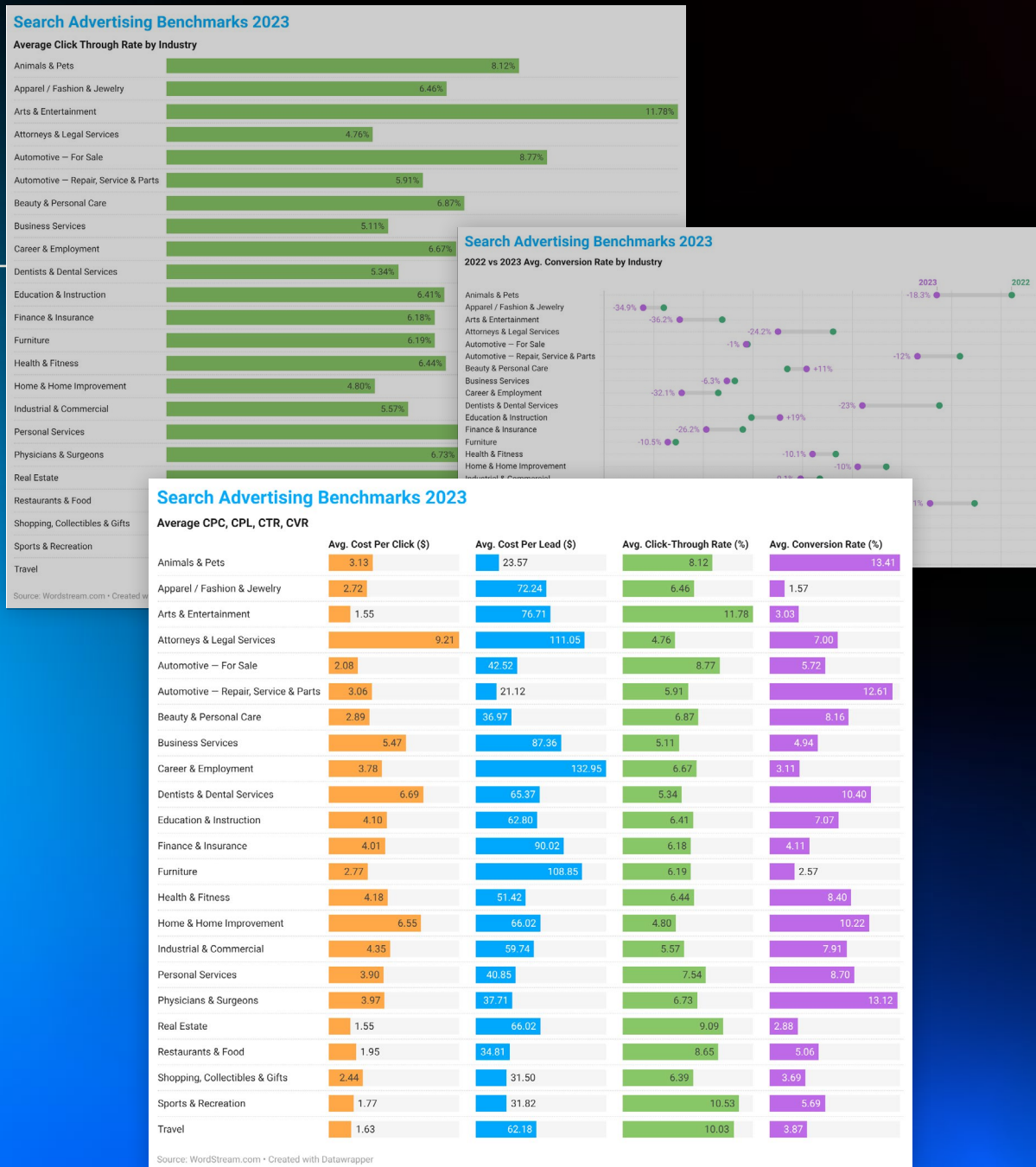




# 2023 Google Ads Industry Benchmarks

*The data & insights you need to compete*



# What's inside:

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Use this data to stay competitive in Google Ads.

