THE ROLE OF TECHNOLOGY IN GOOGLE SHOPPING MANAGEMENT

How Brands & Retailers Can Integrate Automation Into Google Shopping Strategy
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Introduction

Most retailers and brands agree that every product deserves to be treated as it's own business, but managing hundreds or thousands of SKUs manually isn’t feasible for marketing managers today. The investment of time would greatly outweigh the net improvement in performance.

If you’re product catalog is relatively small—automation might not be necessary, but for retailers managing a large number of SKUs or seeking to expand their product offering, automation will play a critical role in the management of your campaign bids.

Having an advanced marketing strategy on Google Shopping that incorporates programmatic bidding, budget pacing, search term harvesting, and negative keyword grouping is essential to keep up with the channel's competitive landscape.

Fortunately, there are tools available to alleviate the threat of inefficiency, without having to sacrifice the attention of product level bidding.

In the following white paper, we will dive into the significant impact technology can have on Shopping campaigns and how automation can be applied to feeds, and product level management.
Custom Label Management
Custom Label Management

Custom labels are considered one of the most valuable attributes that marketers can use to reduce cost of sale (COS) and increase bidding efficiency.

Custom labels are columns located within the product feed that can be used to subdivide SKUs into specific categories for bidding management on Google Shopping.

To manage custom labels, Marketing Managers will need access to their product feed in the Google Merchant Center. The value of utilizing custom labels—specifically performance-based labels (which we will discuss in more detail below), is that it allows for immediate changes to select groups of products. Custom labels also allow for product-level bidding without having to break out each product into its own separate ad groups.

Essentially, they make it easier for Marketing Managers to segment their products and build out campaigns.
According to Google, merchants can create up to **five custom labels**, numbered 0 through 4, for each item in their feed. Custom labels don't necessarily improve ad visibility, but they will enhance a marketer's campaign management skills.

**Example of Custom Labels**

<table>
<thead>
<tr>
<th>Custom Label</th>
<th>Your Definition</th>
<th>Your Choice of Possible Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custom Label 0</td>
<td>Season</td>
<td>Winter, Spring, Summer, Fall</td>
</tr>
<tr>
<td>Custom Label 1</td>
<td>SellingRate</td>
<td>BestSeller, LowSeller</td>
</tr>
<tr>
<td>Custom Label 2</td>
<td>Clearance</td>
<td>Clearance</td>
</tr>
<tr>
<td>Custom Label 3</td>
<td>Margin</td>
<td>LowMargin, HighMargin</td>
</tr>
<tr>
<td>Custom Label 4</td>
<td>Release Year</td>
<td>1900 to 2100</td>
</tr>
</tbody>
</table>

**Step 1.** Decide on your own definitions and possible values for the 'custom label' attributes

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**Step 2.** Assign appropriate values to each product in your product data

<table>
<thead>
<tr>
<th>Item ID</th>
<th>Custom Label 0</th>
<th>Custom Label 1</th>
<th>Custom Label 2</th>
<th>Custom Label 3</th>
<th>Custom Label 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item #1</td>
<td>Winter</td>
<td>BestSeller</td>
<td></td>
<td>LowMargin</td>
<td></td>
</tr>
<tr>
<td>Item #2</td>
<td>Summer</td>
<td></td>
<td>HighMargin</td>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Item #3</td>
<td></td>
<td>Clearance</td>
<td></td>
<td></td>
<td>2012</td>
</tr>
</tbody>
</table>

“Custom labels give advertisers the freedom to get as creative as they want with their PLA strategy. For some merchants, not creating these custom ad groups will work fine. They will still be able to create ad groups and custom bids based on brand and product type but in the end, they could be limiting their strategy.”

- Jason Bell, Senior Retail Search Manager
There are many different types of labels retailers can use to segment their feed for better analysis and bid management. But at the end of the day, retailers should be able to sort through which items perform well and which do not.

In this white paper, we will dive into the two most popular types of custom labels including:

1. **Product-based Custom Labels**

2. **Performance-based Custom Labels**

### Product-based Custom Labels

Product-based labels are also known as Category labels. This type of segmentation groups items based on their color or price range. Once you start applying these custom labels, you will discover there are lots of different ways to customize your campaigns.

### Examples of Product-based Custom Labels

**Color, Size, Weight, Age Group, & Gender**

You may find certain items sell better in red rather than black. Custom labels provide retailers and brands with the opportunity to segment items and bid up on those more popular colors, since you know they are more likely to convert. This concept can also be applied to size, weight, age, gender or any other similar attribute.
Price Buckets

Retailers can also create custom labels based off of price buckets. For example, you don’t want to bid the same amount on a product that is $1,000 vs. a product that is only $20. It’s important to factor in your ROI so you can properly manage these bid adjustments.

