

# Point Of View

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## Google Shopping Replaces Google Product Search



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### ***What Happened?***

On May 31, 2012, Google announced that it will replace Google Product Search with a purely commercial model called Google Shopping. Google is currently running tests with Google Shopping, ramping up as the summer progresses. The transition will be complete by October 2012.

Unlike Google Product Search, where merchants submitted their product feed to Google for free, Google Shopping will be a paid inclusion model. Only merchants who pay Google will have their products listed on Google Shopping.

Google believes that this commercial relationship with their merchants will encourage vendors to keep their product info fresh and up to date, providing higher quality data that improves the user experience.

### ***What is the Impact?***

The impact is huge. In addition to getting rid of free shopping feeds, Google Shopping will eliminate current Product Extensions in Adwords, change the way product images are displayed, redefine ranking criteria/algorithms, and of course, charge the merchant a fee. It will also separate the serious merchants from the “set it and forget it” vendors that don’t regularly update their product feed.

### ***Product Listing Ads & Product Images***

Currently Product Extensions from Google Adwords and Product Listing Ads results appear separately in Google Search results (see Figure 1 below).

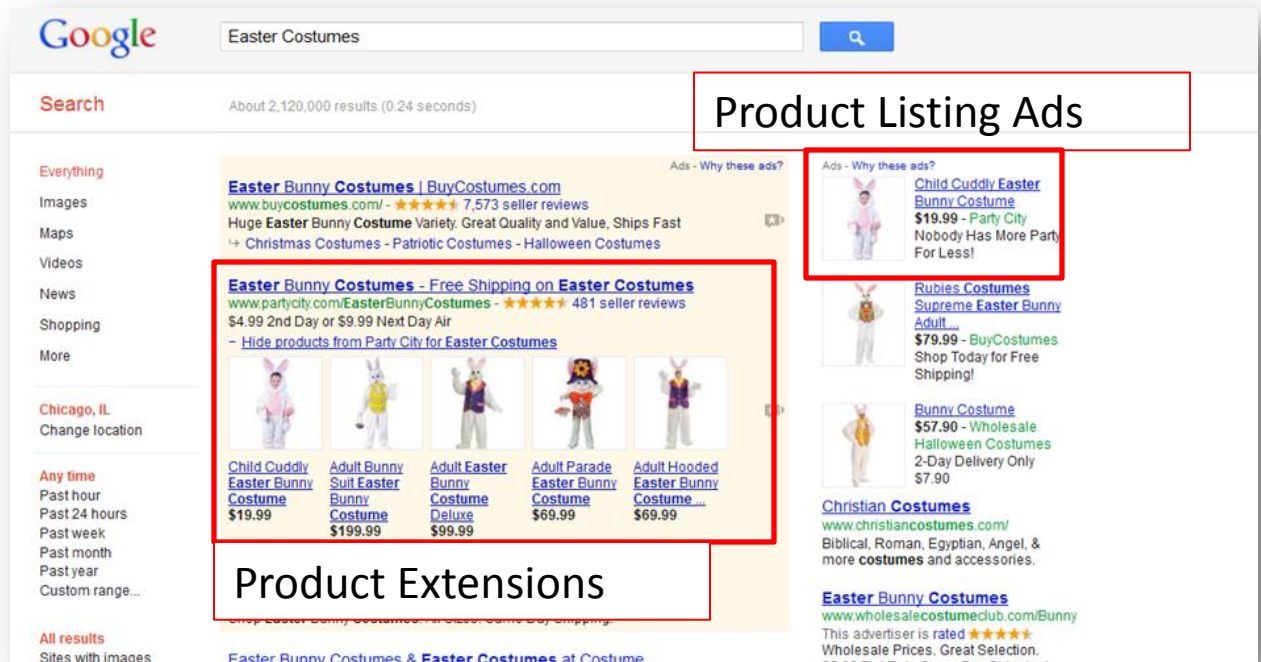


Figure 1 - Current Google Product Search Results Formats

When Google Shopping is fully launched, Product Extensions will disappear and Product Listing Ads will be shown in a single Product Listing Box (see Figure 2 below) in Google Search results.