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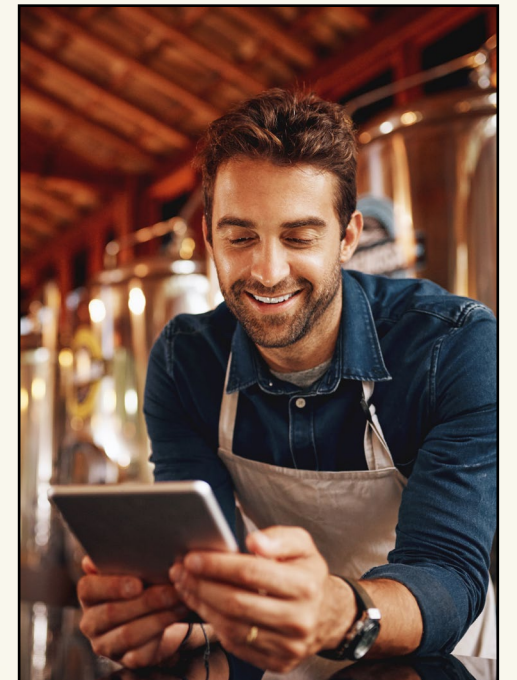
Key metrics by industry, plus tips to improve them.

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## **Let's talk**

Get a free demo to see how we can help you get better search advertising results.

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# Introduction

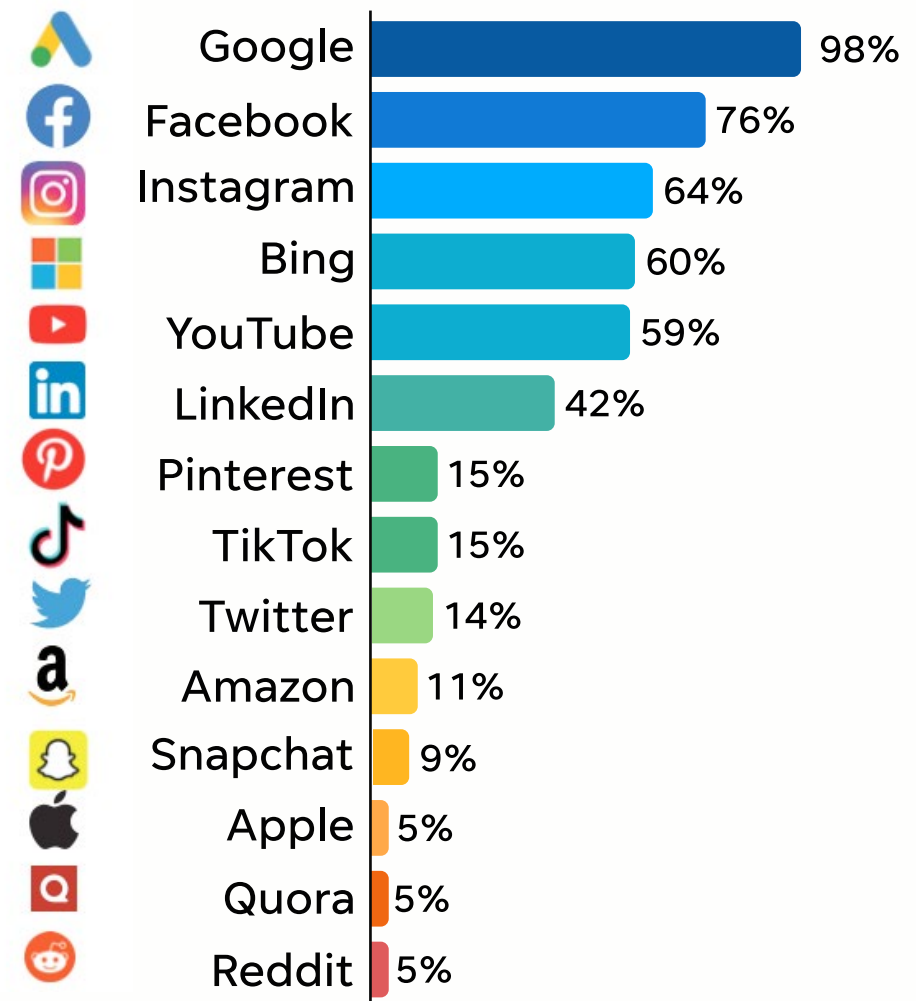
With 89% of buying journeys beginning with a search engine and PPC averaging a 200% ROI, it's no wonder that so many businesses use Google Ads to generate leads and sales.

