

# Paid Search Advertising Index Second Quarter 2016

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# Introduction

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AdGooroo's Paid Search Advertising Index is a quarterly report that measures paid search advertising in 14 industry categories:

- Retail – General
- Retail – Apparel
- Retail – Shoes
- Retail – Beauty & Cosmetics
- Retail – Consumer Electronics
- Retail – Jewelry
- Retail – Flowers & Gifts
- Retail – Home Furnishings & Décor
- Retail – Home Improvement
- Travel – Comparison Sites
- Travel – Hotels & Resorts
- Financial Services – Banking & Credit Cards
- Education – Universities & Online Education
- Auto – Manufacturers & Dealerships

The following edition of the report measures paid search advertising in the second quarter of 2016 compared to the first quarter of the year.

The report examines U.S. Google Desktop Text Ad activity on the top 50,000 keywords in each of the 14 industry categories, as well as overall activity across all 14 categories combined. The report specifically measures 6 paid search metrics: ad spend, impressions, clicks and number of advertisers in the category, and average clickthrough rate and average cost per click.

# Overview - All Categories

## Spend

\$4.58 B  
Q2

\$4.42 B  
Q1

4% ▲

## Impressions

52.7 B  
Q2

65.0 B  
Q1

-19% ▼

## Clicks

2.48 B  
Q2

2.55 B  
Q1

-3% ▼

## Cost Per Click

\$2.11  
Q2

\$1.95  
Q1

8% ▲

## Clickthrough Rate

4.93%  
Q2

4.18%  
Q1

18% ▲

## # of Advertisers

802,000  
Q2

911,000  
Q1

-12% ▼

Across all 14 categories studied, paid search spend increased by 4% in the second quarter of 2016 compared to the first quarter of the year. Total impressions and clicks dropped by 19% and 3%, respectively. The average cost per click increased by 8% quarter over quarter, while the average clickthrough rate increased by 18%. The number of advertisers decreased from Q1 to Q2 in all 14 categories, dropping by a total of 12%.

# Retail - General

## Spend

\$820 M  
Q2

\$881 M  
Q1

**-7%** ▼

## Impressions

15.85 B  
Q2

20.75 B  
Q1

**-24%** ▼

## Clicks

625 M  
Q2

719 M  
Q1

**-13%** ▼

## Cost Per Click

\$1.31  
Q2

\$1.23  
Q1

**7%** ▲

## Clickthrough Rate

3.46%  
Q2

3.46%  
Q1

**0%**

## # of Advertisers

134,000  
Q2

150,000  
Q1

**-11%** ▼

On average, retailers paid more for site visitors originating from paid search in the second quarter, as the average cost per click increased by 7% from Q1 to Q2. However, the total number of clicks and impressions both decreased quarter over quarter, as did total spend, which dropped by 7%, from \$881 million in Q1 to \$820 million in Q2. The average clickthrough rate remained steady while total number of advertisers dropped by 11%.

# Retail - Apparel

## Spend

\$267 M  
Q2

\$295 M  
Q1

**-10%** ▼

## Impressions

6.19 B  
Q2

8.17 B  
Q1

**-24%** ▼

## Clicks

260 M  
Q2

306 M  
Q1

**-15%** ▼

## Cost Per Click

\$1.03  
Q2

\$0.97  
Q1

**6%** ▲

## Clickthrough Rate

4.20%  
Q2

3.74%  
Q1

**12%** ▲

## # of Advertisers

53,000  
Q2

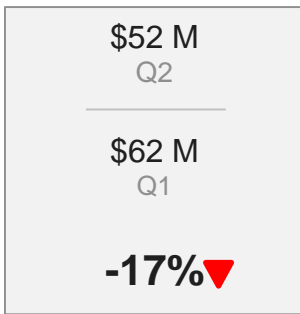
61,000  
Q1

**-13%** ▼

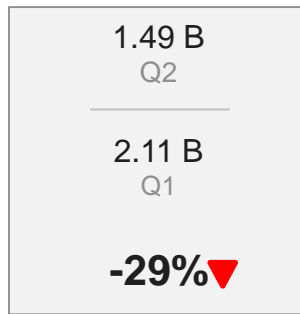
Average cost per click and clickthrough rate increased by 6% and 12%, respectively, in the Apparel category from Q1 to Q2. However, total spend was down 10%, dropping from \$295 million in Q1 to \$267 million in Q2, based on a 24% drop in impressions and a 15% drop in clicks quarter over quarter. The number of advertisers competing in the Apparel category decreased as well, down 13% in Q2.

