

Google Shopping expected to significantly shift the e-commerce landscape in SA

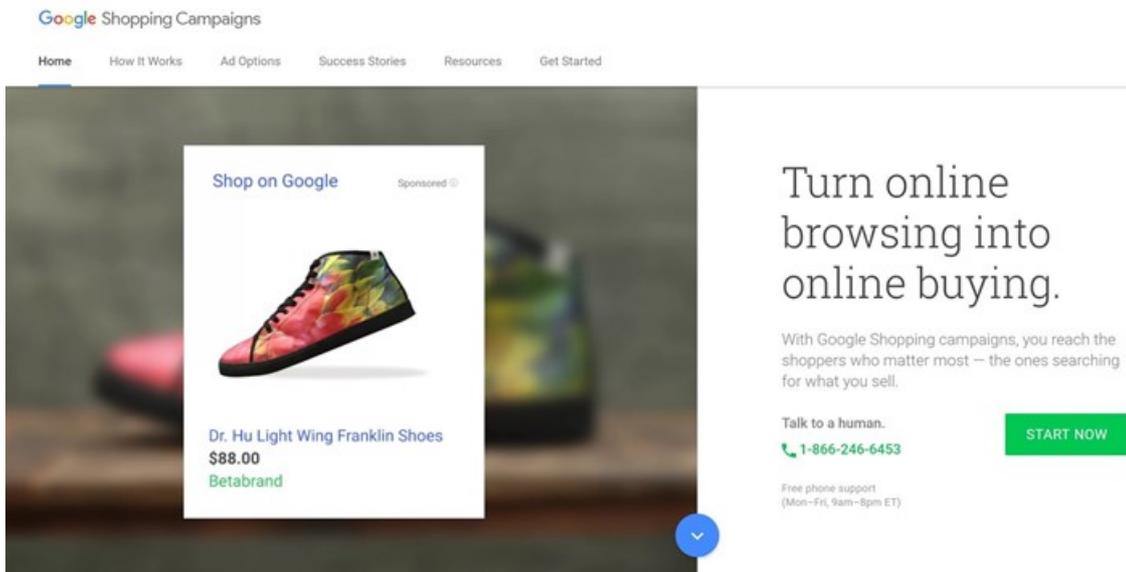
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Google Shopping has delivered excellent results for global brands and with a South African launch imminent, global search and digital marketing specialists, Clicks2Customers looks at what local brands should be doing to ensure they are not left behind when the virtual doors open.

What is Google Shopping?

Google Shopping campaigns (formally referred to as Product Listing Ads) have been used effectively by international retailers since 2012. They put product images, price and business name right in front of users searching on Google, no matter what device they're using, in essence, creating a storefront on the world's biggest web platform.



Google.com/shopping

Google Shopping ads appear alongside Google's search results when people search for the products they want and are designed to be retail-centric. Users can search and compare products from participating online stores and retailers only pay when users click through to visit the website or view local inventory.

Why it's important?

Google Shopping campaigns can result in a significant uplift in leads and revenue for retailers.

[Clicks2Customers](#) has been running Google Shopping campaigns for large international clients from its Cape Town based operations hub since 2012.

Today 'Shopping Ads' are a significant channel for the majority of our retailers in global markets, and we have seen a huge growth in shopping volume, with traffic up by 700% compared to 2014, and mobile traffic up by nearly 1,000% year on year. This has led to significant gains across the board for our clients.

In 2015, our Australian retail campaigns indicated that as much as 50-60% of volume and revenue is coming from 'Shopping Campaigns' alone.

Perhaps one of our biggest learning experiences came from our first US campaign – one of the largest online car parts retailers, with over 10 million SKUs in their product feed. (The average feed size for retailers is between 10,000-20,000 SKUs.)

At the time, Google Shopping was a new product released by Google AdWords. The challenge was to generate the largest profit possible across the group, through the channel, and report down to gross profit level.

We ran the accounts via our own in-house technology in conjunction with AdWords Shopping. This allowed us to report the initial sales figures along with gross profit, which incorporated tax and shipping costs for each product. This also enabled us to calculate the variable cost margin (VCM).

After successfully setting up shopping campaigns across all sites, the shopping and digital accounts experienced year-on-year growth which culminated in 65% of the group's online revenue being generated via Shopping Campaigns. The Shopping account's ROI improved by 120% in the four years that we ran it.

How can SA companies prepare themselves?

The launch of Google Shopping will significantly benefit all online retailers in South Africa. But it is equally important for traditional bricks-and-mortar companies who want to take a step into the online world.

One of the concerns about the launch of Google Shopping to the local market was that it might give big e-commerce aggregator sites an unhealthy advantage. However, we believe that competitors, who do their preparation now, can actually aggressively compete with the e-commerce juggernauts.

Merchants using Google Shopping set up product feeds or an inventory feed that lists all the various attributes such as product titles, descriptions, URLs, images, SKUs (stock keeping units), all of which are housed in the feed and allows granular identification and the ability to manage their inventory. As a result, it's vital that e-tailers have their product feeds correctly set up and ready in advance so that they can start leveraging the benefits of Shopping campaigns as soon as possible.

Smaller e-tailers will traditionally make use of CMS platforms which have the advantage of having Google Shopping feed integration built into their back end (e.g. WooCommerce or Shopify), however any organisation using a custom built CMS should start updating their product feeds so that they will seamlessly integrate with Google Shopping campaigns, and they should do this as soon as possible.

The next logical step would be for CMOs and digital teams to familiarise themselves with the Merchant Centre guidelines. Although there are no regional guidelines for the local market, we believe Google will probably base these on the US feed specifications.

The smart strategy for local merchants would be to have traditional paid search and shopping campaigns running concurrently – they are not mutually exclusive and this is not a zero sum game.

While there has not been an announcement yet about the launch date of Google Shopping in South Africa, we can realistically expect it in the next few months. We have also seen first-hand the benefits it can deliver. We are currently working with our local clients to make sure they are prepared for the launch. This is one area where first mover advantage cannot be underestimated and 2017 budgets and strategies should be factoring in this new opportunity.

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