The competition and ever-evolving nature of this platform is reason enough to stay on top of your performance, but with the inflation rate near its highest level since 1982, it's more important now than ever.

That's why we've released an update on our Google Ads benchmarks report to help you not only understand your performance in relation to your competitors, but also to navigate the current economic climate and plan for the year ahead.

**Read on to learn the key Google Ads performance metrics for over 20 different industries, along with trends, takeaways, and tips to stay competitive.**

## “On which platforms are you currently running PPC campaigns?”



Source: PPCsurvey.com

# Executive Summary

This report contains our latest Google Ads benchmark data to help you better understand and maximize your campaign performance and budget. A few notes on the report:

- This data is pulled from over 17k LocaliQ customer search advertising campaigns running from April 2022 through March 2023.
- Our proprietary platform dynamically shifts budget between search channels on a campaign-by-campaign basis, but in aggregate, approximately 80-85% of budget is allotted to Google and 15-20% to Microsoft.
- Metrics include average cost per click, average click-through rate, average cost per lead, and average conversion rate, plus year-over-year changes.

## Metrics in this report

**CTR**

**Click-through rate**

Percentage of impressions that result in a click.

**CPC**

**Cost per click**

Spend divided by clicks.

**CVR**

**Conversion rate**

Percentage of clicks that result in a lead.

