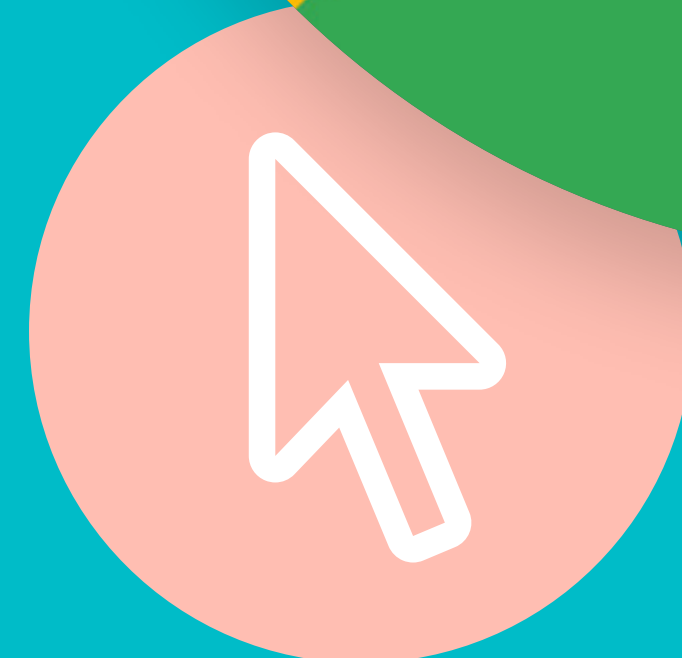


Bidnamić

2022 Google Shopping Trends Report

Insights to drive your Google
Shopping success in 2022



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Foreword

The huge growth in ecommerce over the past 18 months looks to continue in 2022, albeit at a slower pace. The downside for retailers is that there's more competition.

Retailers are under pressure from unrealistic year-on-year targets, rising cost-per-click, supply chain issues and consumers expecting Amazon-style convenience as standard.

But there's never been a better time to be an ecommerce retailer. Investment in startups is at an all-time high, more people know how (and prefer) to shop online, and with platforms such as Shopify, it's easier than ever to plug in and play with the kind of high-tech functionality SMEs could only dream of previously.

With more brands turning away from paid social and towards search, we expect to see this play out on different ad channels and networks, with advertisers driving up bids on auction-based models and increased search traffic on Google as net-savvy shoppers seek out the best deals.

This report explores the wider ecommerce trends impacting online retailers, as well as taking a deep dive into Google Shopping trends using data from Bidnamic's machine learning automated bidding platform.



Liam Patterson
CEO, Bidnamic

Find out how **Bidnamic's Google Shopping platform** could work for your business.

[Book a demo](#)

SECTION 01

The state of the market

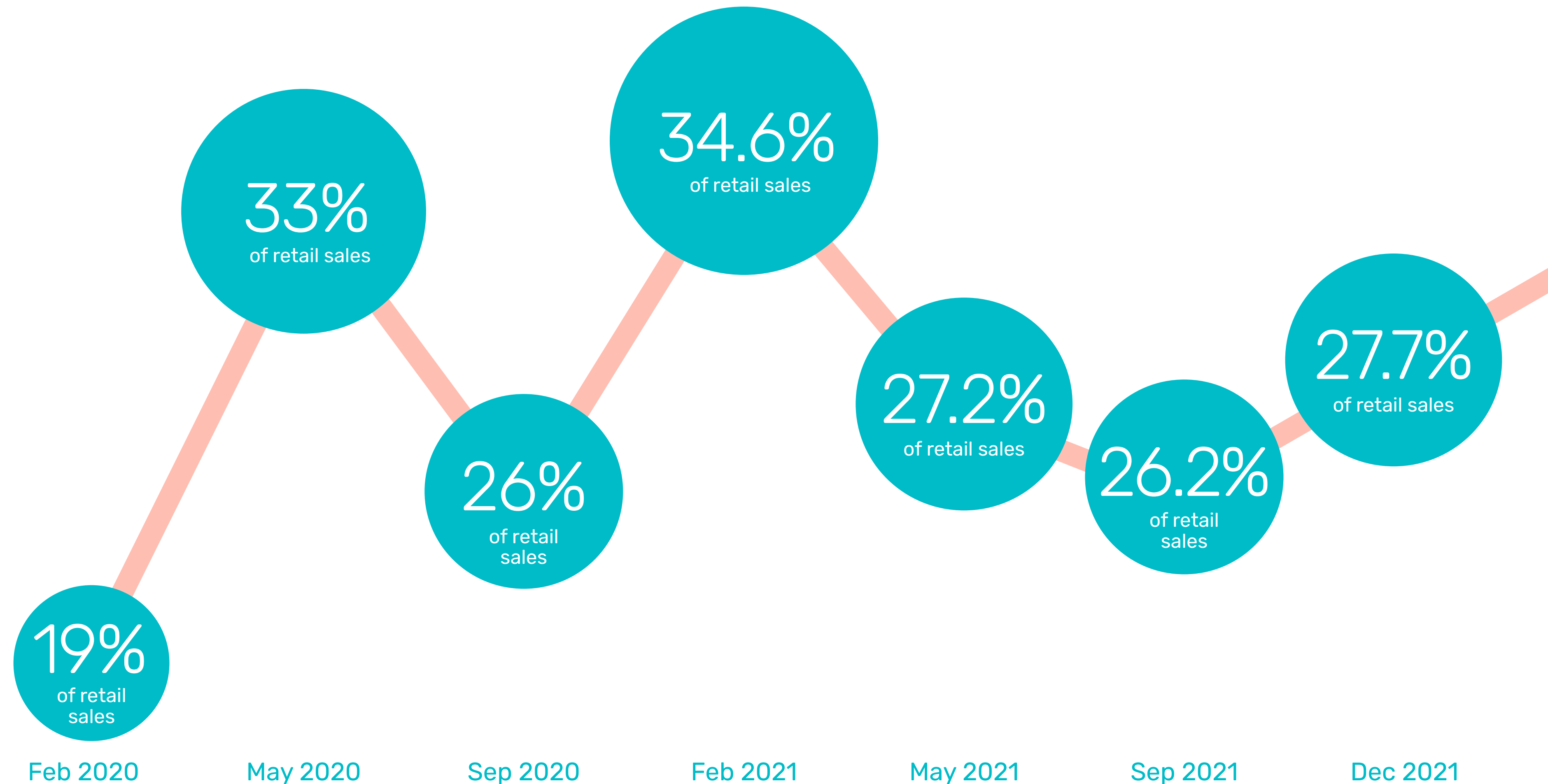


Ecommerce growth rate returns to pre-pandemic level

Online shopping grew faster than ever during the pandemic. Movement restrictions meant that people spent less money on things like gym subscriptions and holidays. Instead they turned to ecommerce to buy their groceries, home office equipment, and pet supplies.

But as restrictions lifted and people once again took to spending on leisure and entertainment, online sales as a percentage of total retail sales fell from 34.6% in February to 26.2% in September.

However ecommerce appears to be returning to a growth trajectory consistent with pre-pandemic levels, and is predicted to reach 38% of all sales in the UK by 2025*.



*Source: <https://www.emarketer.com/content/5-trends-disrupting-uk-retail-landscape>
 Chart source: <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi>

The big squeeze on operations, supply chains and product margins continues

The supply chain issues off the back of the pandemic continue to ripple across the market. With the pause on manufacturing, abandoned shipping containers and increased freight costs are taking their toll.

Retailers face added pressure as a result of consumers now expecting Amazon-style free (and fast) delivery and returns at little to no extra cost. To retain customers, retailers have been shouldering these costs, impacting their product margins.

*Source: <https://www.profgalloway.com/the-last-last-mile/>

**Source: <https://www.ukwa.org.uk/wp-content/uploads/2021/05/Savills-UKWA-A4-8pp-Report-Interactive3.pdf>



\$8 billion

Nearly \$8 billion venture capital investment was made in rapid-delivery startups (more than the whole of 2020)



614%

Online retailers have increased warehouse occupancy by a massive 614% in 2021.**

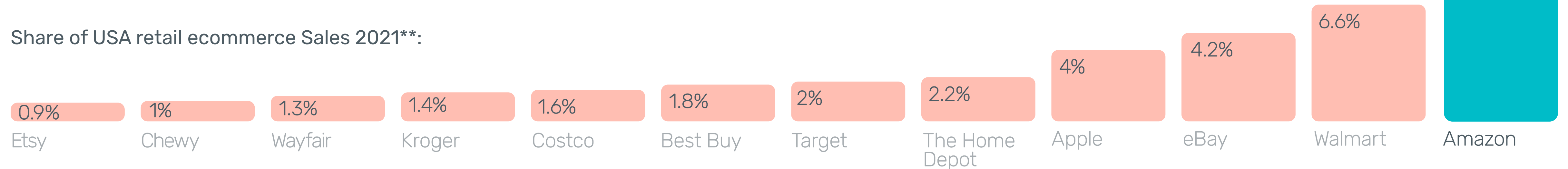
Emerging challenges to Amazon's marketplace domination

The convenience offered to consumers eager to do all of their shopping through a one-stop destination is fuelling the continued dominance of one marketplace in particular. Amazon's share of US retail sales has accelerated from 37% to 41% in 2021.

Also, Amazon's success has inspired a wave of new marketplaces, and the collective number of stores on Shopify has overtaken eBay. The growing long tail of SMEs with digital storefronts using 'plug in and play' platforms like Shopify mean the ecommerce platform is effectively the second largest retailer in the US with 8.6% market share in October 2020* (Shopify's latest figures).

But this could still change. Off-the-shelf ecommerce platforms like Shopify are making it easier for brands to regain control over pricing, personalisation and customer experience. Some major brands, including Nike, Ikea and Birkenstock, and retailers like Walmart and Target who are increasingly uncomfortable with Amazon's own-brand strategy, have ditched Amazon in favour of building their own DTC channels.