Performance-based Custom Labels

In our experience, we’ve seen the most compelling results from the implementation of performance-based custom labels. Labels such as “Best Seller” or “Low Conversion” help retailers identify which items are performing well and worth investing in vs. lower performance items that they might need to down bid on.
If you've already identified what your best selling products are, you may want to segment these items into their own custom label. Since you know these items are likely to covert, we recommend *increasing the bid* on this category of products.

**Low**

For items that are generating lots of clicks but not necessarily converting at a favorable rate, you may want to segment and *bid lower* on these products. This can also be referred to as low converters or non-performing items.

**Push**

A push label is typically given to a *new product* or list of *new products* in your inventory. These are items that you want to gain additional exposure for since they are new to the market. In this situation, you may want to consider *bidding up* to increase discoverability and drive more CTR. But, in some circumstances, a push label can also be applied to low inventory items that you might want to get rid of quickly.
Other Ways to Segment Product-Level Bids

Margin

Margin is something specific to each company's goals. We do not think of margin as a product or performance custom label type necessarily, rather it falls into its own type of category. Although most retailers do not have the margin (per product) located within their feed, it is possible to build out a custom label for this category and bid higher or lower based off of an item's margin.

Brand

Retailers should keep in mind that "brand" is already a default category integrated into the product feed, so it's unlikely they will ever need to build out a separate custom label for this group since they can bid by brand directly in the feed.

With that being said, retailers may find certain brands sell more than others. For example, Adidas might have a high conversion rate compared to Nike. Same strategy applies here—bid up on the products with the brand most likely to convert.

How To Manage Custom Labels

Although most retailers understand the value of custom labels, the time investment to download the feed and re-upload changes into the Google Merchant Center is tedious.
Regular and easy access to the product feed is required to manage custom labels, so if you're outsourcing feed management, it will be difficult to take advantage of this bidding strategy.

Practitioners have the option to manage bids within AdWords, but they cannot bid on a product-level. This limits their capability to make granular, product specific changes at scale—resulting in blanket bidding and campaign management inefficiency.

Custom labels empower Shopping practitioners and unlock the ability to have Ad Groups built out for ‘Best Sellers’, ‘Clearance Items’, ‘Price Buckets’, etc. This also allows retailers to suppress bids on ‘problem’ products without having to pull them from the channel completely.

If Marketing Managers do not have the ability to manipulate the feed, the ‘Worst Sellers’ or items they want to ‘suppress’ could continue to stay live and ultimately hurt their COS.

“Because so many Marketing Managers are unable to make changes directly within their Google feed, they continue to limit their ability to bid up or down on items based on specific segments. This can lead to wasted ad spend and a stagnant campaign strategy,”

- Tien Nguyen, Director Of Technology | CPC Strategy
Programmatic Bidding
Programmatic Bidding

Algorithmic Bidding vs. Rule-Based Bidding

Optimizing a Shopping account with a large product catalog is a daunting task, which is why so many brands and retailers turn to automated technology for their bid management.

Automated bidding can alleviate the guesswork associated with Shopping campaign management. Each type of automated bid strategy is designed to help a retailer achieve a specific goal for their business (example: increase volume or revenue). Rules or algorithms are then applied to your campaigns to meet that specific objective.

Shopping practitioners with a large number of SKUs understand how time consuming manual bid management can be. If applied correctly, automated bid technology can help retailers streamline their bidding process, save time, and optimize product-level campaign management and efficiency.

There are two automated bid management options available to practitioners:

1. Algorithmic-based bidding
2. Rule-based bidding
Algorithmic Bidding

Algorithmic bidding is based off a retailer's financial objective(s). Due to its "hands off" appeal, it is a popular management tool among practitioners today.

**Example: Your Company Wants To Optimize Their Campaign For A Target ROAS Of 10:1**

With Algorithmic-based bidding technology, the platform will register the request, and automatically make adjustments to the campaign, using it's own algorithm, to meet the new ROAS goal.

But, what may end up happening is in order to increase ROAS (revenue divided by cost) the algorithm will have to lower cost at a faster rate than it's decreasing revenue.

**So, What Kind Of An Impact Will This Have On Your Top Line As A Business?**

Even though you're meeting the new ROAS target, you're going to see a decline in revenue over time because you are pulling back on your investment in the Shopping channel, which isn't good. Algorithmic says to input your target number and the algorithm will take care of the rest.