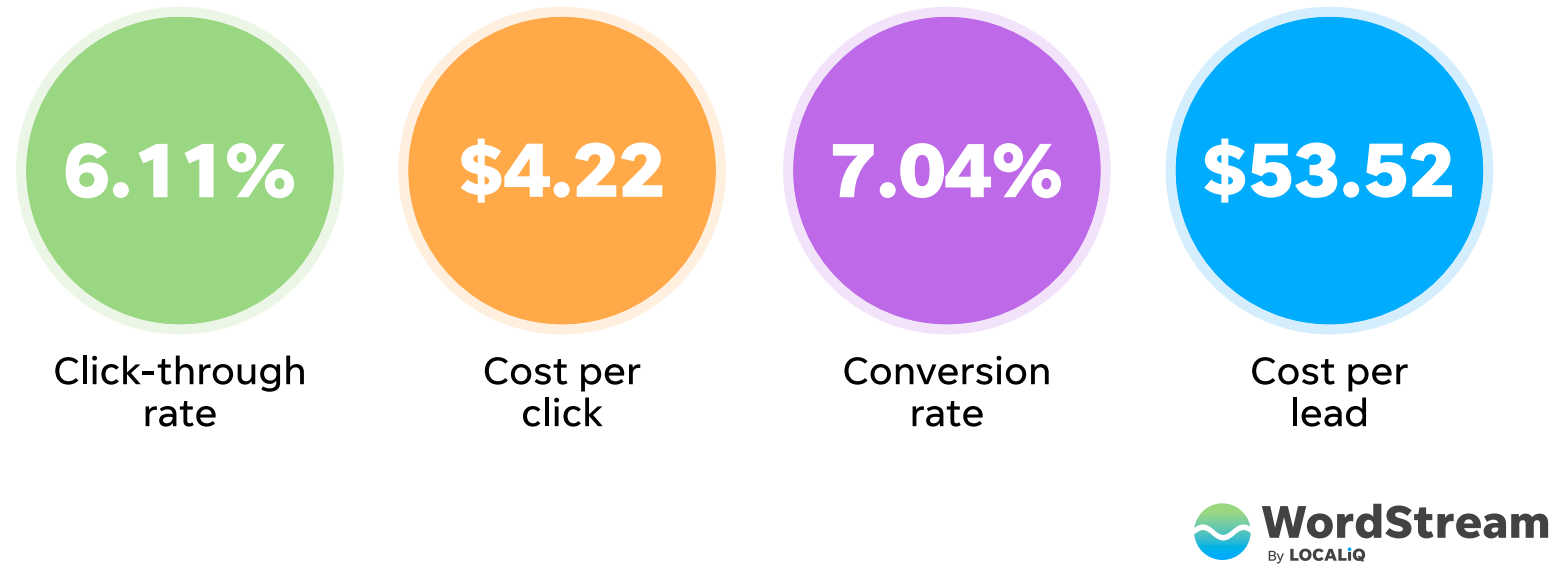
**CPL**

**Cost per lead**

Spend divided by leads.

## Search Advertising Benchmarks:

Averages across all industries



Keep in mind, however, that the best metric for you to compare your performance to is the average for your industry specifically, which we'll get into later on in the report.

## Overall Averages

When viewing the data in aggregate, overall averages for Google Ads are as follows:

- Average click-through rate: 6.11%
- Average cost per click: \$4.22
- Average conversion rate: 7.04%
- Average cost per lead: \$53.52

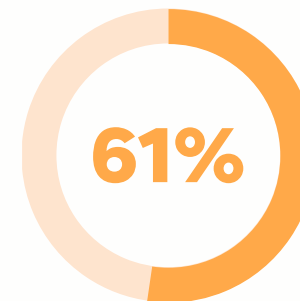
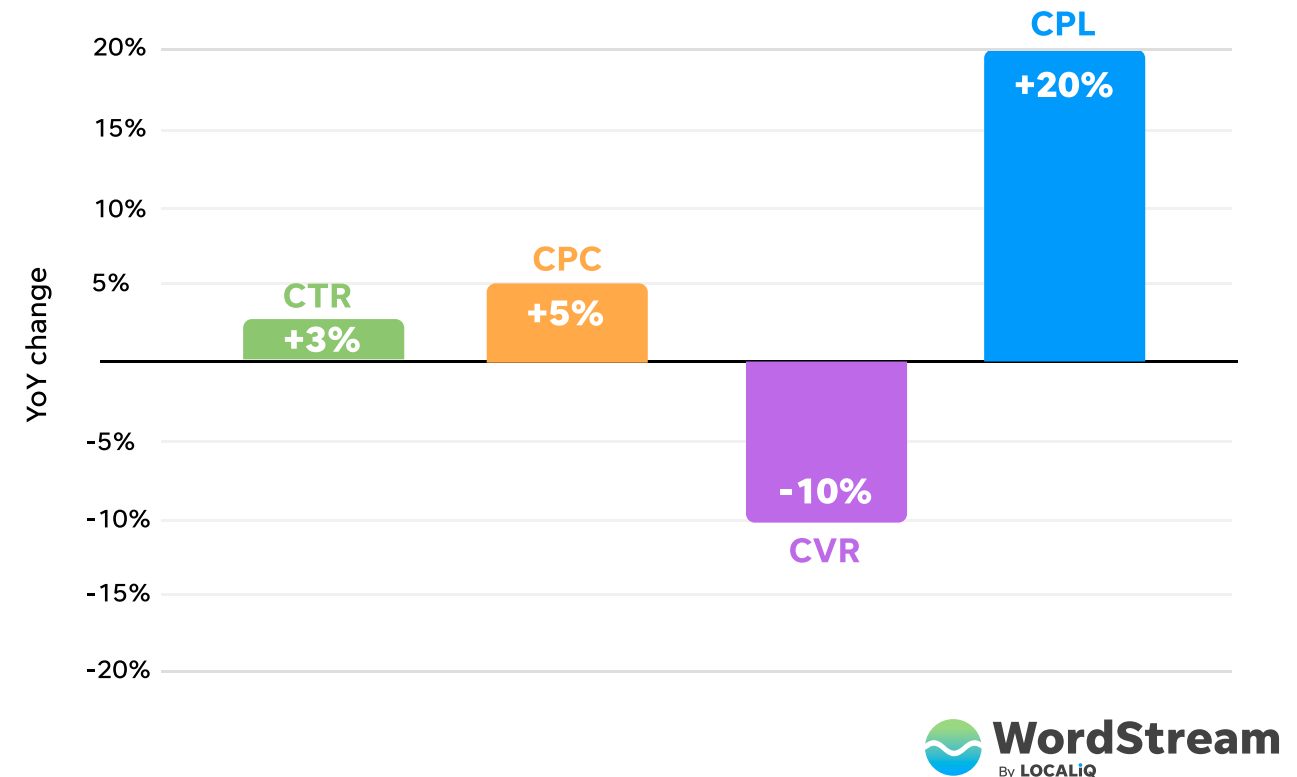