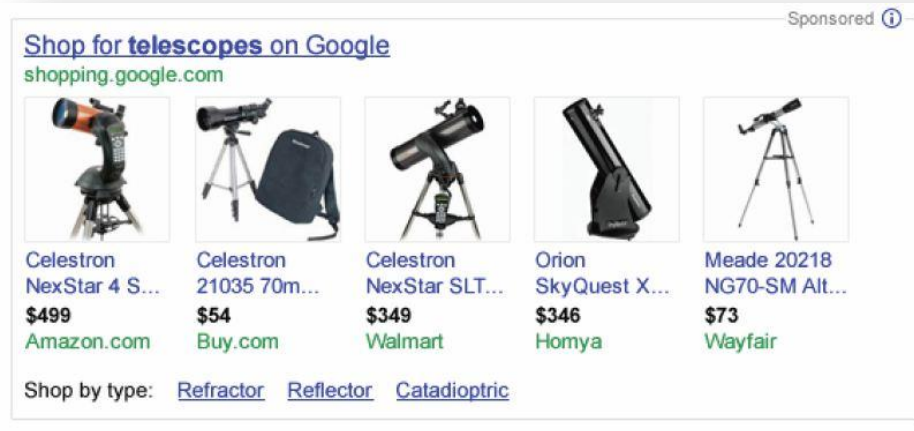


Figure 2 - New Product Listings Format on Google Shopping

At times, Google may show one detailed product listing as a standalone ad to the side of the main search results (see Figure 3 below).

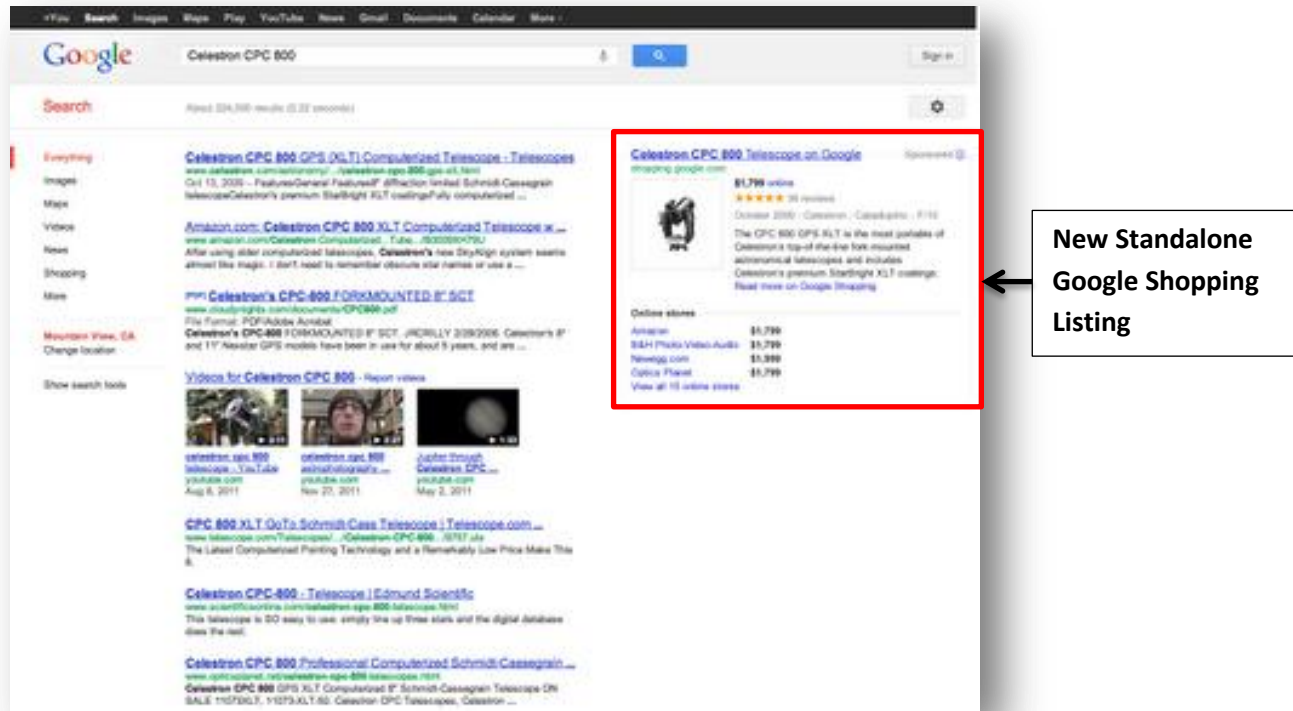


Figure 3 - New Standalone Listing Format on Google Shopping

### Ranking Criteria & Bid Price

Google states that ranking will be based on a “combination of relevance and bid price – just like Product Extension Ads today.” That means that to be successful, merchants will need to build, optimize, and manage unique Google Shopping ad campaigns in Google Adwords– very similar to existing Google Adwords campaigns that have Product Extensions enabled.