# Retail - Shoes

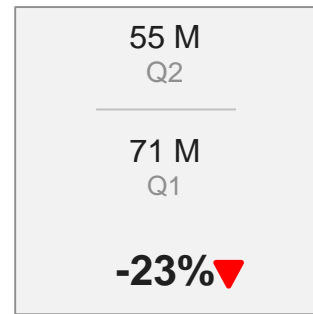
## Spend



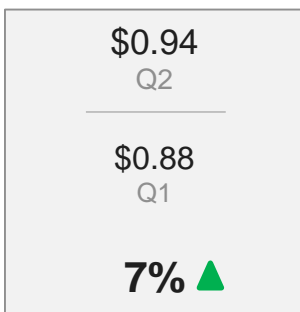
## Impressions



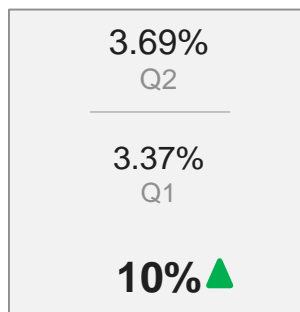
## Clicks



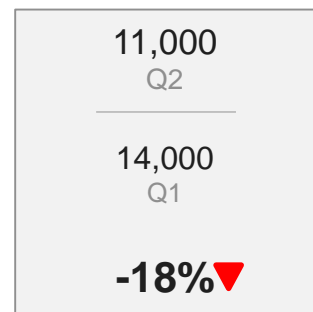
## Cost Per Click



## Clickthrough Rate



## # of Advertisers



The Shoes category saw significant decreases in spend (-17%), impressions (-29%) and clicks (-23%) from Q1 to Q2, while experiencing less dramatic increases in the average cost per click (7%) and the average clickthrough rate (10%). The total number of advertisers competing in the Shoes category dropped by 18% quarter over quarter.

# Retail - Beauty & Cosmetics

## Spend

\$101 M  
Q2

\$95 M  
Q1

6% ▲

## Impressions

1.19 B  
Q2

1.43 B  
Q1

-17% ▼

## Clicks

51 M  
Q2

55 M  
Q1

-6% ▼

## Cost Per Click

\$1.97  
Q2

\$1.73  
Q1

14% ▲

## Clickthrough Rate

4.28%  
Q2

3.80%  
Q1

13% ▲

## # of Advertisers

33,000  
Q2

39,000  
Q1

-15% ▼

Although impressions and clicks decreased by 17% and 6%, respectively, from Q1 to Q2, spend in the category increased by 6% based on a 14% increase in the average cost per click and 13% increase in the average clickthrough rate. Total number of advertisers in the category decreased by 15% quarter over quarter.

# Retail - Consumer Electronics

## Spend

\$204 M  
Q2

\$198 M  
Q1

**3% ▲**

## Impressions

3.13 B  
Q2

4.08 B  
Q1

**-23% ▼**

## Clicks

122 M  
Q2

135 M  
Q1

**-10% ▼**

## Cost Per Click

\$1.68  
Q2

\$1.47  
Q1

**14% ▲**

## Clickthrough Rate

3.89%  
Q2

3.30%  
Q1

**18% ▲**

## # of Advertisers

56,000  
Q2

64,000  
Q1

**-13% ▼**

The average cost per click in the Consumer Electronics category increased by 14% in Q2 compared to Q1, while the average clickthrough rate in the category increased by a sizeable 18% quarter over quarter. However, total spend increased by just 3%, as impressions and clicks dropped by 23% and 10%, respectively, in Q2. The total number of advertisers competing in the Consumer Electronics category decreased 13% from quarter to quarter.