# The big picture

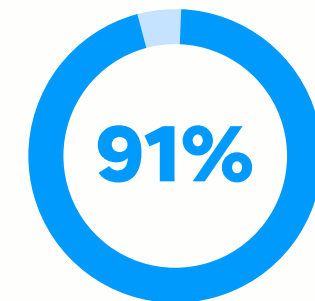
The overall averages in the previous page are best understood in the context of previous years. Here are the trends that provide that context.

- **Cost per lead has increased significantly.** 21 of the 23 industries we looked at saw an increase in CPL year over year, with an average overall increase of nearly 20%. This isn't surprising as record inflation and an unstable economy has led to an increase in prices across the board.
- **Conversion rate has decreased significantly.** 91% of industries saw a decrease in conversion rate, with an average overall decrease of 10%.
- **Cost per click has increased only slightly.** Just over 60% of the industries we looked at saw an increase in CPC, with an average overall increase of 5%.
- **Click-through rate has improved.** 91% of the industries in our report saw an increase in CTR year over year, with an average overall increase of 3%.

## 2023 Google Ads benchmarks, YoY changes



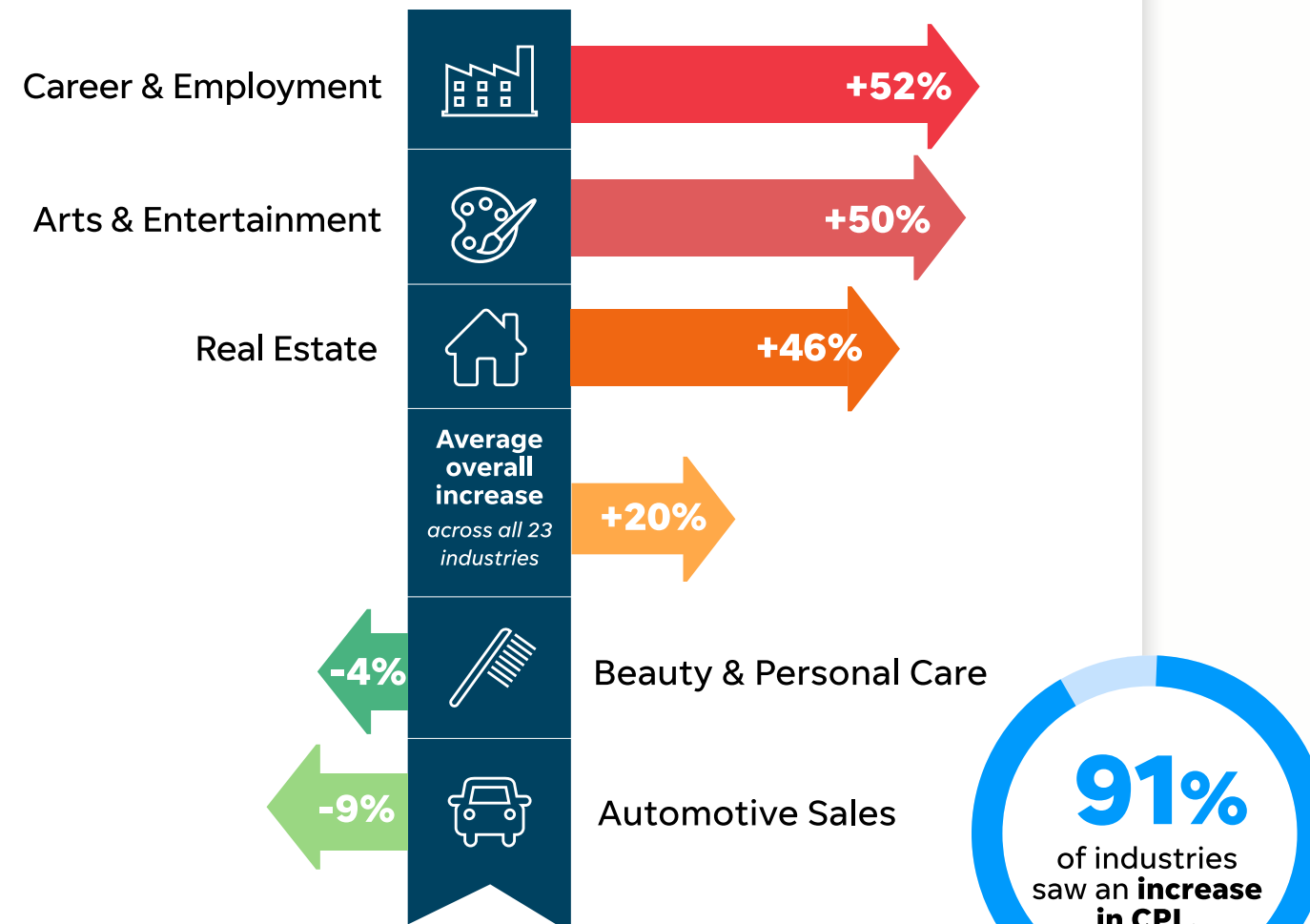
of industries  
saw an increase  
in CPC.