Share of USA retail ecommerce Sales 2021**:



*Source: https://s27.q4cdn.com/572064924/files/doc_financials/2021/q3/Shopify-Investor-Deck-Q3-2021.pdf
 **Source: <https://www.statista.com/statistics/274255/market-share-of-the-leading-retailers-in-us-e-commerce/>

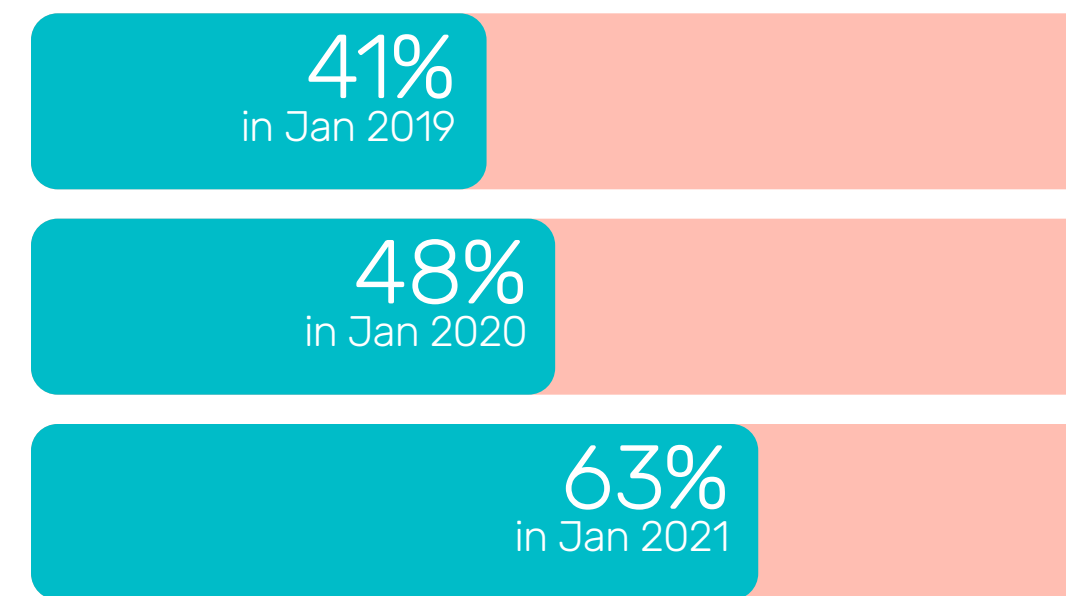
China's advantage took a hit

As well as using ePacket courier services for faster deliveries and 'dropshipping' to sell direct, suppliers in China benefit from favourable government tax incentives, funding and financial services aimed at increasing China's share of international trade.

These subsidies have worked well. China has continued to grab market share. 75% of **new sellers** on Amazon's top four markets in January 2021 were from China, up from 47% the previous year*.

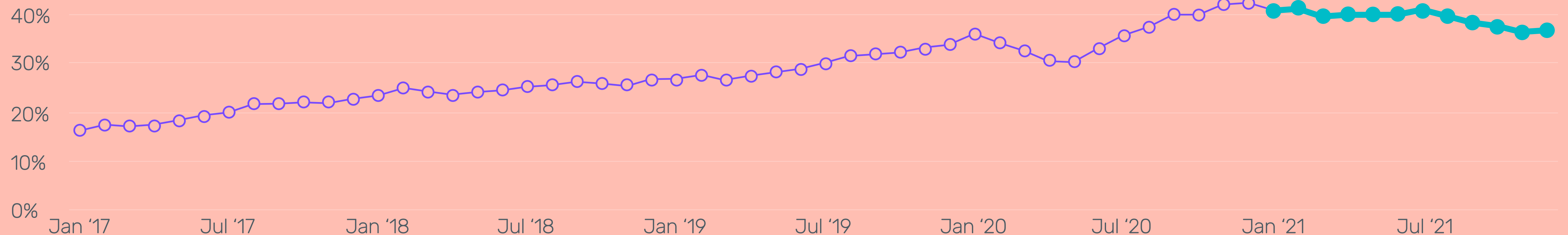
Between 2019 and 2021 the % of Chinese sellers in Amazon's top 4 markets grew from 41% to 63%.

Proportion of Chinese sellers in Amazon's top 4 markets



But things changed in April when Amazon decided to clamp down and suspend hundreds of top Chinese sellers for participating in fake review schemes, leading to a fall in Chinese sellers' market share for most of 2021. This trend can also be attributed to the disruption to manufacturing, freight, and warehousing.

Percent of top Amazon sellers based in China**



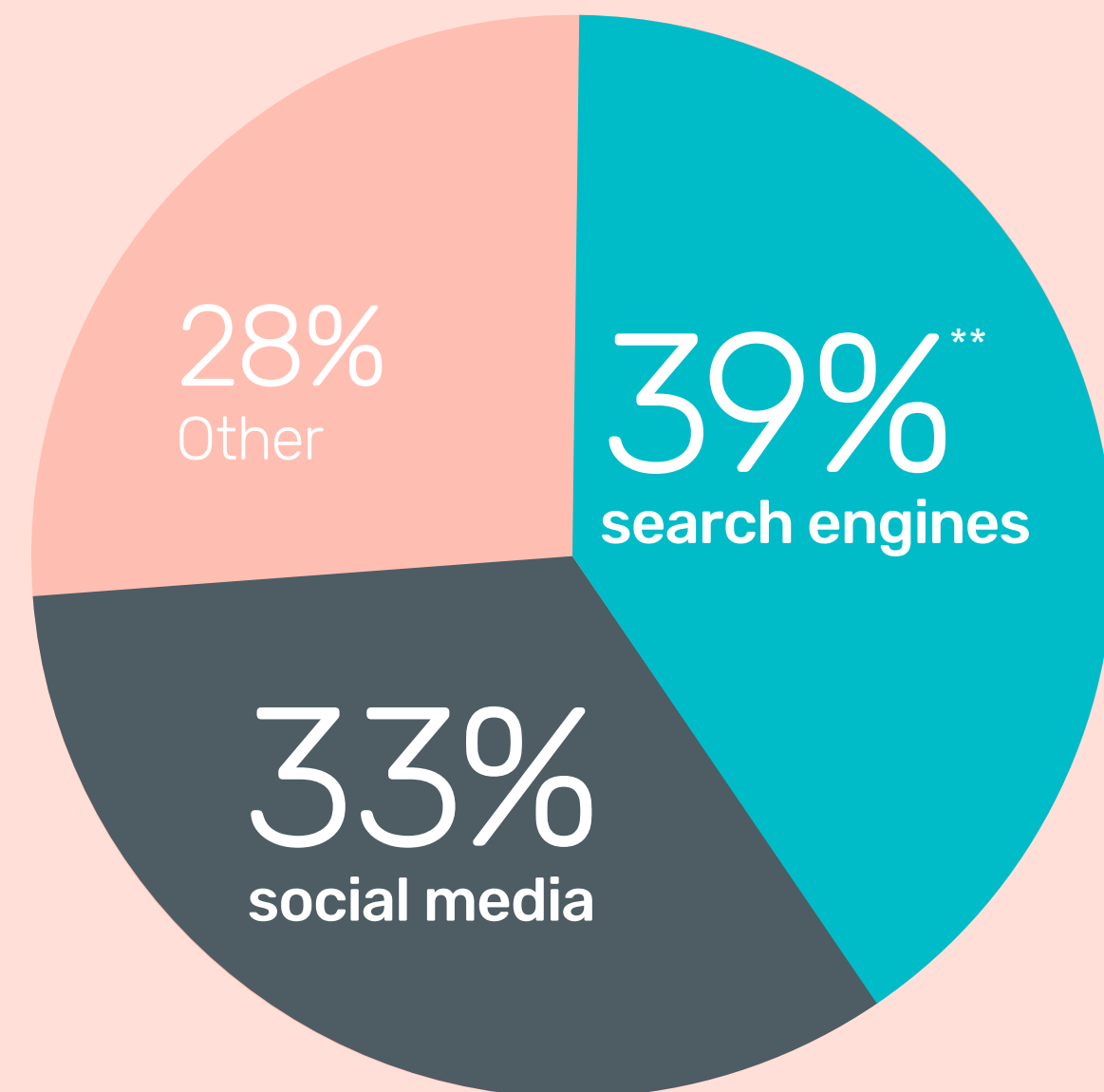
*Source: <https://www.marketplacepulse.com/articles/75-of-new-sellers-on-amazon-are-from-china>

**Source: <https://www.marketplacepulse.com/marketplaces-year-in-review-2021>

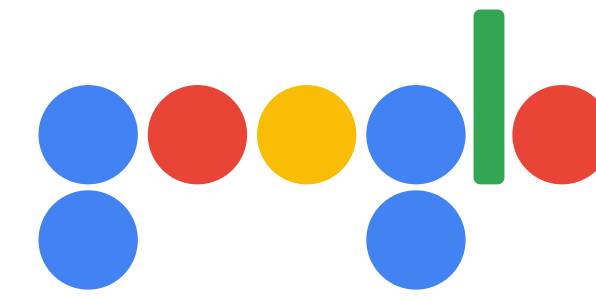
Search remains the leading source of inspiration for shoppers

With the imminent death of the cookie and increasingly lacklustre returns on paid social ads, marketers are moving more of their spend towards search.

The leading sources of inspiration for online shoppers in 2021:



* Source: <https://www.statista.com/outlook/dmo/digital-advertising/search-advertising/united-states#ad-spending>
** Source: <https://wtc.wundermanthompson.com/en-gb/the-future-shopper-2021>



\$78.5 billion



Search Spend 2021

\$88 billion



Search Spend 2022

\$106 billion



Search Spend 2024

\$123 billion



Search Spend 2026

Search spend will have grown 56.7% by 2026*



E Expert insights



Klarna. For Business

“Virtual shopping bridges the gap between online and in-store making transactional, boring ecommerce a thing of the past. Forget static photos, irrelevant search results, and dull chatbots. Like social apps, virtual shopping makes the online experience more interactive, immersive, and super personal. It’s revolutionizing how people buy, allowing them to enjoy the human experience of physical stores from the comfort of their own homes.”



