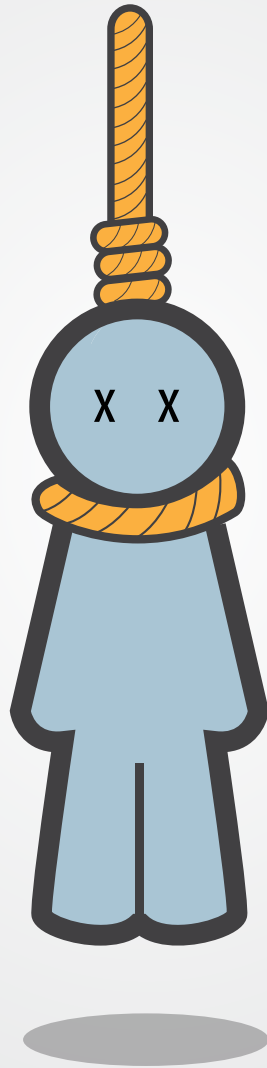


— HOW —  
**PRODUCT LEVEL  
AD GROUPS CAN KILL**  
**YOUR PLA CAMPAIGN**





# PLA AD GROUPS FOR EACH PRODUCT

While multiple ad groups for Product Listing Ad campaigns are a good idea, **CREATING AN AD GROUP FOR EVERY PRODUCT IS A BASIC SEGMENTATION STRATEGY.**

It's easy to assume that creating product targets at the product-level (SKU) gives a retailer the best chance for success. But the reality is much different. From experience we've seen that product-level only campaigns:

- Are difficult to manage effectively even with bid automation in place
- Generally don't maximize impression share for products
- Spread ad spend too thinly without taking into account specific conversion rates among similar or top-performing products
- Limit opportunities for increased product exposure by isolating high quality score across individual products instead of related product groups

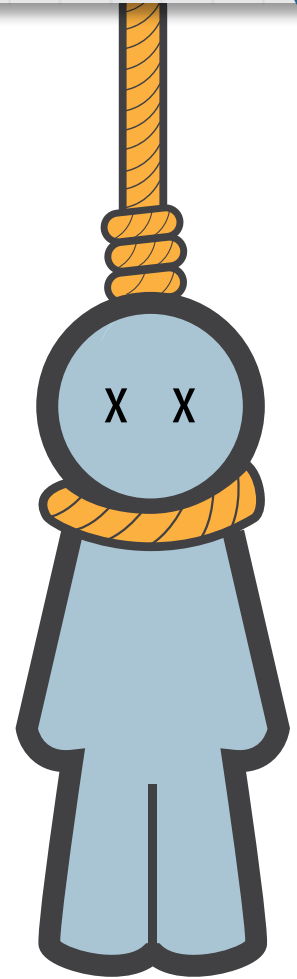
Retailers are bombarded with sales reps from large agencies asking them a simple question - *Why aren't you building out PLA ad groups by product?*

It's a great question actually and helps the agency tell a compelling story about how retailers are leaving \$\$\$ on the table by ignoring this "cutting edge" PLA Strategy. There's only one problem with this story – **PRODUCT LEVEL AD GROUPS ARE ONLY ONE PIECE OF THE PUZZLE AND NOT THE ENTIRE SOLUTION.**

## HOW DID THIS BASIC STRATEGY BECOME CONVENTIONAL WISDOM?

Because it's a simple narrative and it's easy to automate.

In theory, building an ad group per product makes a **TON** of sense. In theory, it gives the retailer full bidding control for each product and the ability to use technology to automate the product bids. This is a very easy concept to understand and great ammunition for a sales team. It's also extremely easy for an agency to automate. They setup ROI based rules for each client and they let the technology run the account.





## WHY IT'S JUST A BASIC STRATEGY

Creating an ad group for a **specific** product that's a **top seller** can be beneficial if it is used **sparingly** and under the watchful eye of a dedicated account analyst. Even then, the retailer should still have a backup plan to re-add these products to theme based ad groups contingent on performance.

We have tested the product-level ad group approach **EXTENSIVELY** and it hurt ROI in the vast majority of cases. When the retailer puts the product-level ad group strategy into practice, they quickly realize the shortcomings of this approach.

