

Making Google Ad spend work for your business

By [Michelle Geere](#)

20 May 2022

Every year, Google's search engine processes over 1.2 trillion searches worldwide - that's roughly 3.5 billion searches per day, or just under 146 million searches every hour. With these figures only set to climb, companies around the world are paying more attention to the internet giant's ability to reach and engage new customers.



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Businesses are in turn dedicating more of their budget and resources to the platform, with Google Ads quickly becoming a staple for most commercial marketing strategies.

This is no different in South Africa, where online sales tactics experienced a stark increase in uptake, thanks in part to stringent lockdown measures, which seriously impacted the ability of small, medium and micro-enterprises (SMMEs) to do business.

But for businesses new to Google Ads, a lack of knowledge and experience means that many SMME owners are unsure of how much to spend on the platform. This is an important point to consider, as small businesses have to be very deliberate in how they assign their limited resources.

However, the answer to this question will vary on the type of business; the product it sells; the industry it operates in; and the economic climate at the time.

This is because Google works on an auction-based structure. Unlike print advertisements, which are sold at a fixed cost, the cost of running Google Ads will fluctuate on the number of businesses vying for the same visibility.



Adclick Africa has just released their Digital Marketing Trends guide for 2022

Adclick Africa 19 Apr 2022



Analyse industry competitors

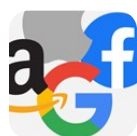
Therefore, marketers must analyse how much their industry competitors are spending and assess how this equates to their ability to reach potential customers (Impression Share); how much it costs for each person reached to click on the advertisement (Cost-per-Click); and the likelihood that someone who sees the advertisement will in-fact engage with it (Click Through Rate).

Except, this then creates a new challenge: how can you properly assess the performance of your industry if the only information publicly available is for competitors based in markets like the United States and Europe? These economies are larger and home to exponentially more businesses than South Africa.

When you consider how Google Ads are structured, this means that there are more businesses in these over-saturated, foreign markets vying for the same attention. This in turn forces businesses in these economies to spend more money to achieve results which should theoretically cost far less, in a less densely populated market like South Africa.

Without relevant data, South African businesses are forced to base their Google Ad spend on information and statistics that do not make sense for the local market. Worse still, this even deters some businesses from harnessing the opportunity presented by Google Ads, as they see the wrongfully inflated prices as too expensive for their limited means.

Thankfully, this is all about to change.



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5 May 2022



South Africans now have access to Google Ad data from local industry, generated by Adbot – a Cape Town-based business which harnesses artificial intelligence and machine learning to help small business owners successfully advertise on Google.

To help SMME owners get a realistic average of what they can expect to spend on their Google Ads in the local market, Adbot spent the past year collecting various data points from our client base of some 1000 small businesses across the country.

From here, we were able to calculate various averages for indicators such as the Cost-per-Click and Click-through Rate for a range of industries. These findings were then compared to the figures shared by international research bodies.

Industry	South Africa	International
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	Average CPC	Average CTR	Average CPC	Average CTR
Artist & Photographer	R3.63	7.60%	\$1.60	10.67%
Automotive Service & Repair	R7.70	7.34%	\$3.19	5.39%
Beauty & Wellness	R5.19	8.07%	\$3.74	5.54%
Business Services	R4.31	7.67%	\$4.90	4.72%
Construction Services	R6.06	7.13%	\$4.14	5.34%
Consulting	R6.04	6.84%	\$4.90	4.72%
Education	R3.73	7.34%	\$4.18	5.46%
Finance	R4.30	6.94%	\$5.16	5.07%
Food & Beverage	R3.93	7.19%	\$1.77	7.19%
Healthcare & Medical	R4.36	7.78%	\$3.63	5.94%
Home & Garden	R4.60	6.69%	\$5.75	4.21%
Industrial Services	R4.75	7.52%	\$4.14	5.34%
Internet & Telecom	R14.58	6.98%	\$4.90	4.72%
IT Services	R8.44	6.34%	\$4.90	4.72%
Marketing	R5.95	6.73%	\$4.90	4.72%
Property Industry	R3.45	8.19%	\$1.40	7.75%
Retail & Ecommerce Stores	R2.66	8.18%	\$2.23	6.33%
Tech Start-up	R3.83	9.51%	N/A	N/A
Travel & Hospitality	R4.84	8.51%	\$1.40	8.54%

Opportunity for local SMMEs

The findings shared above reveal that there is an untapped opportunity for local SMMEs to adopt marketing tactics for Google Search. In South Africa, the Click-through Rate is several per cent higher in almost all industries compared to international markets. This indicates that an equitable amount of spend will see better results for local businesses, than those advertising abroad.

Moreover, when one considers the Dollar-Rand exchange rate, the data indicates that, prior to this information, businesses were paying in some cases more than ten times the market equivalent for Google Ads. For example, while international e-commerce companies typically spend \$2.23 (R33,45), local businesses in this category only spend R2.66.



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Rucien Petersen 15 Mar 2022



When reading these statistics, it is important to remember that the trick to Google Ads is to try to maximise your Click-through Rate while minimising your Cost-per-Click. These findings show, then, that the South African market is far less saturated than those in the United States and Europe. Therefore, local SMME owners advertising on Google Ads today are able to reach a larger share of the audience for less spend than the international average.

The key, however, is to get in early. Businesses that are the first to adopt Google Ads into their marketing strategies will benefit from lower costs for higher gains. They will have a huge advantage over their competitors, who might only realise the opportunity later.

ABOUT THE AUTHOR

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