of industries  
saw an increase  
in CTR.

## Industries most impacted in 2023

Biggest YoY changes in Google Ads cost per lead



- **Certain industries demonstrated the highest increases in cost per lead.** These include Career & Employment (+52%), Arts & Entertainment (+50%), and Real Estate (+46%). The two industries that decreased in cost per lead are Automotive Sales (-9%) and Beauty & Personal Care (-4%).

# Key takeaways from the data

So what's behind these trends in the data? And how can you adapt to make the most of your campaigns? Here are our recommendations to continue seeing search advertising success this year.





# 1. Budgets need to flex to compete

With both average costs per lead and costs per click increasing in the last year for the majority of industries, it's no secret that stretching a smaller Google Ads budget is getting progressively more difficult.



## What you can do about it

To keep up with rising costs, advertisers will need to spend money to make money. While it's not always feasible to add more marketing budget to your Google Ads or Microsoft Ads campaigns, there are ways you can work smarter, not harder, when it comes to budgeting.

Budget flexibility can be a pathway to cost per click and cost per lead success. If you stay ready to re-allocate campaign

budget based on your unique needs and niche market trends, you'll be able to remain competitive. Basically, you want to squeeze the most out of the campaigns that are working for your business instead of against it.

LocaliQ Vice President of Client Success Stephanie Scanlan stresses the importance of proper budgeting. "You can have an amazing website that converts well, a tailored keyword list, and great text ads, but if you don't have the correct budget to show properly in the auction, your campaign will never succeed."

"You need budget to be able to get impressions needed to convert, bid correctly on your keywords, and sustain through your peak times of the day. Everything else doesn't matter if you aren't able to compete in the auction."

**"You can have an amazing website that converts well, a tailored keyword list, and great text ads, but if you don't have the correct budget to show properly in the auction, your campaign will never succeed."**

— Stephanie Scanlan, President of Client Success, LocaliQ

## 2. The customer's search journey is rapidly changing

Due to the average conversion rate decreasing for 91% of industries, it's safe to say that the buyer's journey is evolving. Consumers are likely more conscious of economic factors like inflation and, in turn, put more thought behind their buying decisions. This is likely why we're seeing lower conversion rates even though click-through rates have increased almost universally year-over-year.

Plus, today's digital landscape allows users to interact with your business across multiple channels before they convert. Meaning search advertising may be helping capture searchers at the top of the funnel before they're ready to purchase while other strategies move them closer to conversion.