Let's look at actual results from one of our clients who implemented the automated product-level ad group approach:

## THE RESULTS

Here are the results from the online retailer [Clean It Supply](#) that switched from a CPC Strategy campaign structure to a product-level ad group strategy with a 100% automated approach:

### AUTOMATED PRODUCT LEVEL AD GROUP STRATEGY\*

Traffic: **-34.94%**

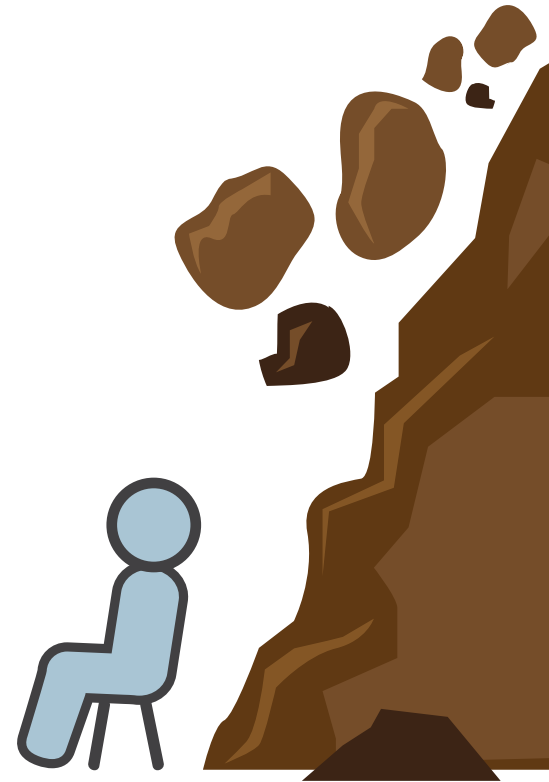
Revenue: **-56.67%**

Orders: **-58.33%**

Average Order Value (AOV): **+3.99%**

Conversion Rate: **-36.10%**

*\*Time Periods Compared: May 15 - June 5 with CPC Strategy vs. June 6 - June 27 with automated (product-level strategy) solution*





After seeing negative results with almost every key metric using the automated product-level strategy, Clean It Supply decided to revert back to CPC Strategy PLA management. Here are those results:

## CPC STRATEGY PLA MANAGEMENT\*

Traffic: **+12.80%**

Revenue: **+104.55%**

Orders: **+88.97%**

Average Order Value (AOV): **+8.25%**

Conversion Rate: **+67.66%**

*\*Time Periods Compared: June 6 - June 27 with automated (product-level strategy) solution vs June 28 - July 19 with CPC Strategy*

**Creating an ad group for every product can lead to less traffic, fewer conversions, and ultimately less revenue.**

## HOW TO BRING A PLA CAMPAIGN BACK TO LIFE

Creating a basic product-level strategy is a good first step when building out a PLA campaign, but **it shouldn't be the only segmentation strategy.**

Although an automated product-level campaign looks like it gives retailers more control and helps them analyze product level performance, it generally limits control and leads to a poor ROI. Truth is, retailers can easily pull that same product-level data in Google Analytics when using a multi-faceted strategy and still be able to make product-level adjustments through the feed when necessary.





## CREATE A TOP PERFORMERS AD GROUP

Create a “Top Performers” ad Group to build out product-level targets for top performing products. Limiting this ad group to the top 10% of inventory is most effective at maximizing volume and ROI.

**Diluting this ad group with too many product-level targets actually decreases overall volume.** As counter-intuitive as this may seem, the data proves this in the vast majority of cases.

## FOCUS ON BRAND LEADERS

If a retailer sells a number of similar items, or items with variations, they should pick the top selling item out of that group and give it a higher bid. This ensures that the top selling variant is always ranking high for searches related to that product.

For the rest of the inventory, focus on grouping products by product type and brand. The retailer can also use custom labels to group products by price range, season, etc. The retailer wants to get granular enough to manage the campaign effectively, but not so granular that it hurts sales volume. **Finding that balance requires constant testing.**

The product-level strategy should be part of a retailer’s PLA toolkit, but using just one basic strategy for an entire feed is ineffective and can actually reduce overall volume.