# Retail - Jewelry

## Spend

\$64 M  
Q2

\$65 M  
Q1

**-2%** ▼

## Impressions

969 M  
Q2

1.18 B  
Q1

**-18%** ▼

## Clicks

44 M  
Q2

47 M  
Q1

**-8%** ▼

## Cost Per Click

\$1.47  
Q2

\$1.38  
Q1

**7%** ▲

## Clickthrough Rate

4.49%  
Q2

4.00%  
Q1

**12%** ▲

## # of Advertisers

21,000  
Q2

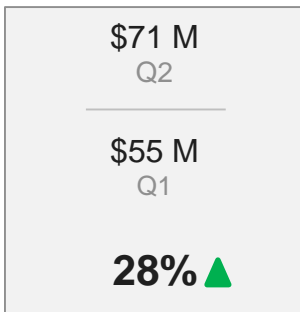
24,000  
Q1

**-15%** ▼

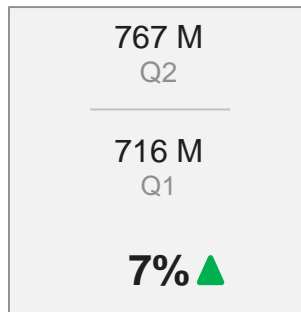
Total spend in the Jewelry category dropped by 2% from Q1 to Q2, while impressions and clicks decreased by 18% and 8%, respectively. The average cost per click increased by 7%, from \$1.38 in Q1 to \$1.47 in Q2, while the average clickthrough rate saw a 12% quarter over quarter increase to 4.49%. The total number of advertisers competing in the Jewelry category dropped by 15% in Q2.

# Retail - Flowers & Gifts

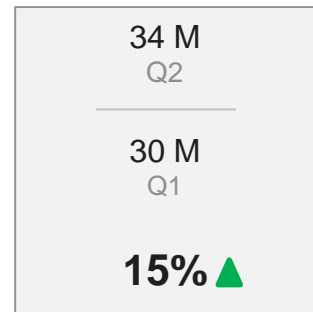
## Spend



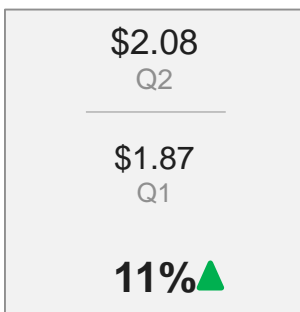
## Impressions



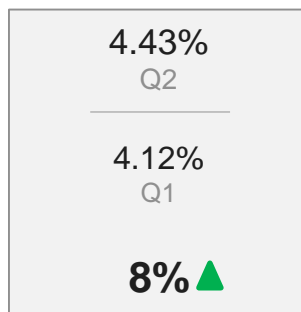
## Clicks



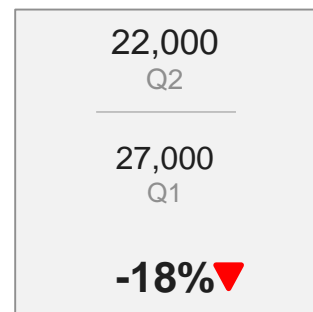
## Cost Per Click



## Clickthrough Rate



## # of Advertisers



Bucking the trend for the majority of retail categories in the study, Flowers & Gifts experienced quarter over quarter increases in spend, impressions, clicks, clickthrough rate and cost per click. The 28% increase in total spend from Q1 to Q2 was attributable to 15% higher clicks and an 11% increase in the average cost per click. As with the other categories, there was a decrease in advertisers competing in the Flowers & Gifts category, with an 18% drop quarter over quarter.

# Retail - Home Furnishings & Decor

## Spend

\$302 M  
Q2

\$284 M  
Q1

6% ▲

## Impressions

5.03 B  
Q2

5.84 B  
Q1

-14% ▼

## Clicks

206 M  
Q2

205 M  
Q1

0%

## Cost Per Click

\$1.47  
Q2

\$1.39  
Q1

6% ▲

## Clickthrough Rate

4.10%  
Q2

3.51%  
Q1

17% ▲

## # of Advertisers

86,000  
Q2

97,000  
Q1

-12% ▼

Although Home Furnishings & Décor impressions decreased by 14% and total clicks in the category essentially remained flat from Q1 to Q2, spend increased 6% based on a 17% increase in the average clickthrough rate and a 6% increase in the average cost per click. The total number of advertisers in the category decreased by 12% quarter over quarter.