But just because you are meeting those set targets, that doesn't necessarily mean your campaign is doing well. Automated algorithmic bidding tools lack control and customization for your specific business needs. Although you may be thriving in one component of your business (ROAS), you could be sacrificing in other areas (such as Revenue).
Although we understand the appeal of automated “machine-learning” services that claim to provide intelligent bid adjustments to fit your Shopping campaign goals, automated algorithmic solutions have a steep learning curve.

It can take up to 90 days for machine-learning technology to gather enough data to start making educated adjustments to your campaign.

To be successful, these solutions must account for a wide spectrum of inputs and trends among businesses. Quite frankly, algorithmic automated bidding software companies have a platform to sell and the best way to market their tool is to use basic business algorithmic rules that can be applied to a mass of retailers.

Many of these platforms don’t understand the intricate components or competitive metrics that make your company tick. At the end of the day, nobody knows your business better than your Shopping manager, who is working intimately within your campaigns on a regular basis.

This is why we believe it’s critical for advanced Shopping practitioners to implement automated custom rule-based bidding for the management of their Shopping campaigns.
How Bid Rules Improve Google Shopping Management

In contrast to algorithmic bidding, rule-based bidding is a cost effective, efficient, and retail-specific solution that allows for the scalable bid management of large inventory campaigns.

Under no circumstances should businesses hand over 100 percent of their campaign management to automated solutions.

We believe in the hybrid approach of using advanced automated bidding tools in combination with a human element (the practitioner).

One of the main benefits of leveraging automated rule based bidding is the ability to set thresholds.

Threshold bidding is just one example of how retailers can set customized rules based on conversions, impressions, ROI, and trends, allowing them to make product-level changes to the account at scale.

“With rule-based bidding you can be very specific and customize your inputs, as opposed to algorithmic bidding—which can be a ‘cookie cutter’ type software that has to be able to work for businesses of all different shapes and sizes.

Your business is unique and Marketing Managers should have access to the ability to build their own customized rules to fit their business needs.”

- David Weichel, Paid Search Director | CPC Strategy
Threshold bidding rules can be based on 2 types of data sets, including:

1. **Standard metrics**
   - Such as conversions, impressions, clicks and impression share

2. **Sales velocity**
   - Analyzes consecutive weeks of profit growth and or loss

Most of these goals are very specific to each retailer. Automated rule-based bidding technology is built to account for the gaps and lack of customization found within algorithmic bidding platforms.

For example, an outdoor equipment retailer can set a threshold to no longer increase their bids once their campaign reaches a 90% search impression share.

At a 90% impression share, there's no real reason to continue increasing your bid. Why would you pay more when you don't have to?

<table>
<thead>
<tr>
<th>Algorithmic Bidding</th>
<th>Rule-Based Bidding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pros</strong></td>
<td><strong>Cons</strong></td>
</tr>
<tr>
<td>• Ability to &quot;set it and forget it&quot;</td>
<td>• Not fully customizable</td>
</tr>
<tr>
<td>• Ability to set thresholds</td>
<td>• Not a Google Shopping specific solution</td>
</tr>
<tr>
<td>• Can scale bidding on a product-level</td>
<td>• &quot;Black box&quot; on how bid changes are made</td>
</tr>
<tr>
<td><strong>Pros</strong></td>
<td><strong>Cons</strong></td>
</tr>
<tr>
<td>• Fully customizable to adhere to your business</td>
<td>• Must manually create rules</td>
</tr>
<tr>
<td>• Ability to set thresholds</td>
<td>• Must have prior knowledge of account (margins, specific business objectives)</td>
</tr>
<tr>
<td>• Can scale bidding on a product-level</td>
<td></td>
</tr>
</tbody>
</table>
Budget Pacing & Monitoring
Budget Pacing & Monitoring

**Budget pacing** allows practitioners to set a budget across multiple campaigns. These reports save time for managers that need to look at such data on a regular basis.

Budget pacing provides a strong indicator to campaign managers on how the overall campaign performance is trending for the month. This can help Shopping managers predict how much a campaign is probably going to spend for a given month and compare it to prior months.

For a practitioner who checks in on a campaign daily, monitoring spend velocity can provide a holistic campaign perspective to inform when the campaign needs to be ramped up/down.
Flexible Budget Adjustments

Flexible budget adjustments are another use-case for technology that allows campaign managers to monitor their budget.