Merchants won’t bid on particular keywords, but will bid either on:

- How much they are willing to pay if their listings appear in the search results and if the user clicks on the listing (like the current Google Adwords Pay Per Click Model)

or

- How much they are willing to pay if a user who clicks on their listing completes a sale (called a Cost Per Action Model).

### Google Trusted Stores

In conjunction with Google Shopping, Google is solidifying a program in beta called Google Trusted Stores which will give participating merchants a “badge” of trust from Google. Merchants with high ratings for on-time shipping and customer service will earn the Google Trusted Stores badge (see below).

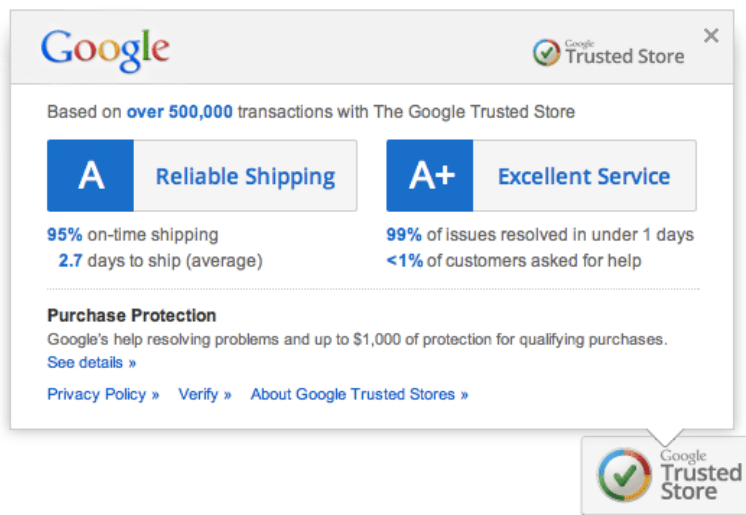


Figure 4 - Google Trusted Stores Badge Ratings

## What are the Benefits to Google Shopping?

### Greater Control

By moving toward a Pay to Play model, merchants will have greater control over ad relevancy and bidding that will help listings compete profitably with other advertisers. With close monitoring, Google Shopping campaigns will be a serious online advertising venue.

### Detailed Reporting

We also hope to see more detailed reporting with Google Shopping which will allow businesses to optimize for better advertising results both short-term and long-term.

### Decluttering

Though we don't yet know where the backfill listings will come from, we do know that not all current merchants will want to pay to be included in Google Shopping. That means that there

will be fewer listings and less competition. Google's new listing formats will also provide a cleaner, clearer results page that should encourage users to click on well optimized listings.

## ***How to Prepare for Google Shopping***

### ***Create and Optimize Product Listings***

To prepare for the transition, online merchants should create Product Listings Ads campaigns immediately and allocate a unique budget to the campaign so Google Shopping ad performance can be tracked easier. If you already have a Product Listings Ad campaign created, it's time to optimize it for best performance.

### ***Determine What Products Should Be Suppressed***

Not all products are ideal for a paid inclusion shopping search engine. Take a look at the search volume, bid price, product cost and margin to determine what products should and should not be included in the Google Shopping Campaign.

### ***Cleanse the Product Feed***

It's time to go through the current product feed with a fine toothed comb – you don't want to bid on a product that is no longer available. Make sure that the product feed represents the products that are ideal for Google's Shopping Engine.

### ***Promote On-time Shipping and Excellent Customer Service***

All participating merchants should focus on earning a Trusted Stores badge. To become a member of Google's Trusted Stores program, online merchants should promote and uphold their commitment to shipping and customer issue resolution.