

Search Is Retail's Fastest-Growing Ad Format

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eMarketer Editors

Retail advertisers in the US will spend \$13.12 billion on search in 2019, a 22.5% increase from last year. In 2020, they will spend \$15.65 billion on search.

"Many small and medium-sized retailers continue to increase their ad spend on Amazon's search products," said Ross Benes, analyst at eMarketer and author of our recent report, "[US Retail Digital Ad Spending 2019](#)." "For many retailers, it's a double-edged sword. To compete with Amazon, retailers are spending more on digital ads. But because Amazon is itself becoming one of the leading companies in digital advertising, some of those retail ad dollars are being spent on Amazon properties."

In a 2018 survey by Marin Software, 56.5% of retail advertisers said Amazon's ad products presented a growth opportunity, which is significantly more than the 15.0% of respondents who thought of advertising on Amazon as a necessary evil.

How Do Advertisers Worldwide View Amazon and Its Digital Ad Options?

% of respondents, by industry, April 2018

	Automotive	Financial services	Retail	Travel
Growth opportunity	41.1%	49.2%	56.5%	35.3%
Competitor	30.6%	24.2%	17.0%	28.8%
Necessary evil	17.7%	12.9%	15.0%	13.7%
No impact	9.7%	12.1%	8.8%	18.6%
Unsure	0.8%	1.6%	2.7%	3.6%

Source: Marin Software, "The State of Digital Advertising 2018," June 6, 2018

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Amazon surpassed Google in product searches last year, according to a Q2 2018 analysis of 500 ecommerce websites conducted by marketing analytics firm Jumpshot. Since many consumers browse on Amazon, it has become a major ad platform for retailer marketers looking to push their product offerings.

We forecast that 46.3% of retail digital ad dollars will be spent on search this year, which is higher than the ad industry's 41.5% average. In 2020, search will account for 47.3% of total retail digital ad spending.

Compared with other verticals, retail benefits more from Google increasingly integrating the search functions of its various consumer-facing products, according to Krish Sailam, senior vice president of global programmatic solutions at Merkle-owned ad agency DWA, who was interviewed for the [report](#). It's become more common for retailers to link search ads into Google Maps, which helps drive traffic into stores and show local stock of a specific product.

"A similar search on a phone for the term 'car insurance' doesn't have the same level of integration," he said.

Retail overindexes on search because bottom-funnel search ads are essential for driving ecommerce, and Google Shopping ads have become a go-to ad product for retail advertisers. Conversion rates for retailers using Google Shopping ads range from 1.1% to 3.1%, according to an analysis of hundreds of US retailers' search ad campaigns by retail tech company Sidecar.

Google Shopping Performance Metrics for US Retailers, by Industry, 2018

	Average order value	Conversion rate	Clickthrough rate (CTR)	YoY CTR % change
Apparel and accessories	\$219	3.1%	0.9%	-17%
Automotive parts	\$187	1.1%	1.4%	-12%
Books, music and video	\$88	2.6%	1.0%	-10%
Computers and electronics	\$236	1.8%	0.7%	-3%
Food and drug	\$54	2.0%	1.2%	-13%
Health and beauty	\$57	3.0%	1.1%	-3%
House and home	\$207	2.3%	0.9%	-16%
Mass merchant	\$117	1.4%	1.1%	-26%
Pet care	\$80	2.3%	1.1%	-13%
Toys and hobbies	\$77	2.8%	1.1%	-14%

Note: represents activity on the Sidecar platform, broader industry metrics may vary
Source: Sidecar, "2019 Benchmarks Report: Google Ads in Retail," March 19, 2019

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For more of our annual breakdown of US retail industry digital ad spending, eMarketer PRO subscribers can read our latest report:

Report by Ross Benes Jul 25, 2019

US Retail Digital Ad Spending 2019



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