# Retail - Home Improvement

## Spend

\$289 M  
Q2

\$249 M  
Q1

16% ▲

## Impressions

3.23 B  
Q2

3.43 B  
Q1

-6% ▼

## Clicks

121 M  
Q2

116 M  
Q1

4% ▲

## Cost Per Click

\$2.39  
Q2

\$2.15  
Q1

11% ▲

## Clickthrough Rate

3.74%  
Q2

3.37%  
Q1

11% ▲

## # of Advertisers

97,000  
Q2

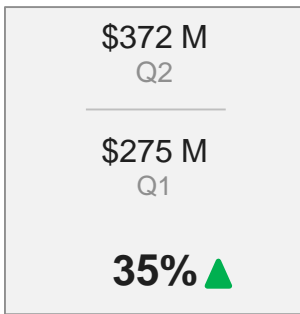
106,000  
Q1

-8% ▼

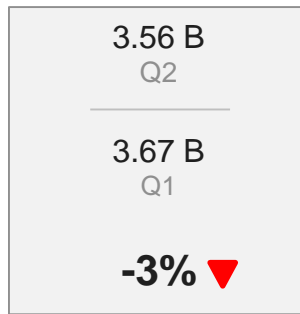
The Home Improvement category showed quarter over quarter increases in paid search spend, clicks, clickthrough rate and cost per click. Total spend increased by 16%, helped by a 4% increase in clicks and an 11% increase in the average cost per click. There was an 11% decrease in impressions and an 8% decrease in advertisers in the category quarter over quarter.

# Travel - Comparison Sites

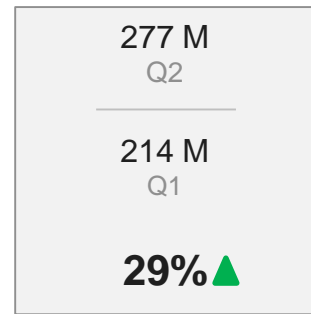
## Spend



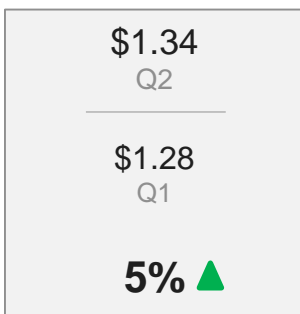
## Impressions



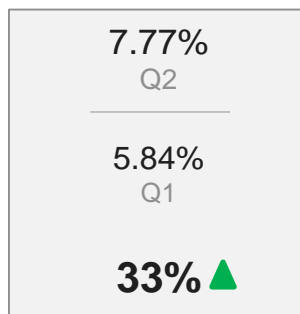
## Clicks



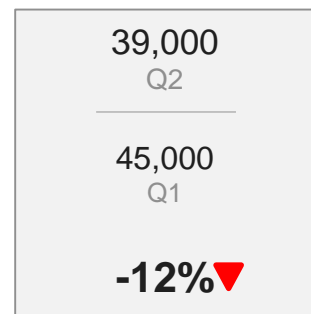
## Cost Per Click



## Clickthrough Rate



## # of Advertisers



Primarily comprised of online booking agencies, the Travel Comparison Sites category saw a 35% quarter over quarter increase in total spend in Q2 (\$372 million vs. \$275 million) based on a 29% increase in clicks and a more modest 5% increase in average cost per click. The average clickthrough rate in the category increased significantly as well, jumping by 33% in Q2, while impressions and the number of advertisers decreased by 3% and 12%, respectively.

# Travel - Hotels & Resorts

## Spend

\$263 M  
Q2

\$168 M  
Q1

**56% ▲**

## Impressions

1.93 B  
Q2

1.86 B  
Q1

**4% ▲**

## Clicks

157 M  
Q2

98 M  
Q1

**60% ▲**

## Cost Per Click

\$1.68  
Q2

\$1.71  
Q1

**-2% ▼**

## Clickthrough Rate

8.13%  
Q2

5.28%  
Q1

**54% ▲**

## # of Advertisers

49,000  
Q2

56,000  
Q1

**-13% ▼**

Although impressions in the Hotels & Resorts category increased by only 4% from Q1 to Q2, the average clickthrough rate and total number of clicks skyrocketed in Q2 by 60% and 54%, respectively, driving a 56% increase in quarter over quarter spend. Hotels & Resorts was the only category in this report that experienced a decrease in the average cost per click, dropping by 2% quarter over quarter. The total number of advertisers in Hotels & Resorts decreased by 13%.