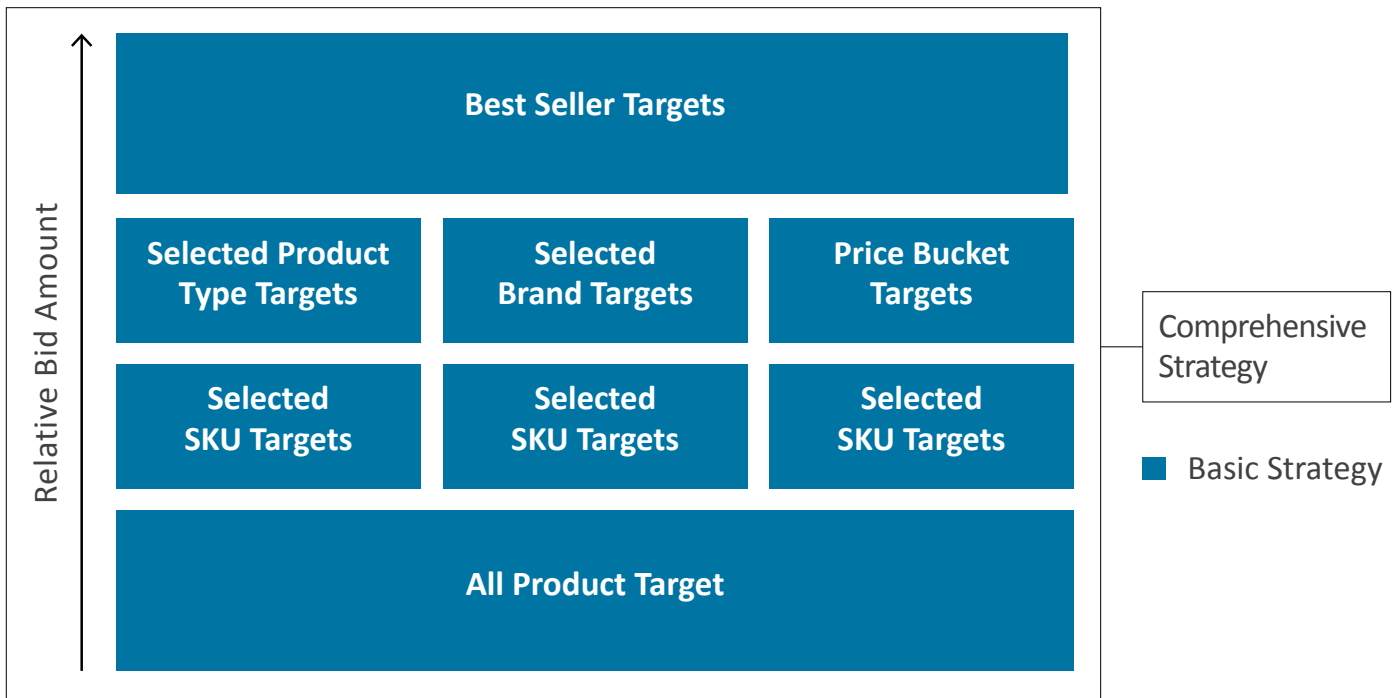
## KEY TAKEAWAYS

- Creating an ad group per product should be used **sparingly** and monitored strictly by an account analyst
- Keep poor-performers in the product feed and penny-bid that ad group
- Break out ad groups by product types, brands, poor performers, seasonal items, and top-sellers based on performance data
- Re-add product-level ad groups to themed ad groups if the data does not reveal improved results



## FINAL THOUGHTS

As with all online advertising there is not one strategy that guarantees optimal results in every case. Smart retailers looking to get the best return on their ad spend understand the importance of testing and evaluating multiple strategies. A well-managed Product Listing Ad campaign is structured as follows:



As much as advertisers would like to implement one type of approach and call it a day, the reality is that each approach is just one component of a **comprehensive Product Listing Ad strategy**. By using a diverse set of strategies and shifting ad spend to ad groups that perform well, retailers can optimize campaigns to acquire impressions, clicks, and ultimately sales.

**No retailer wants to leave money on the table.** With the comprehensive strategy illustrated above, advertisers can rest assured they have the best framework in place to get the most out of their Product Listing Ads campaigns.



## ARE YOU STILL HAVING A ROUGH TIME MANAGING YOUR PLA CAMPAIGN?

Our Google Shopping PLA Service was designed for you.

( Get PLA management from the pros )

**WE'RE HERE TO LEND A HAND.** If you have any lingering questions, comments, or feedback, please feel free to reach out. Thank you!