



# FAST TAKE

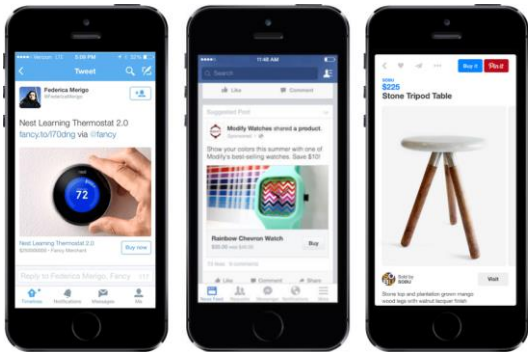
**Google to launch Buy Now button while  
Sponsored Search comes to Amazon**

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Google and Amazon fight it off to be the preferred choice for consumers and advertisers, with Google announcing the launch of buy buttons directly within the Search results and Amazon officially launching Amazon Marketing Services in Europe.

## GOOGLE LAUNCH BUY NOW BUTTON & AMAZON LAUNCH SPONSORED SEARCH

Twitter and Facebook have been testing buy buttons for over a year now and we have also seen both Pinterest and Instagram announce that they will be launching buy buttons soon. But the most significant news in this space was Google recently announcing that they plan to add a 'buy' button to their Shopping Ads.



### Google buy now button

Speaking at a recent conference in California, Google's Chief Business Officer, Omid Kordestani, announced that this will allow purchases to be made without leaving the Google results page. According to Kordestani, Google want to "reduce friction" which they believe is one of the reasons why 9 out of 10 purchases are still made offline.



However, there could be another reason which is driving Google to act. According to research by Adobe, Shopping Ads represent 22% of paid search clicks, and they have a much higher average cost per click (CPC) than standard text ads. Yet the revenue Google earn from these ads is under threat, as more people turn to Amazon to compare products and prices.

By offering a more streamlined purchase experience, Google are looking to defend the cash cow status of their Shopping Ads.

### How the buy button will work

Initially, the buy button will only be offered in the US, it will only appear on mobile devices and the shopping and checkout experience will be hosted by Google but with merchant branding. Users will need to have their credit card information saved on their Google profile, but that's unlikely to be a barrier with most consumers.

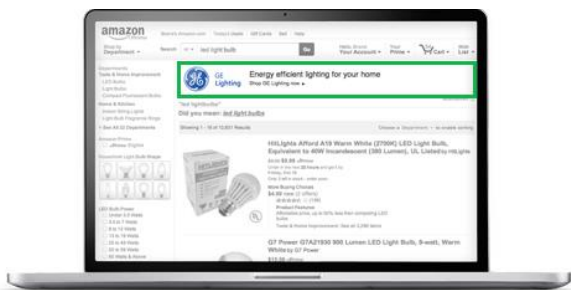
We expect Google's buy button to be much more successful than that of Facebook, Twitter, Pinterest and Instagram. Once the results are in, we predict that Google will quickly roll out the buy button across more markets and transition the button to desktop searches as well.



If the buy now button proves as successful as Google hope, it may be the carrot that incentivises more retailers to offer Shopping Ads. Average CPCs are likely to increase, but if it helps drive more transactions online, retailers should feel the benefit. The main concern will be for advertisers who operate in the retail sector but don't have their own online store (such as manufacturers). These advertisers may see their ads pushed further down the page as greater emphasis is placed on the shopping experience.

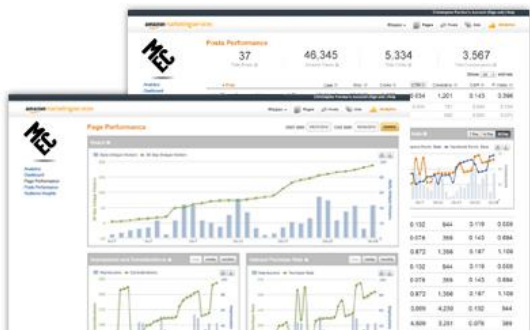
## Amazon sponsored search

While Google are encroaching into Amazon's territory by announcing the buy button, Amazon officially launched Amazon Marketing Services (Sponsored Search) last week in Europe. Google has made no secret of its desire to take Amazon on head-first, and really become a major player in ecommerce. Amazon was not one to sit back, and have gone for the jugular, by launching a product that competes directly with Google AdWords.



## Initial beta results have been compelling

As MEC, we were invited to the private beta a few weeks ago, and have been running campaigns for two of our clients in the UK and Germany across different sectors. Early results show that Google may want to sit up: the return on ad spend (ROAS) on Amazon is simply astounding, and has been holding well for the weeks we've had our campaign live. CPCs are lower than Google, but that is also due to the fact that we were in a non-competitive environment as only a few brands and agencies were in the beta test.



There is one major issue to be aware of before we shift significant budgets to Amazon: the scale of AMS is limited. Even in a non-competitive environment where theoretically we should have served an ad every time we bid, we have not been able to drive significant market-shifting gains or deliver the sort of scale that Google can deliver in a few hours. One reason why scale may be a challenge is that there is limited real estate for AMS ads, and it really only works when someone is already in shopping mode. That said, it has been great to be able to finally measure ROAS, something that has excited the brands we have been working with.

## Competition between Google and Amazon is healthy for consumers and an opportunity for advertisers

The real challenge in ecommerce is not getting consumers to take the last step to buy, but rather taking the consumer on a complete and seamless journey. Amazon and Google are both important platforms and we will doubtless see both players doing more to ensure they keep consumers (and advertisers) within their ecosystem. This competition will lead to more innovation and consumer focused solutions, something that advertisers can benefit from if they remain nimble and open to testing new ecommerce opportunities.