# Financial Services – Banking & Credit Cards

## Spend

\$494 M  
Q2

\$468 M  
Q1

5% ▲

## Impressions

1.95 B  
Q2

2.12 B  
Q1

-8% ▼

## Clicks

116 M  
Q2

115 M  
Q1

0%

## Cost Per Click

\$4.27  
Q2

\$4.06  
Q1

5% ▲

## Clickthrough Rate

5.93%  
Q2

5.43%  
Q1

9% ▲

## # of Advertisers

43,000  
Q2

50,000  
Q1

-14% ▼

Banking and credit card spend on paid search increased by 5% from Q1 to Q2, rising from \$468 million to \$494 million. The category saw a 9% increase in the average clickthrough rate and a 5% increase in the average cost per click. Impressions decreased by 8%, while total clicks remained fairly static, increasing by less than 1%. The number of advertisers in the category dropped by 14% quarter over quarter.

# Education – Universities & Online Education

## Spend

\$675 M  
Q2

\$684 M  
Q1

**-1%** ▼

## Impressions

2.18 B  
Q2

2.80 B  
Q1

**-22%** ▼

## Clicks

117 M  
Q2

135 M  
Q1

**-13%** ▼

## Cost Per Click

\$5.76  
Q2

\$5.07  
Q1

**14%** ▲

## Clickthrough Rate

5.38%  
Q2

4.82%  
Q1

**12%** ▲

## # of Advertisers

96,000  
Q2

109,000  
Q1

**-12%** ▼

The average cost per click and average clickthrough rate for Universities and Online Education advertisers increased by 14% and 12%, respectively, from Q1 to Q2. However, total spend decreased by 1%, as total impressions and clicks dropped by 22% and 13%, respectively. The number of advertisers in the category decreased by 12% quarter over quarter.



# Auto - Manufacturers & Dealerships

## Spend

\$607 M  
Q2

\$637 M  
Q1

**-5%** ▼

## Impressions

5.28 B  
Q2

6.83 B  
Q1

**-23%** ▼

## Clicks

291 M  
Q2

305 M  
Q1

**-5%** ▼

## Cost Per Click

\$2.09  
Q2

\$2.09  
Q1

**0%**

## Clickthrough Rate

5.51%  
Q2

4.46%  
Q1

**24%** ▲

## # of Advertisers

63,000  
Q2

70,000  
Q1

**-10%** ▼

The average clickthrough rate for Automotive Manufacturers and Dealerships increased by 24% from Q1 to Q2, but spend was down 5% as total clicks and impressions were decreased by 5% and 23%, respectively. The average cost per click in the category remained at \$2.09 from quarter to quarter, while total advertisers in the category decreased by 10%.

# Methodology

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Each month, AdGooroo measures paid search activity on more than 2.5 billion search engine results pages across more than 50 countries and 14 search engines. Our proprietary algorithms and methodologies utilize the search data we collect in conjunction with machine learning and advanced statistical modeling to accurately estimate in-market results at the keyword, ad and advertiser level. In addition, we verify our models each month against known ad spend..

The data in this report examines U.S. Google Desktop Text Ad activity on the top 50,000 keywords in each of 14 industry categories based paid search spend.

For presentation purposes, some numbers in the report have been rounded. Percent changes in the report are based on the actual numbers, not the rounded numbers.

For more information, visit [adgooroo.com](http://adgooroo.com).

# About AdGooroo

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AdGooroo is a Kantar Media company and global leader in Search Marketing Intelligence that helps the world's best known brands and their agencies achieve a competitive advantage in the search marketplace. Founded in 2004, more than 4,000 search marketing professionals trust AdGooroo for reliable, actionable insights to uncover their top competitors' paid and organic search strategies and improve their own campaign performance.

Offering a complete picture of the search marketing landscape, AdGooroo enables clients to view current and historical data—including spend estimates, performance statistics, keywords and ad creative—for virtually any advertiser's text ad and product listing ad campaigns across desktop/tablet and mobile search in more than 50 countries.

For more information on AdGooroo, visit [www.adgooroo.com](http://www.adgooroo.com), call 866.263.9900 or 312.205.4259 or email [sales@adgooroo.com](mailto:sales@adgooroo.com).

## About Kantar Media

Kantar Media is a global leader in media intelligence, providing clients with the data they need to make informed decisions on all aspects of media measurement, monitoring and selection. Part of Kantar, the data investment management arm of WPP, Kantar Media provides the most comprehensive and accurate intelligence on media consumption, performance and value.

For further information, please visit [www.kantarmedia.com](http://www.kantarmedia.com).