



FAST TAKE

Google Change
Search Ads Layout

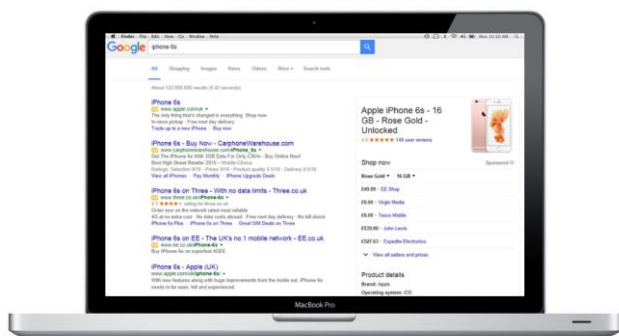
Google stop showing ads on right
side of all desktop and tablet
search results globally

GOOGLE CHANGE SEARCH ADS LAYOUT

Today Google announced an important change to how paid ads will serve on both desktop and tablet devices. The change moves away from three top-level paid ads to four for top commercial terms, with the side bar ads, traditionally positions 4-9, now falling away.

Three ads will still show for the majority of searches, and the three bottom-of-page ads will remain. The side bar will be reserved exclusively for Product Listing Ads (PLAs) and knowledge graph panels where relevant.

After extensive tests, started as far back as 2010, the global roll-out is underway and will be completed by Wednesday 24 February 2016.



New opportunity for high yielding position

The move to four top-only ads does add an extra opportunity for a higher yielding ad position. Traditionally, positions 1-3 had a far stronger Click Through Rate (CTR) over the ads served on the right. This was enhanced by the fact that Google served these 1-3 ads with the full suite of extensions, which often didn't serve in the smaller space on the right side of the page.

Organic click-share likely to suffer

On search results with 4 top ads, clicks on the top organic search listings are likely to fall. This correlates with a wider trend we're seeing on highly commercial terms where organic clicks are falling as a result of ads becoming more prominent.

Parity of desktop and mobile results

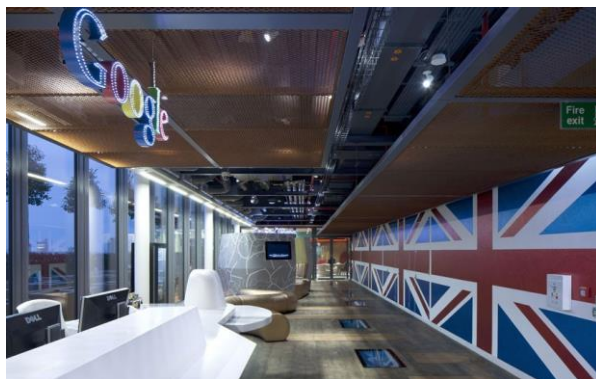
The move also means that desktop and tablet paid search ads now serve very similarly to mobile. The parity of SERPs (Search Engine Results Pages) will allow a similar bid strategy to be applied to both and better comparisons in terms of ad positions.

With desktop searches declining year on year and mobile searches in many industries surpassing 50% of total traffic, Google has been working on making the user experience more consistent between desktop and mobile results.

More competition in the auctions

When Google moved from 2 to 3 top position ads in mobile last year in August, we saw a 25% increase in mobile traffic from our clients' paid search activity. However, this was an additional ad opportunity in an already-intense auction. The most recent move, in contrast, removes up to 5 further ads appearing above the fold. This is likely to result in a sizeable drop in the number of impressions, as well as the potential clicks in each auction.

In addition, Google's notorious 'first page bid' will boom as advertisers now have 7 positions (4 at the top and 3 at the bottom) to appear on the first page over the previous 9.



Small players will struggle to compete

While a fourth ad in top position will benefit advertisers, the performance of new positions 5-7 at the bottom of the page is likely to pale in comparison to even those on the right side before, and overall leave far fewer opportunities to appear. This is likely to take smaller players completely out of the generic auction space in some instances who can no longer justify the costs to appear against certain key terms.

Advanced targeting growing in importance

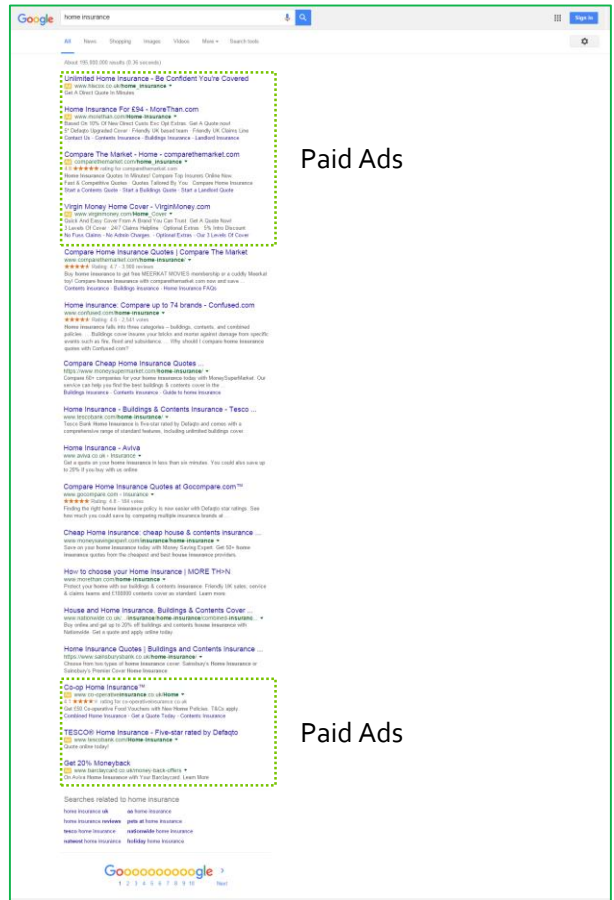
The intensity of the auction will lead to the same number of advertisers vying for fewer positions. As such we expect CPCs to increase and it will be even more important to make use of enhanced audience targeting options such as RLSA and Custom Match to make every click count for our clients.

Growing role of knowledge graph

The change to remove ad positions on the right side demonstrates that Google is intent on continuing to prioritise the role of the knowledge graph panel within search results. As the change will make more space for the knowledge panel, it is imperative that brands begin to take more ownership of influencing the knowledge panel through organic search and it is only a matter of time until knowledge graph ads become widely available.

Immediate next steps

Your search teams will be in touch about the potential need to reforecast 2016 numbers with the expectation of lower volumes from desktop and tablet overall. Moving forwards your teams will be running paid search positional testing to discover the most cost-effective spot to appear in and continue discussions around making the most of Demographic Targeting, RLSA and Customer Match.



Search ads becoming more engaging

This change represents broader changes we're seeing within the search results with desktop and mobile results becoming increasingly similar and the formats of ads becoming richer and more engaging. Bing will likely follow Google's lead in the not-too-distant future to align their search results and ad positions.

For our Paid search teams at MEC this change highlights the need to have advanced search targeting in place and the continued need for optimisation rigour to ensure that clients can effectively compete within the auctions. For our Organic search teams this change highlights the need to continue to support clients at influencing the knowledge graph panel and have organic search results which stand out from the competition.