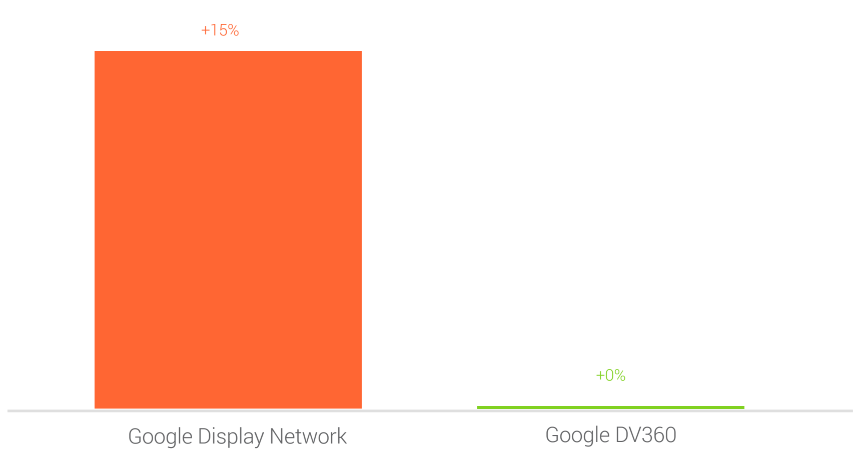
Discovery Campaign Spend Share by Device Type



Growth in Google display CPMs slows against stronger comps.

The Google Display Network (GDN) saw average CPM rise 15% Y/Y in Q2 2022, a significant deceleration from 28% growth in Q1. For placements made through Google DV360, average CPM was flat year over year, compared to a 19% increase in Q1. These results echo similar pricing growth deceleration trends advertisers have seen in other channels like search and social as brands are facing stronger year-ago pricing comps.

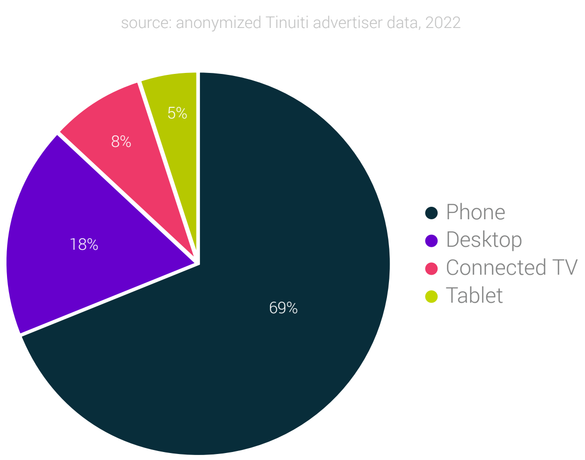
GDN vs. DV360 CPM Growth Y/Y
Q2 2022



Connected TV share of DV360 spend rising again following post-holiday dip.

Connected TVs accounted for 8% of spending on Google DV360, up slightly from a quarter earlier, but down from 11% in Q4 2021. Connected TV spend share saw a bit of a spike in both Q4 2020 and 2021, suggesting some seasonal effects are at play. Phones generated 69% of DV360 spend in Q2 2022, while desktops produced just under 18%, and tablets contributed another 5%.

Google DV360 Spend Share by Device Type
Q2 2022



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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.

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