Dan Spencer
UK Commercial Partnerships
Klarna

E Expert insights



“Retailers want to use marketplaces as a way to **reach new customers.** If the marketplace becomes a retailer itself, then they become direct competitors, consequently enticing customers away from a retailers’ products by prioritising their own.”



Cas Paton
Founder and CEO
OnBuy.com





E Expert insights



Salesfire

“Shoppers are coming to expect a high level of tech during their ecommerce interactions. With **online experiences becoming increasingly personalised to the shopper**, the popularity of trends such as visual search are growing with consumers and retailers, no matter their size, in 2022. The next step for retailers is to elevate the online experience for all customers, and in turn, increase sales.”



Tim Mawson
Head of Partnerships
Salesfire

E Expert insights



"We've seen businesses **shifting to selling direct to consumers**, as opposed to via distributors and retailers. There are obvious benefits for this in terms of owning relationships with the customer as well as opportunities for larger profit margins, but this shift also means that for the first time they have the opportunity to connect with their end user customers."



Neil Bayton

Head of Partnerships - UK, IE, ANZ
Trustpilot





E Expert insights



Wunderkind

Formerly BounceX

“The way retailers reach and interact with consumers has shifted massively in the last couple of years. Gathering and **using first-party data to craft personalised, valuable messaging** is now a necessity; it’s what consumers expect, and it’s what reaps rewards for brands. The companies that do this best will be the ones that stand out. **2022 will be a big year for text messaging** as a marketing channel.”



Wulfric Light-Wilkinson
EMEA GM
Wunderkind

E Expert insights



“Fast, convenient online shopping has become the norm, putting pressure on all ecommerce businesses to provide an ‘Amazon-style’ service to stay competitive. For large businesses, this is costly, and labour intensive. For startups, this can be completely impractical. **Outsourcing fulfilment is a great way to meet those demands, while keeping costs down.** However, sellers run the risk of losing their brand identity, should their business get swallowed up into the expanse of a commercial warehouse.”



Kelynn Renals
Partnerships Manager,
Huboo





E Expert insights

ROUND-NECK T-SHIRT

\$19 ~~\$10~~



mapp

“**Omnichannel shopping behaviour continues to evolve unpredictably**, and retailers need to be one step ahead. The only way to truly combat customer unpredictability is to **equip yourself with the best martech to learn about your customers** and predict their movements through accurate data. Having the best tools helps you provide optimised omnichannel experiences to cut through the noise.”



Michelle Ellicott-Taylor
Partner Director Northern Europe
Mapp

SECTION 02

Google Shopping trends

Our team of analysts dive into Bidnamic data to identify the key trends that emerged over the last year.