### What you can do about it

If you're not already incorporating search into a cross-channel strategy, now is the time to do so. It's more important than ever to have your search ads work in tandem with other marketing strategies.

Knowing your buyer's behavior and adjusting your Google Ads strategy accordingly, is something that PPC expert Navah Hopkins, Evangelist at Optmyzr, recommends as well.

"My top tip is to do the work of building out buyer personas and align campaigns to them. That means using audience exclusions because audiences are now baked into broad-match," says Hopkins.

## Offers across the funnel

- Templates
- Guides
- Whitepapers
- Checklists

- Free tools
- Calculators
- Graders
- Data reports

- Demo
- Trial
- Assessment
- Purchase

Additionally, a full-funnel approach can help with improving results. Rather than striving solely for bottom-funnel conversions, create campaigns for lower-friction offers to drive awareness and engagement up-funnel.

**You can then nurture those leads with email campaigns to build trust and/or retarget them with lower-funnel offers.**

# 3. New additions to search campaigns have resulted in highly effective ads

Since we saw an increase in click-through rate for nearly every industry, we know people are more inclined to click on ads than ever before.

Considering platform updates like responsive search ads as the default ad type for search campaigns, additional ad assets now available, and more, the quality of ads on the SERP has increased. These factors, possibly combined with how well ads blend into the organic results in Google's latest interface, make ads more enticing for users to click on.



## What you can do about it

To keep up, search advertisers should be focusing on highly-optimized ad copy as well as leveraging multiple ad assets. This will enhance your ad to keep up with competition.

# Industry drill-down

For this part of the report, we’re going to dive a little deeper into each metric, defining each one, pointing out industry-specific patterns, and providing recommendations for improvement.

## Click to jump to a specific metric:

- ➔ Average click-through rate
- ➔ Average cost per click
- ➔ Average conversion rate
- ➔ Average cost per lead

Search Advertising Benchmarks 2023				
Average CPC, CPL, CTR, CVR				
	Avg. Cost Per Click (\$)	Avg. Cost Per Lead (\$)	Avg. Click-Through Rate (%)	Avg. Conversion Rate (%)
Animals & Pets	3.13	23.57	8.12	13.41
Apparel / Fashion & Jewelry	2.72	72.24	6.46	1.57
Arts & Entertainment	1.55	76.71	11.78	3.03
Attorneys & Legal Services	9.21	111.05	4.76	7.00
Automotive — For Sale	2.08	42.52	8.77	5.72
Automotive — Repair, Service & Parts	3.06	21.12	5.91	12.61
Beauty & Personal Care	2.89	36.97	6.87	8.16
Business Services	5.47	87.36	5.11	4.94
Career & Employment	3.78	132.95	6.67	3.11
Dentists & Dental Services	6.69	65.37	5.34	10.40
Education & Instruction	4.10	62.80	6.41	7.07
Finance & Insurance	4.01	90.02	6.18	4.11
Furniture	2.77	108.85	6.19	2.57
Health & Fitness	4.18	51.42	6.44	8.40
Home & Home Improvement	6.55	66.02	4.80	10.22
Industrial & Commercial	4.35	59.74	5.57	7.91
Personal Services	3.90	40.85	7.54	8.70
Physicians & Surgeons	3.97	37.71	6.73	13.12
Real Estate	1.55	66.02	9.09	2.88
Restaurants & Food	1.95	34.81	8.65	5.06
Shopping, Collectibles & Gifts	2.44	31.50	6.39	3.69
Sports & Recreation	1.77	31.82	10.53	5.69
Travel	1.63	62.18	10.03	3.87

Source: WordStream.com • Created with Datawrapper



# Average click-through rate

## By industry

Your average click-through rate can be a very telling indicator when it comes to the efficacy of your search ad quality. A higher ad rank combined with enticing ad copy will likely draw more clicks—which is a major steppingstone to gaining conversions.

Your average click-through rate is calculated by dividing the total number of clicks by total number of impressions.