It’s critical to keep budgets flexible on key shopping days like Black Friday or Cyber Monday. If the performance is doing well, campaign managers will want to increase budget to capture all of the conversions they can drive for the day. Implementing a flexible budget allows Shopping managers to set automated rules to increase budgets based on performance.

**EXAMPLE:** If ROAS is your leading metric, a flexible budget adjustment would check every single hour to see if the campaign is above your ROAS goal, which can be customized based on the purposes of this role. If it is, the FBA will increase budget and if not, it will not increase budget.

This effectively predicts whether or not a campaign is going to be limited by budget and will automatically make the necessary changes on the Shopping manager’s behalf. By ensuring that your campaign won’t ever pause due to budget limits, this is a vital tool for shopping holidays and a powerful integration into everyday management.
Account Vitality
Account Vitality

Another component we strongly recommend monitoring is your account vitality. We understand that as a Shopping manager, you are never really “off the clock” and so it’s essential that you are immediately notified of any errors in your account’s status.

Unpredictable campaign errors (no matter how small) can be extremely detrimental to a Shopping campaign.

Real-time alerts act as a safety net for Shopping advertisers in the event that something does go wrong with your campaign, expediting the troubleshooting process and minimizing the time an account is underperforming.

Campaign Down Alerts

**Campaign down alerts** are a campaign safety (email) feature that helps managers analyze their typical spend at each hour of the day and cross-reference it with the day’s current spend.
EXAMPLE: If today’s spend is below a minimum threshold (ex. below 50% of typical spend), it’s very possible that an error occurred with the campaign like a feed issue or change in the auction (ex. all of your competition gets more aggressive on Thanksgiving weekend).

Feed Alerts

Marketing Managers also want to be assured that their entire product feed is healthy and live at all times. But many Shopping advertisers have no idea that 100% of their products rarely get approved by the Google Merchant Center.
It’s a normal occurrence and relatively easy issue to dispatch, but very few practitioners have a process to stay on top of these GMC success rates.

Because it’s so important to catch feed processing issues immediately, the **GMC Feed Alert** sends an account manager an email in real-time outlining their success rate at sending products.
Search Term Harvesting & Analysis
Search Term Harvesting & Analysis

In Google Shopping’s early days, success was heavily dependent on the quality of your product data, driven primarily by your product feed. While product data remains a significant factor in the overall success of a Shopping campaign, the program has recently evolved to have a more of an emphasis on search terms.

The question most retail advertisers are asking these days is: **How do I get this product to show up for only these specific search terms?**

Of course, you can’t bid on keywords with Shopping campaigns, but it is possible to sculpt a campaign in such a way that it receives only a very specific segment of traffic. The first step towards this reality is focusing in on negative keywords.

Without taking a closer look at the Search Terms Report, Shopping managers might not come across negative keywords and could miss out on an opportunity to leverage a keyword for an advanced campaign strategy.

Negative keywords are important because they help retailers sculpt or refine the reach of their targeting. They also help to ensure (for low quality or unqualified searches), that ads are not showing in places they shouldn’t be.

When retailers add terms as negative keywords, their ad won’t show to people searching for those terms or visiting sites that contain those terms.
Negative Keywords

- Prevent your ad from showing to people searching for or visiting websites about things you don't offer
- Show your ads to people who are more likely to click them
- Reduce costs by excluding keywords where you might be spending money but not getting a return

Negative Keyword Grouping

Using programmatic technology, Shopping managers can create a negative keyword grouping report, which tracks keyword performance for Shopping campaigns at scale. This report documents which keywords have gone without a conversion for a set amount of days (typically at least every 30 days). A Shopping analyst can then choose to negative these keywords if he/she deems it beneficial to the ad group/campaign.

One reason you would add a negative keyword on the performance side is to better sculpt or refine the targeting for your ad. You want to remove some of the variance in search terms so that when your ad is being served you know that it's the most relevant. That would be helpful for improving quality scores, which lowers average CPC and improves your average position.
So, Where Does Automation Fit In When It Comes To Search Terms?

There are two concepts that automation really plays a role in when talking about search term harvesting and analysis.

The first is in **breaking out your negative keywords by cohort**, which essentially equates to “themes.” With automation, we can take a list of potentially 100 negative keywords and break them out in 1, 2, 3, and 4+ word cohorts.

For example, let’s say you sell dresses. You might find in the 1-word cohort that “white” is a bad theme for you, appearing very unprofitable. However, in the 2-word cohort, you might find that your “long white” dresses are actually extremely profitable and one of your best-selling product groups.