2021 Bidnamic in numbers

Advanced machine learning + human thinking = **dizzying results**

29,463,541

SKUs managed



2,002,359,179

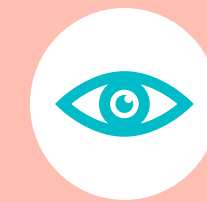
automated bid changes

2.27%

avg. conversion rate

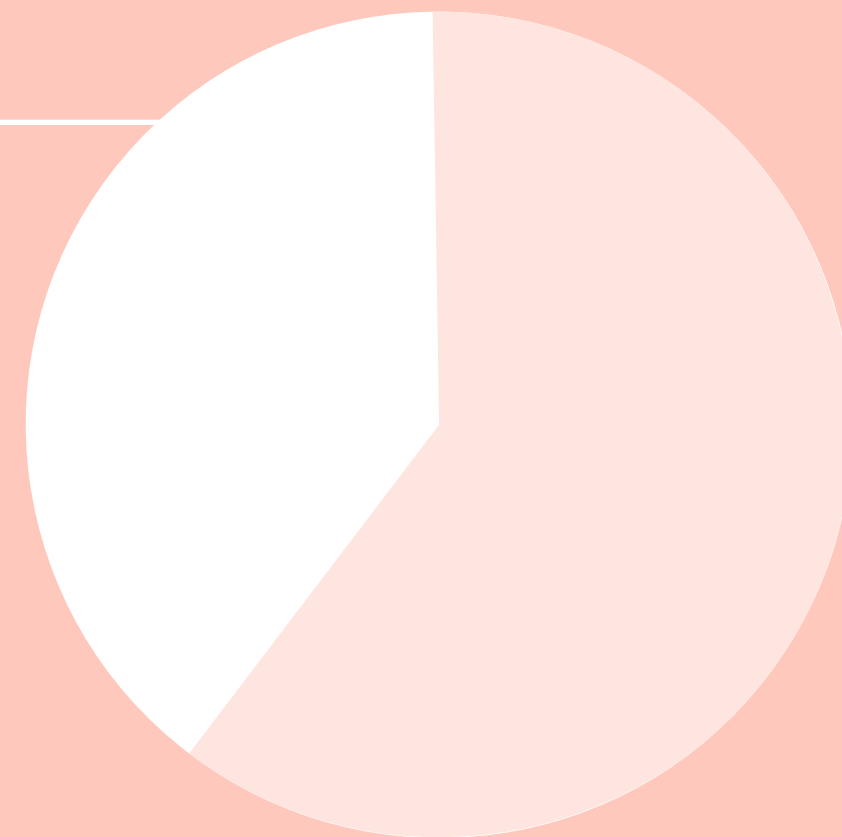
8,335,689,662

impressions delivered



38%

avg. search
impression
share



70,679,085

clicks generated



0.96%

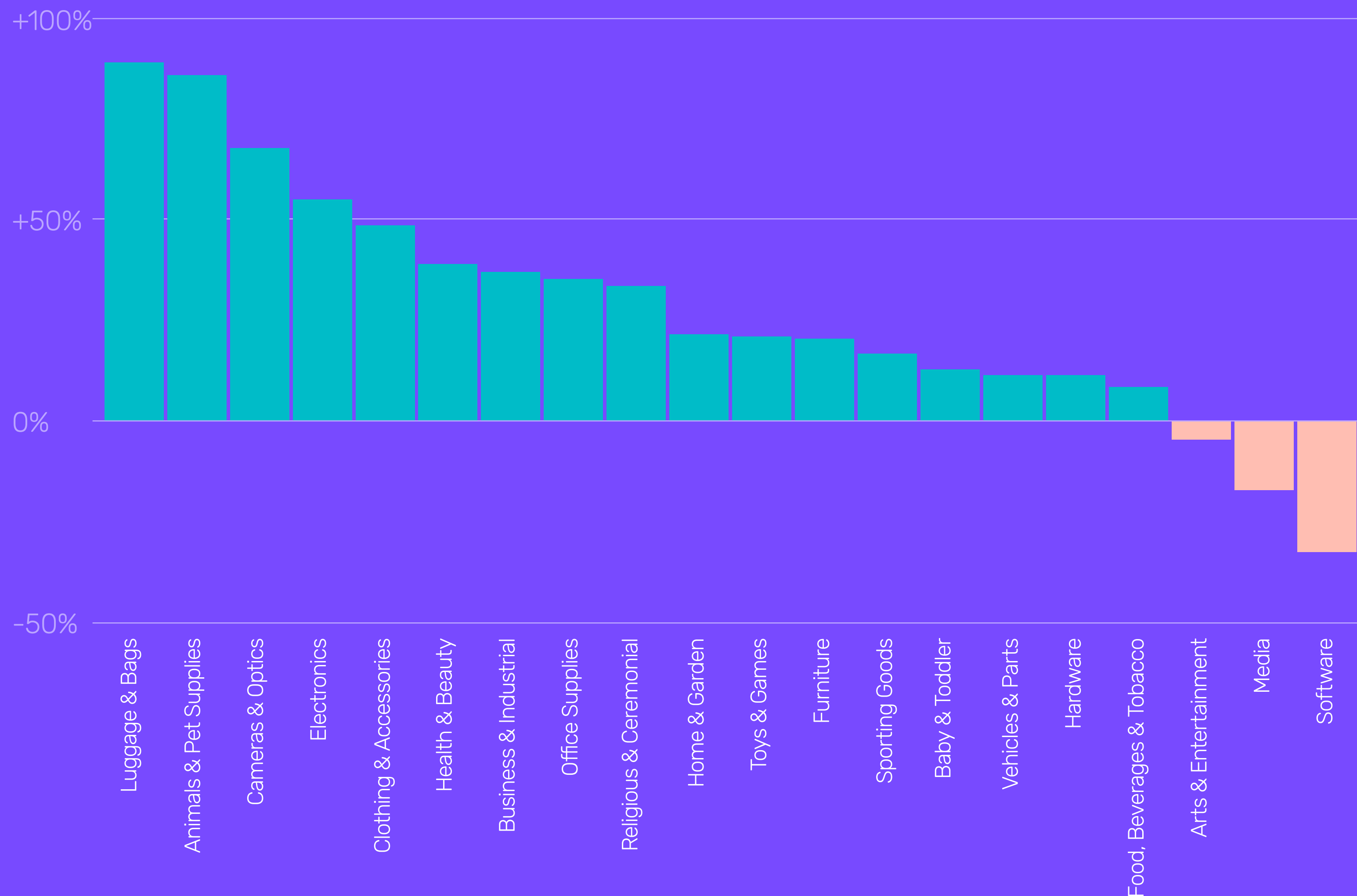
avg. click through rate

£0.38

avg. cost per click

Winners and losers: search volume changes

% change in Google Shopping impressions 2021 vs 2020



What we learned

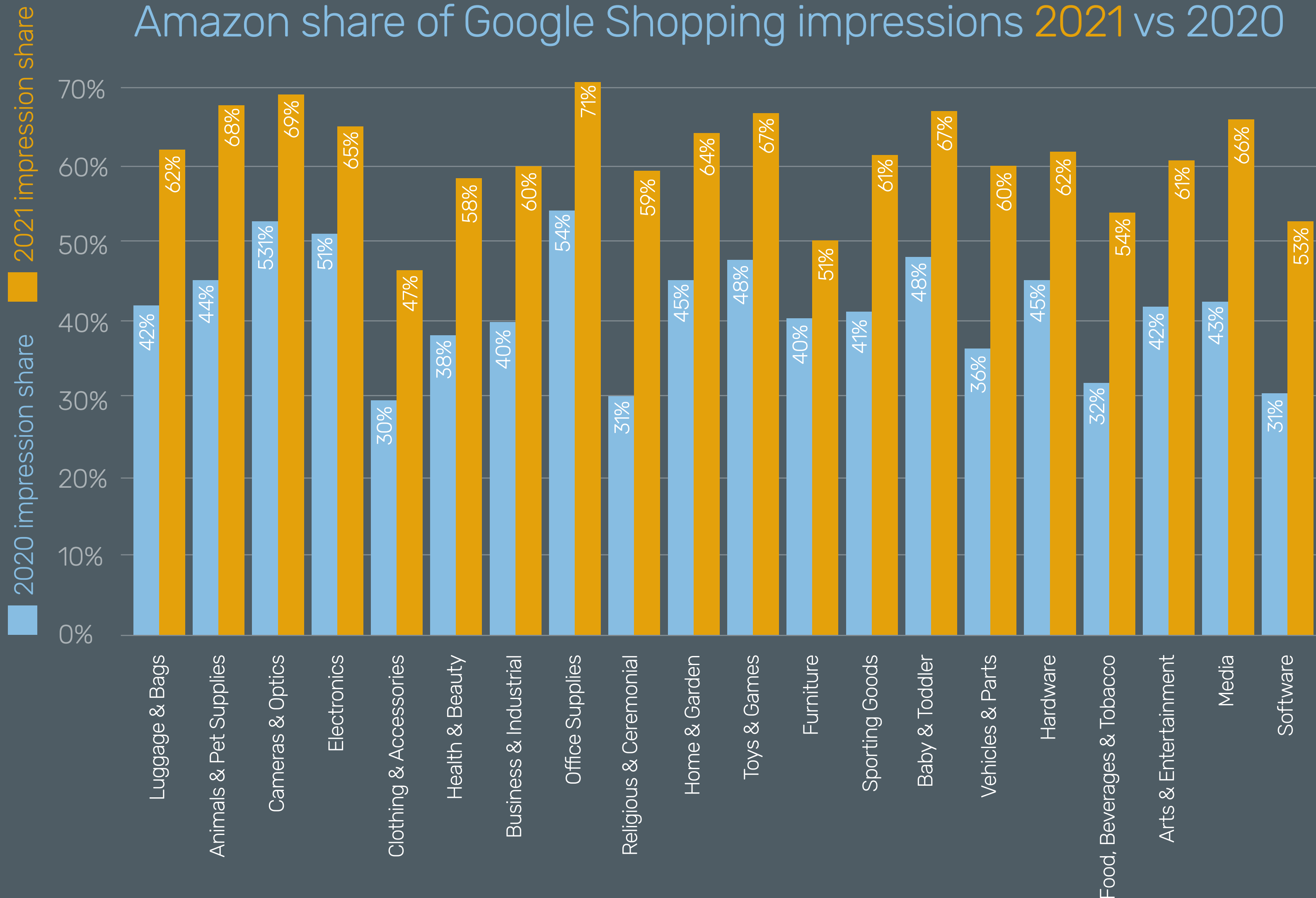
- As expected, an analysis of the 8 billion impressions we delivered for our clients shows that the global pandemic had varying impacts on different categories, although **17 out of 20 categories experienced an uplift in impressions in 2021.**
- **Luggage & Bags** was the fastest growing category as the lockdowns were lifted and people started to spend their pent up holiday budgets. When international travel became an option in late 2021, impressions in this category really took off, with year-on-year growth in impressions at 89%.
- The 2020 lockdown puppy boom is driving demand: we saw an 86% uplift in impressions in the **Animals & Pet Supplies** category.
- Online grocery shopping habits are here to stay: **Food, Beverages and Tobacco** continued to grow in 2021, although at a much slower rate than 2020, showing that despite shops and stores reopening online shopping habits are here to stay.

Top Tip

When the volume of impressions falls, average CPC tends to rise, **so target your ads at high intent searches to maintain your overall margins.**

Amazon surges to become everyone's #1 competitor

Amazon share of Google Shopping impressions 2021 vs 2020



What we learned

- After pausing their Google campaigns for 12 weeks in 2020, in **2021 Amazon surged back into Google Shopping, increasing their share of impressions by over 50%** over all categories, and making Amazon everyone's biggest competitor.
- Amazon's choice of categories to dominate has been tactical: capturing **over 70% of impressions for Office Supplies** (up from 54%) and **69% for Cameras and Optics** (up from 53%), both of which experienced an above-average growth in demand driven by home working and video conferencing.
- Other categories of focus included the high growth **Animals & Pet Supplies category: capturing 68%** of impressions from lockdown pet owners, up from 45% in 2020.
- The impression share for Toys & Games and Baby & Toddler both **increased to 67% from 48% in 2020**: both are categories where parents invested more in educating and entertaining children that were unable to go to schools, nurseries or childminders.

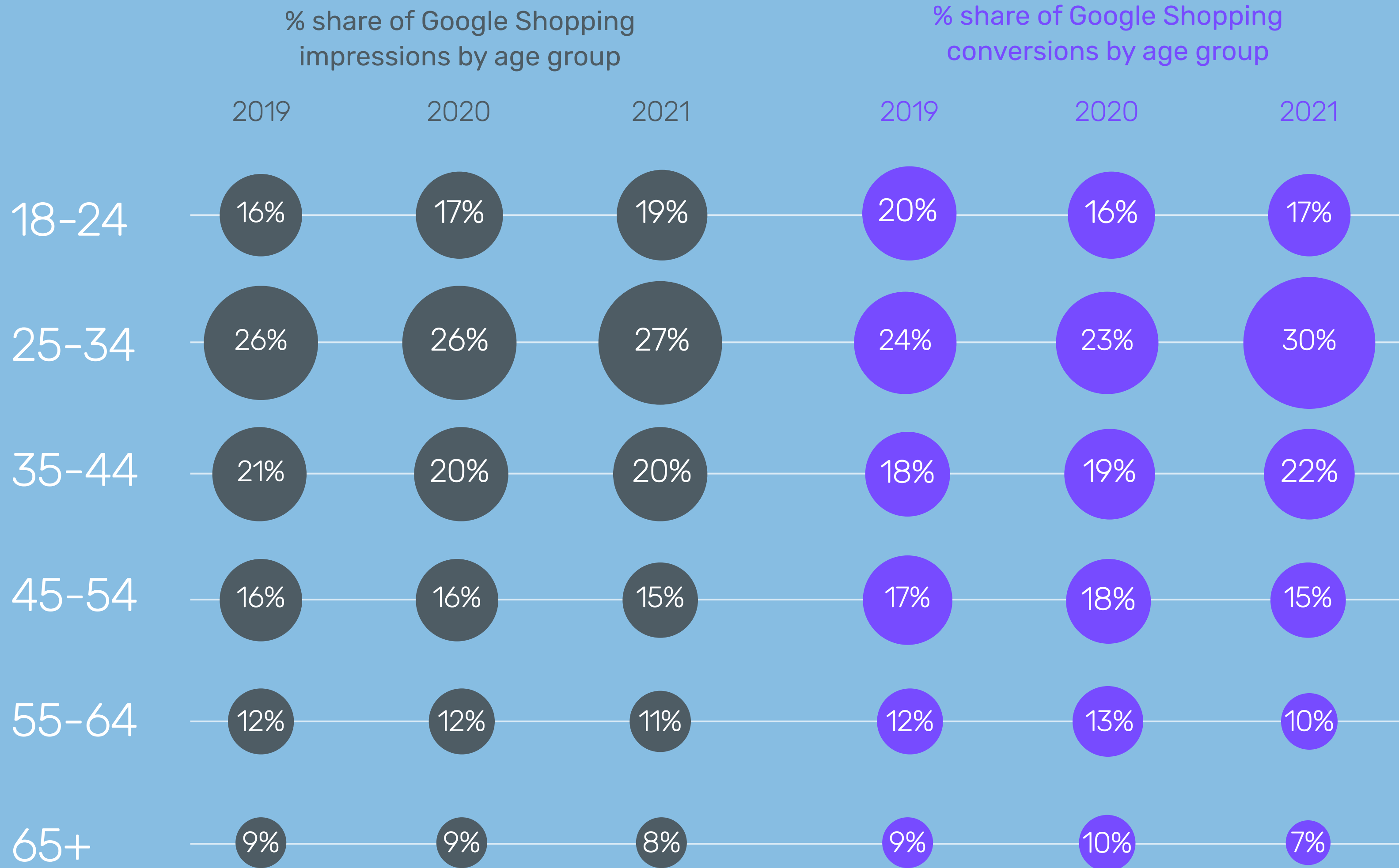
Top Tip

Competing against Amazon can be daunting. [Read our guide on how to do it successfully.](#)

Gen Z gets net savvy, Baby Boomers go back to the shops

What we learned

2021 saw some interesting changes in how different age groups responded to a world emerging from lockdowns.



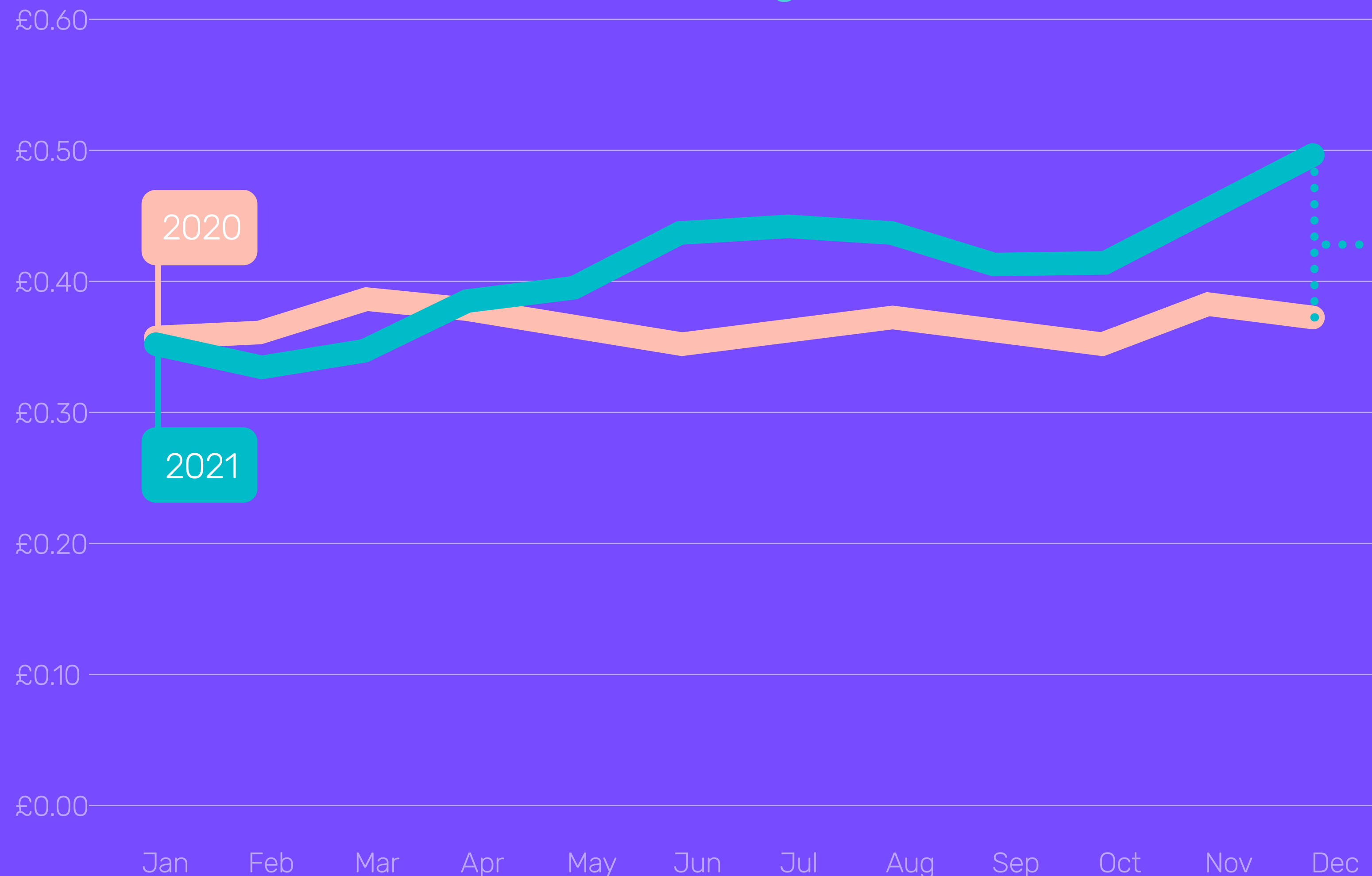
Gen Z's share of impressions grew from 16% in 2019 to 19% in 2021, however their share of conversions fell from 20% to 16%. This suggests equal interest in online shopping but a more careful approach to buying, perhaps as more of their budgets went on entertainment.

Meanwhile Gen X consolidated their position as the largest age group market, **generating over 52% of conversions in 2021**, compared with 41% in 2019.

At the other end of the age scale **Baby Boomers' share of impressions fell slightly**, but **their share of conversions fell from 9% to 7%** as they returned to the shops.

Increased competition drives up average CPC

2021 average CPC



During the course of 2021 the average impression share on our platform remained similar to 2020, however the average CPC leapt by 50% - from £0.34 to £0.51.

What we learned

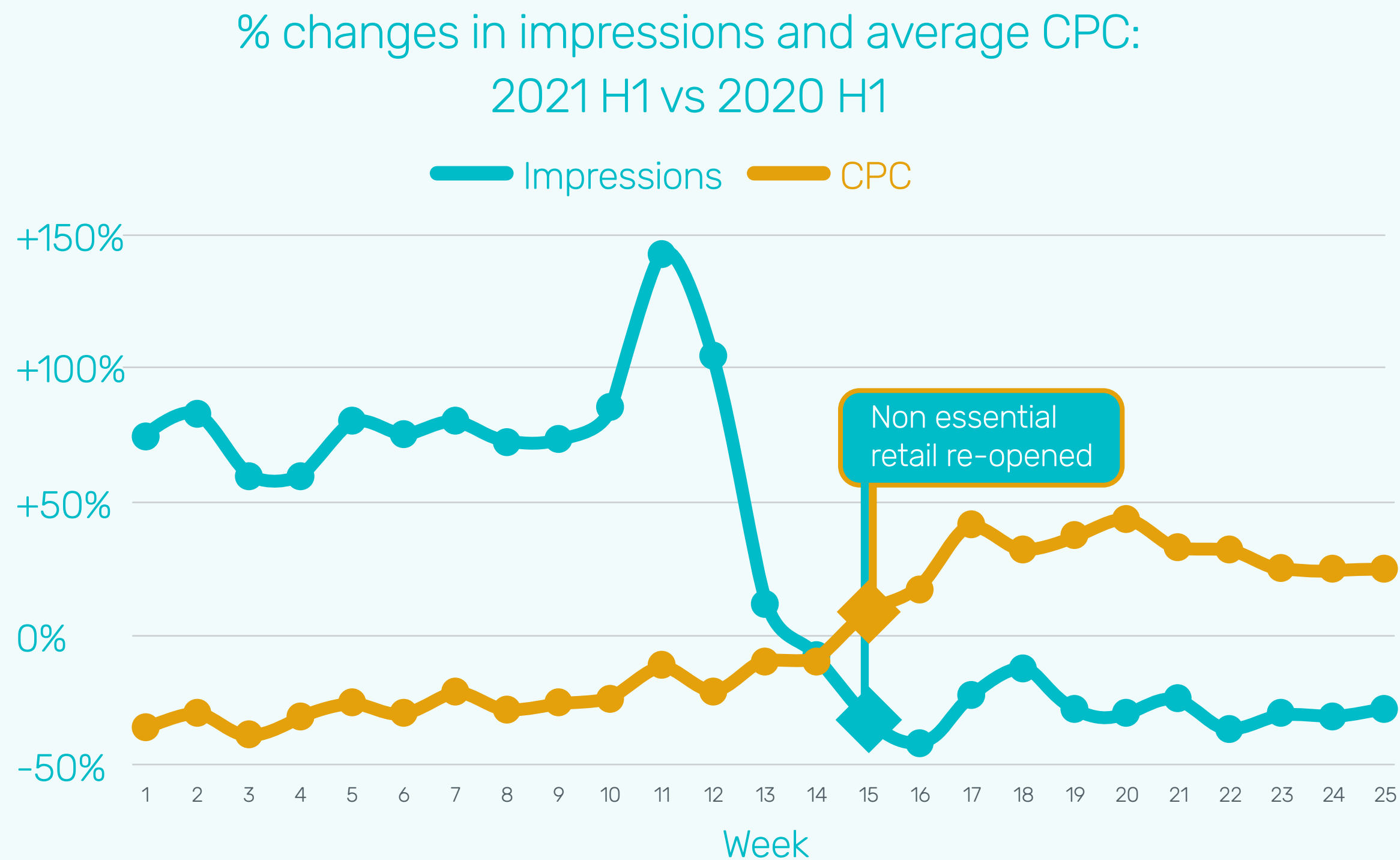
If 2020 was the year when retail flooded online, 2021 was the year when they started to compete more aggressively for online shoppers.

Top Tip

When clicks are more expensive, look for 'gateway' products that tend to attract add-on products that lead to increased average order values, and **use your first-party data to target high lifetime value customers.**

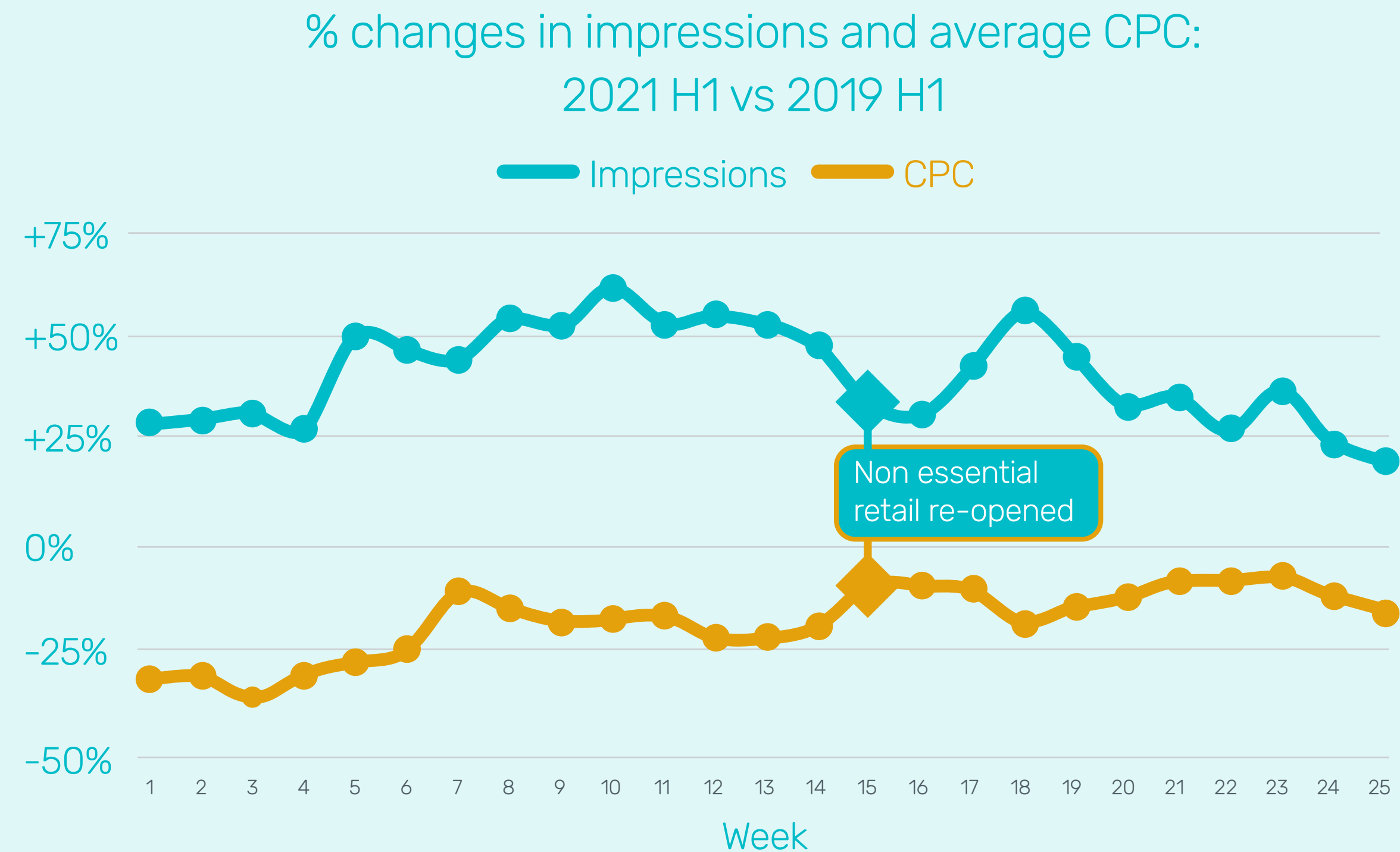
Post-lockdown UK: ecommerce trends return to pre-pandemic growth trajectory