In fact, it’s “short white” that’s dragging down the profitability of this ad group—perhaps you don’t even sell any short white dresses. These sorts of cohort breakouts can be a profound tool for Shopping managers by making keyword analysis much more effective and scalable.

<table>
<thead>
<tr>
<th>Cohort</th>
<th>Keywords</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Word Cohort</td>
<td>dress</td>
</tr>
<tr>
<td>2-Word Cohort</td>
<td>long + dress</td>
</tr>
<tr>
<td>3-Word Cohort</td>
<td>long + white + dress</td>
</tr>
</tbody>
</table>
As it applies to search term targeting, the second aspect automation profoundly affects is in bulk adding negative keywords. Typically, adding negative keywords manually is a tedious process. But automation can take this to a whole new level by not only automating the grouping of negative keywords, but also the process of adding them.

**Shopping Whitelists**

**Shopping whitelists** automate the process of picking out and approving the keywords (exact or phrase) that are relevant and profitable for products.

It’s possible to have programmatic technology generate a daily report of all non-converting phrase and/or exact search terms in the last 30 and bulk add them, which can equate to negativing hundreds of keywords per day. After a couple of weeks, you’ll have a campaign where the traffic is suppressed to the point where it will only trigger ads for a handful of desired keywords.

The ability to hone in on the exact keywords for which you want PLAs to show up for allows practitioners to be extremely aggressive with bidding on these ad groups. In theory, you could make all of Google Shopping search-term based instead of product-based with this ability.

There are a couple of ways which you can achieve a more targeted and thoughtful approach to PLA search term targeting.

One way is using a shopping whitelist and either manually or programmatically adding negatives which do not fit the "approved" list of keywords you want an ad group/campaign to surface ads for.
This helps us accomplish a few things:

- **Ability to push and be aggressive on more targeted search queries based upon user search intent**
- **Ability to control the SERP** in regards to hand choosing what products you want to show up for more specific search queries
- Ability to split out campaigns/ad groups to target different parts of the funnel based upon the user’s search query (ie: Query = Refrigerator vs Black Samsung French Door Refrigerator) & ensure both the bids and product mix are targeted accordingly to give the customer the best chance of seeing relevant products that you offer
- **Ability to push for high impression share and dominate a specific subset of searches with relevant product**
- **Stay ahead of your competitors.** There are still many companies running very rudimentary Shopping campaigns but more and more are understanding how huge Google Shopping is to their business and overall advertising success. The ability to almost target users exact queries (especially top performers) can reap great performance gains and efficiency

“At the end of the day, Google offers arguably the highest/best converting traffic available. Being able to sculpt and bid separately at the search term level based upon user intent is a great way to evolve your Shopping strategy and understand the funnel, how it affects your campaign performance, and how customers interact with your brand on Shopping.”

- Jason Bell, Senior Retail Search Manager
Final Takeaways
Final Takeaways

Why Retailers Should Integrate Automation With Their Google Shopping

“We've had a lot of time to iterate on the Google Shopping space to figure out how to scale and optimize bids across variant product catalog sizes - ranging from 500 to 250,000 products to over a million,” Weichel said. “There are a lot of nuances associated with large catalog management.”

Although there is not a one size fits all approach, automated rule based bidding technology (programmatic bidding) can benefit:

1. **PPC practitioners who don’t have control over the data feed as much as they would like to**

   “These practitioners don't have the same insights into title performance and other similar data points. They are not doing any sort of semantic optimization. There's no way for them to prioritize it because their product catalogs are so large. Going through 200,000 products one by one doesn't make a lot of sense.”

2. **PPC practitioners who are running a lot of text campaigns**
“Text campaigns take a lot of time and dedication to manage. But, there's typically a lot to be gained by going deeper with Google Shopping rather than leaving it on that autopilot setting.”

**PPC practitioners who have less trust in algorithmic bidding and don't have the time or money to invest in a machine that will have to learn and experiment with their bids**

“Realistically, an in-house ppc practitioner knows their inventory, their margins, and their business much better than any machine does right off the bat. They can control what types of actions and the magnitude of those changes depending on whatever their performance goal is.”

“Automated rule based bidding allows for increased control that's highly customizable to specific business-use cases for retail.”
What Now?

The New CAPx Shopping Platform

The CAPx Shopping Platform (CSP) is a powerful technology suite that empowers Shopping practitioners to make meaningful, product-level changes to both their Google Shopping and Google Merchant Center accounts. CSP allows practitioners to use programmatic technology to customize bidding strategy, monitor campaign vitality, and analyze product-level data at scale.