[Read more about this research from Bidnamic](#)



When it was announced in 2021 that shops and entertainment venues were to reopen, we saw dramatic changes in the 2021 data when compared to 2020:

- Search volumes dropped from being 150% higher compared with the same period in 2020 to over 40% lower.
- CPC in 2021 had been averaging about one third lower compared with 2020, but surged to being over 40% higher.



When the same period in 2021 is compared to 2019, however, it is clear that the pandemic caused a blip in 2020, and that in 2021 the levels of search and average CPC returned to the pre-pandemic growth trajectory:

- Search volumes in the first six months of 2021 were between 23% and 62% higher than in 2019.
- Average CPC was between 9% and 32% lower in this period in 2021 compared with 2019.

C Client insight

COCONUT LANE LONDON

“Covid presented us with many challenges, including **supply chain issues**. It’s forced us to make new stock orders earlier than ever which means we’re planning further ahead. **We use historical data from Google Shopping** to help with forecasting. We use the data to guide us when planning restocks, as well as new product lines.”

Phoebe Parker
Marketing Manager
Coconut Lane



C Client insight

Medisave

“We’ve used the Google Shopping data and insight Bidnamic provides us to inform our wider marketing activity. We’ve also **used post-click data to predict a customer’s lifetime value** and used that information to bid more efficiently on Google Shopping.”

Max Wright

Senior Media Associate
Medisave

Overlook

“We’re having **severe inventory issues**. Some of our key brands won’t have healthy stock levels until the summer or fall. We’re bringing in new brands with better stock, pushing spend towards better stocked styles and brands, **tightening up our cost base**, and working with a very lean team.”

Melissa Johnson

Owner
Overlook Boots



“**We use Google Shopping to drive online sales** and the results speak for themselves. We’ve seen a massive increase in demand with **40% to 50% of orders coming from new customers.**”

Dave McMillan

Owner
The Shaving Time Company

GARMENTORY

“Over the past year we’ve seen new customers that typically shop in big box retail stores. We expect **increasing product return rates** to be a growth challenge in 2022.”

Sunil Gowda

CEO
Garmentory



C Client insight

Owen Barry

We use Google Shopping primarily to **drive traffic** to our online store. We've seen a significant improvement in sales since using Google Shopping, so we see it becoming even more important in 2022. Our **key growth challenges in 2022 are cheaper imported products** and standing out as an ethical brand.

Jack Allen
Finance Manager
Owen Barry Ltd



"Google Shopping became a more important channel for us last year and we expect it to become even more important in 2022. **Fulfilment continues to pose a challenge** for us this coming year."

Bruno Figueira
Director
Portuguese Treasures



"We expect supply chain issues and **increased competition from Amazon** to continue to present challenges and we're addressing those by planning our stock more effectively and matching our competitors' pricing."

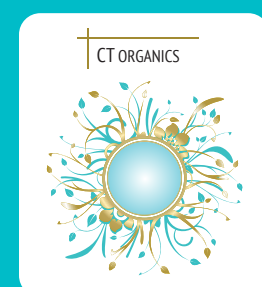
Lewis Davies
Partner
Keytrak

C Client insight

VIRAGE LONDON

“Learnings from our Google Shopping results with Bidnamic have helped us **shape our search ad strategy** as well as providing us with insights into which products sell well at different times of the year.”

Tom Morris-Richardson
Founder
Virage



“We use Google Shopping to **build brand awareness** as well as drive online sales. It’s become a more important channel for us over the past year.”

Sepideh Yaghmaei
Founder
CT Organics



“**Competition from Amazon** is increasing, so we’ve started selling on there. We’ve also improved our data collection to help us become more price competitive.”

Travis Youngblood
CEO
Tradepost Entertainment



“We look at **trending keywords and products** in Google Shopping to inform our wider marketing efforts.”

Kevin Leffler
Vice President
Appalachian Outfitters

SECTION 03

Average click volumes in 2021



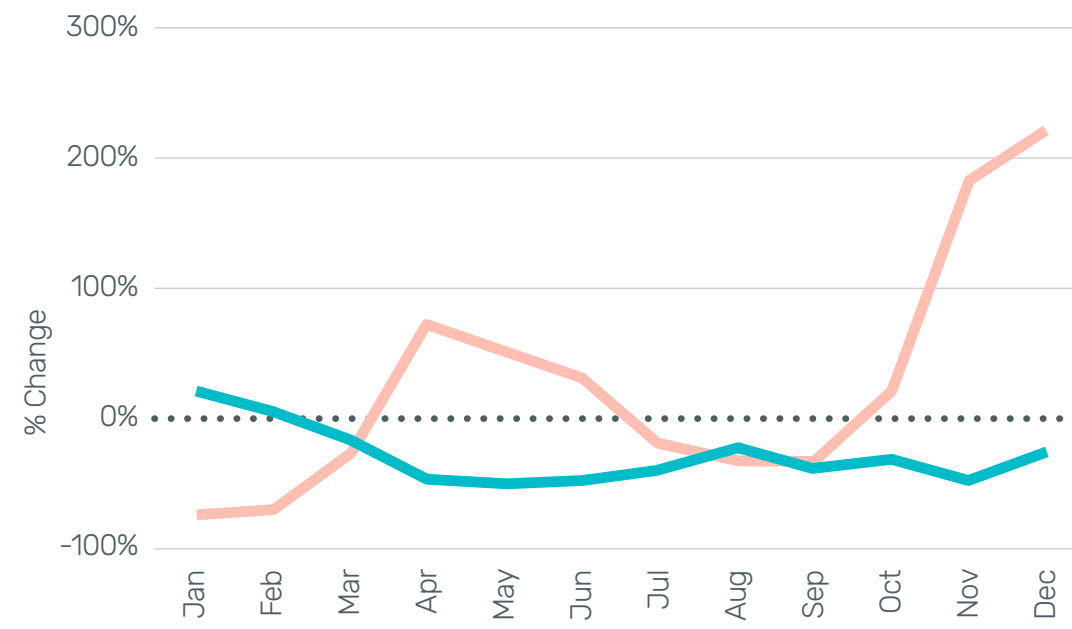
How did your 2021 compare with the average for your category?

As in 2020, market disruptions in 2021 impacted enormously on levels of demand. We have analysed these by looking at how average click volumes varied through the year in some of the most popular categories on Google Shopping.

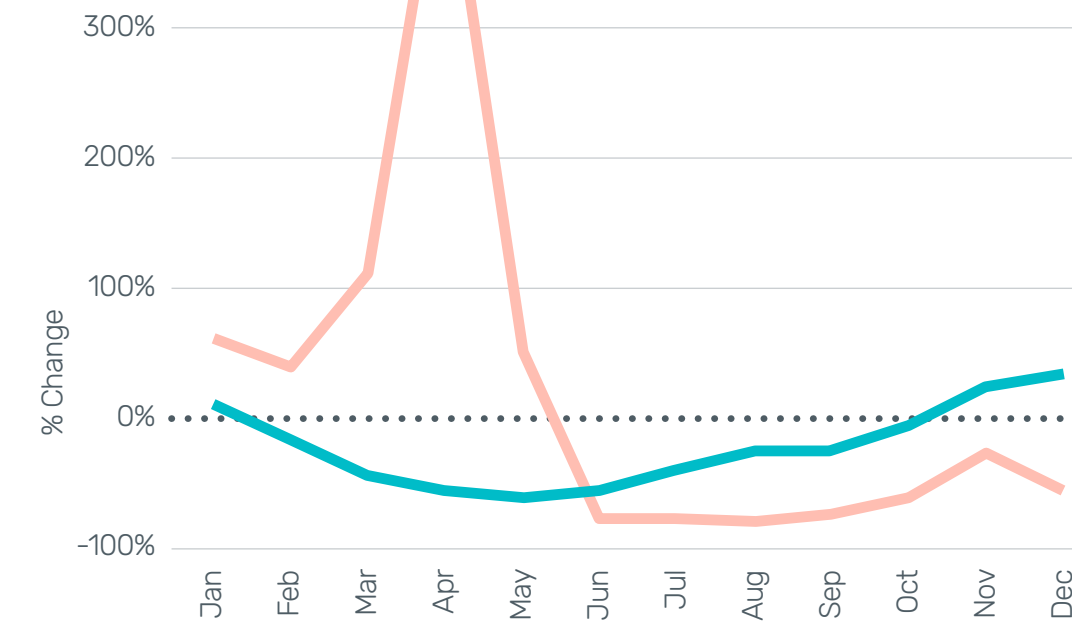
- 2020
- 2021
- 2 year average

Monthly variations in click volumes

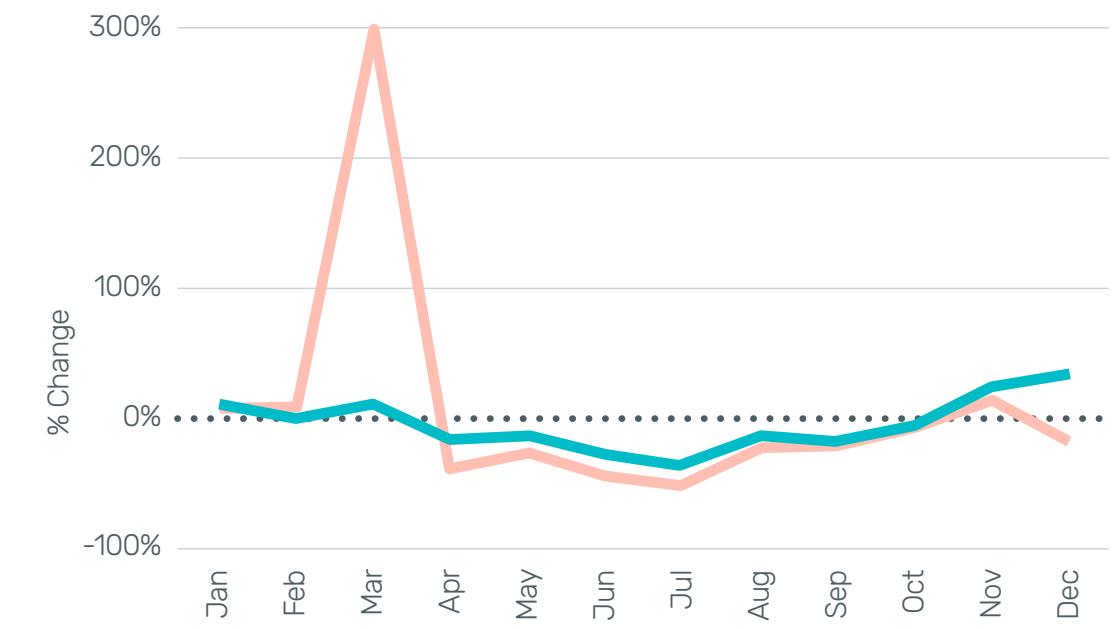
Food & Beverages



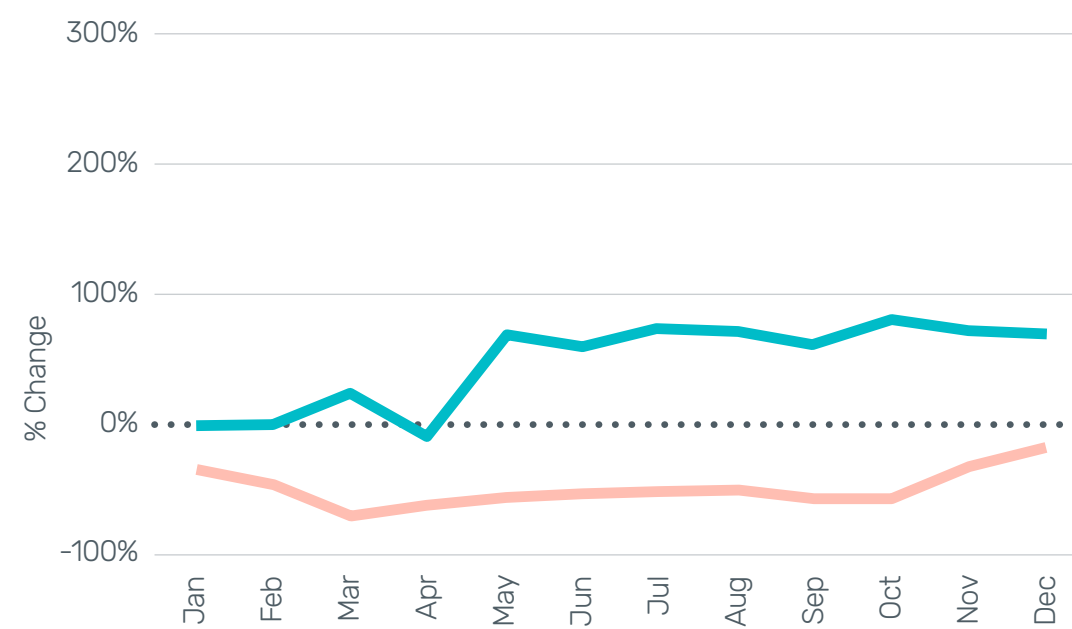
Arts & Entertainment



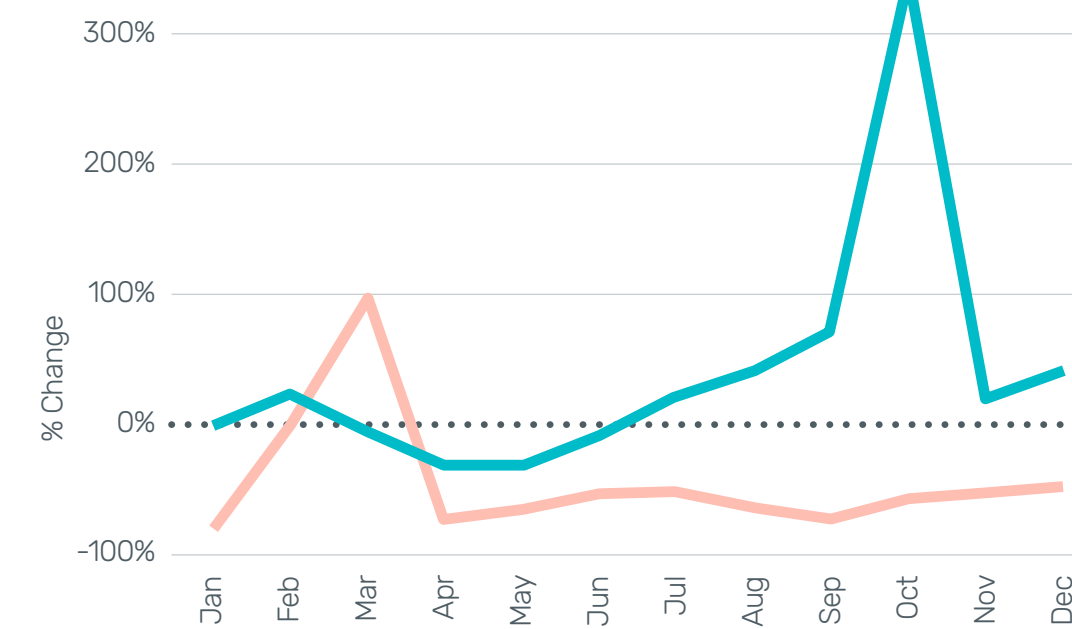
Business & Industrial



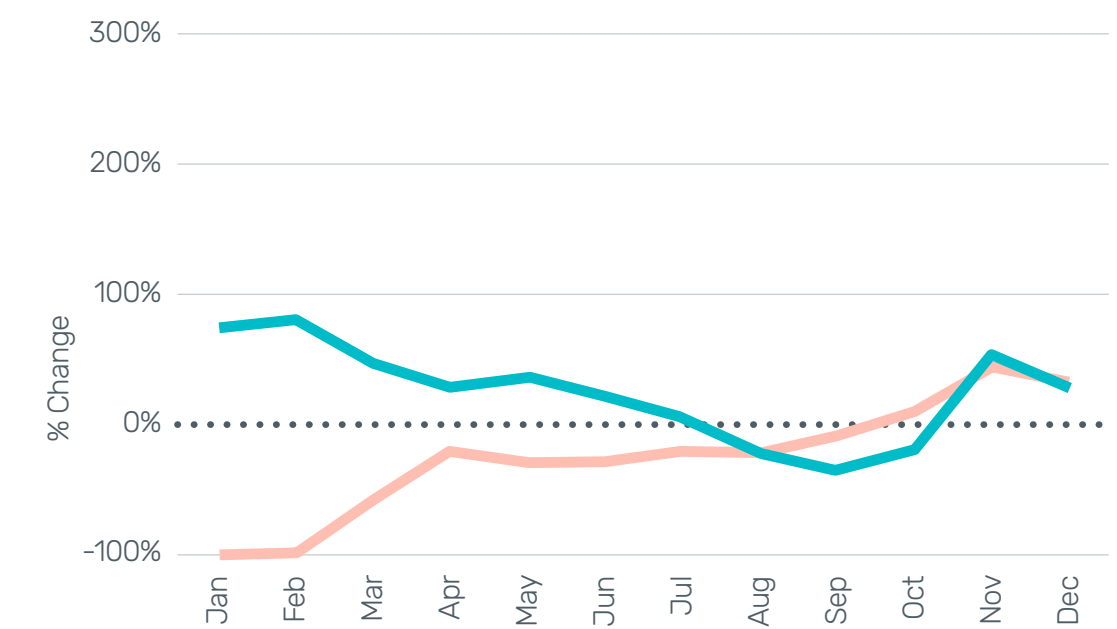
Clothing & Accessories



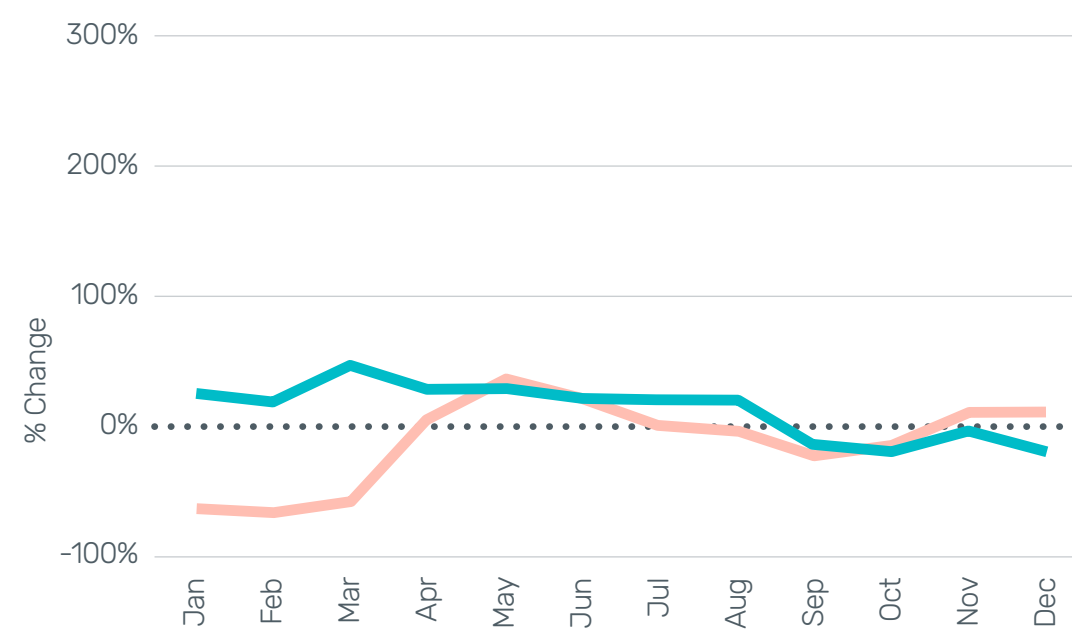
Health & Beauty



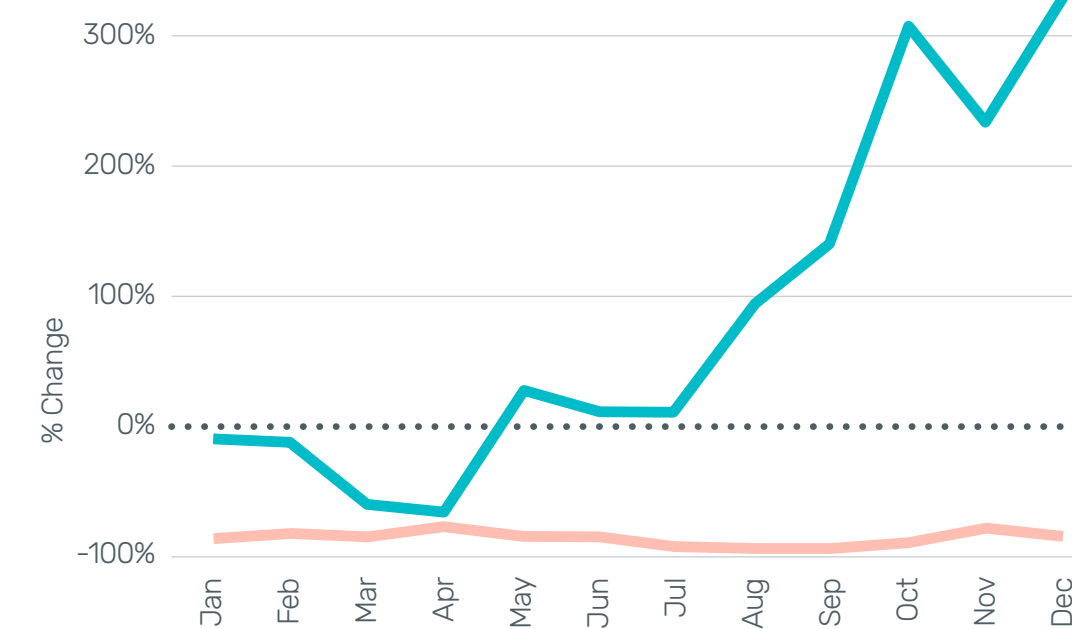
Toys & Games



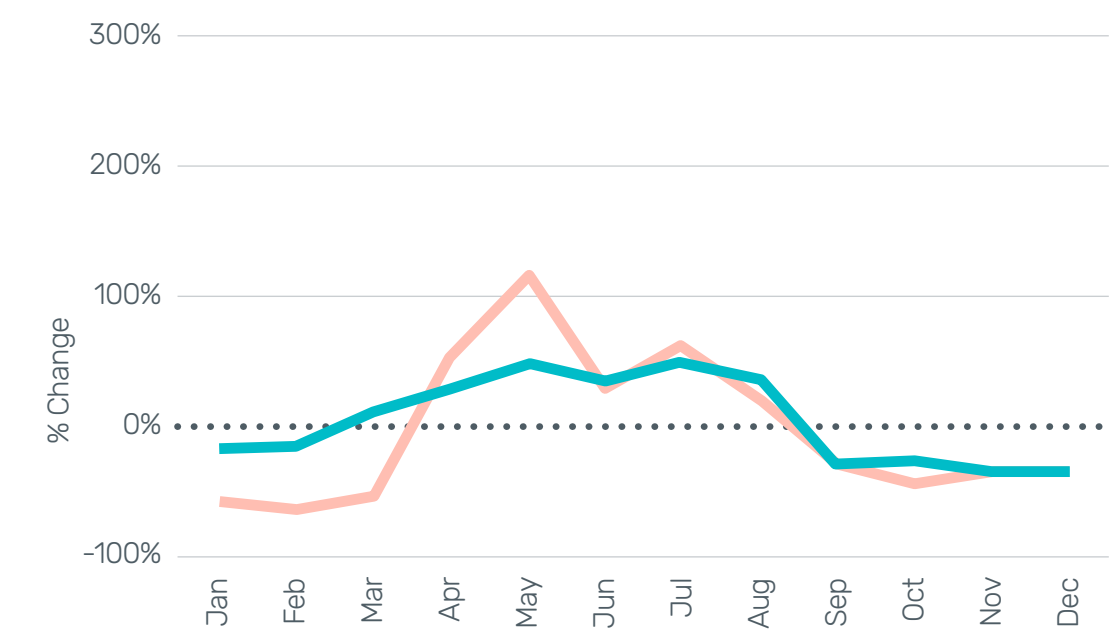
Home & Garden



Animal Pet Supplies



Sporting Goods



SECTION 04

What's in store for 2022?



Prediction – **The ecommerce view**



Liam Patterson

CEO and
co-founder

“We expect to see increased search traffic on Google as net-savvy shoppers seek out better deals than they’re finding in marketplaces, like Amazon, and retailers’ advertising budgets will follow. We’ll see this play out on different ad channels and networks, with more advertisers driving up bids on auction based models.”



Prediction – The data view



Dr Ingvar Kraatz

COO and
co-founder

“Rising CPC and supply chain challenges will mean that 2022’s winners will need to take a more sophisticated approach including making sure you retain access to your data for targeting and optimisation across channels, experimenting with new Google functionality, and taking a keen focus on product margin data.”



Prediction – **The operational view**



**Faith
Madzikanda**
Client Success
Manager

“The market will continue to be more competitive with less opportunity. Marketers will spread budgets across a wide variety of channels to ensure maximum visibility. CPC will continue to rise. And we’ll see more spend moving away from paid social towards search and Google Shopping.”



Prediction – **The marketing view**



Alun Davies

Chief Marketing
Officer

“Global disruption to markets will continue in 2022, and Google Shopping’s proven resilience as an acquisition channel will further embed its popularity in ecommerce. But marketers have to be able to make changes at speed across all channels to beat the competition and generate sustainable growth.”

With thanks



To our partners



Neil Bayton
Head of Partnerships
Trustpilot



Dan Spencer
UK Commercial Partnerships
Klarna



Kelynn Renals
Partnerships Manager
Huboo



Wulfric Light-Wilkinson
EMEA GM
Wunderkind



Michelle Ellicott-Taylor
Partner Director
Northern Europe
Mapp



Tim Mawson
Head of Partnerships
Salesfire



Cas Paton
Founder and CEO
OnBuy.com

To our clients



Max Wright
Senior Media Associate
Medisave



Melissa Johnson
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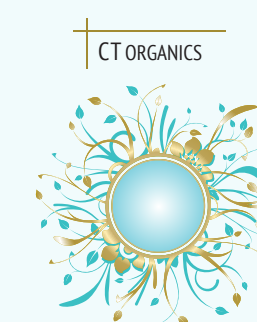
Phoebe Parker
Marketing Manager
Coconut Lane



Henry Churchill
Operations Director
Shore



Tom Morris Richardson
Founder
Virage



Sepideh Yaghmaei
CEO
CT Organics



Travis Youngblood
CEO
Tradepost Entertainment



Niall McCusker
Paid Marketing Manager
Campbells Prime Meat



Sunil Gowda
CEO
Garmentory



Kevin Leffler
Vice President
Appalachian Outfitters



Lewis Davies
Partner
Keytrak



Bidnamic

To the members of our brilliant team
who helped put this report together

Leadership

Liam Patterson

CEO

Dr Ingvar Kraatz

COO

Alun Davies

Chief Marketing Officer

Marketing

Vicki Sagar

Head of Content

Olivia MacCunn

Content Marketing Executive

Tom Cross

Content Marketing Executive

Laura Burton

Content Marketing Executive

Charley Panther

Content Marketing Executive

Alex Hughes

Design

Data

Amber Doughty

Data Analyst

Katherine Rust

Data Analyst

Jak Mortimer

Senior Data Analyst

Shiney Long

Data Analyst

Client Success

Henry Stocks-Fryer

Head of Client Success

Faith Madzikanda

Client Success Manager

Eliot Cawson

Client Success Manager

Ethan Parker

Client Success Manager

Danielle Pratten

Client Success Manager



To discuss any of the points raised in this report and to explore how Bidnamic's platform can help your business book a call now.

[Book a call](#)

Bidnamic