**The average click-through rate in Google Ads in 2023 is 6.11%.**

You'll find the industries with the lowest click-through rates to be Attorneys and Legal Services at 4.76%, Home and Home Improvement at 4.80%, and Business Services at 5.11%.

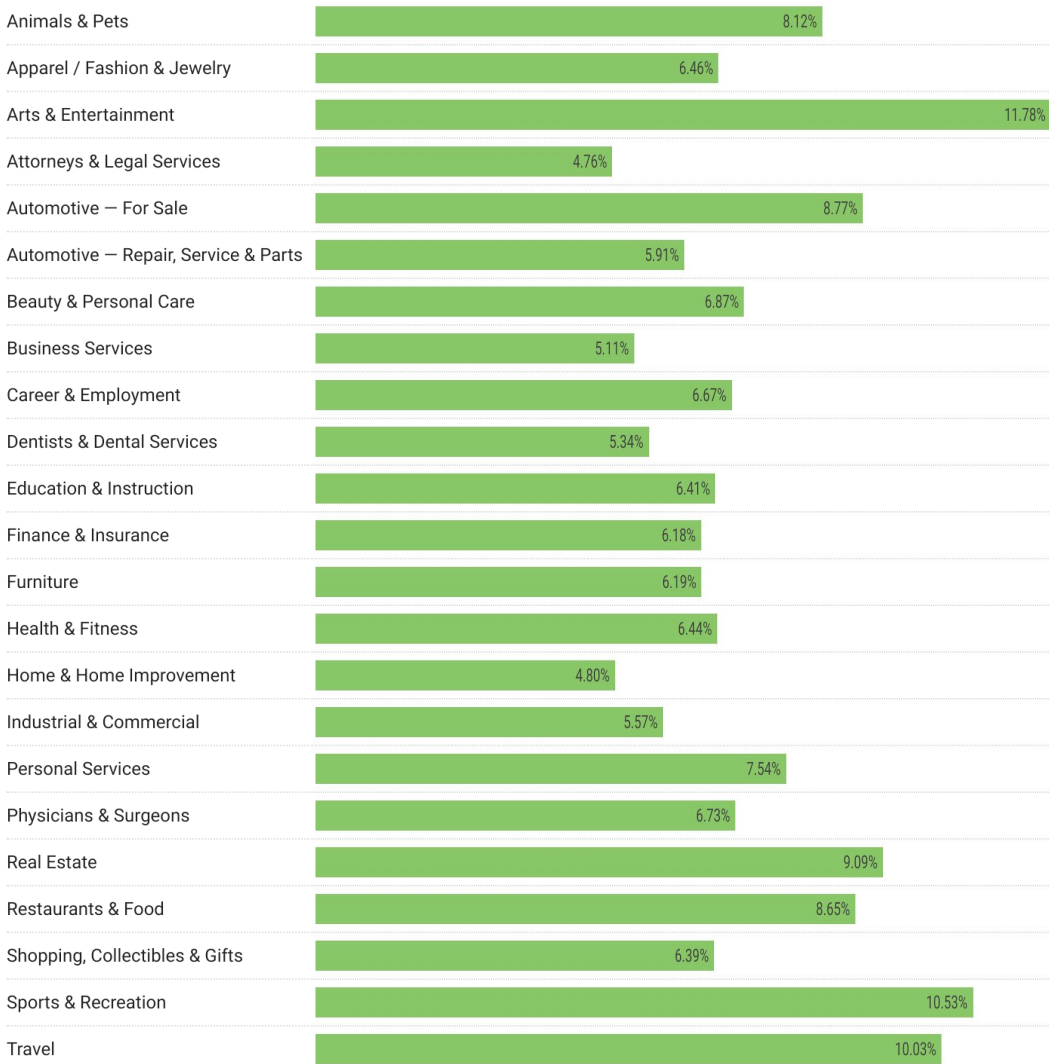
In contrast, the industries with the highest click-through rates were Arts and Entertainment at 11.78%, Sports and Recreation at 10.53%, and Travel at 10.03%.

The variation in CTRs can likely be attributed to differences in user intent and decision-making depending on what industry they're shopping in. For example, in the Arts/Entertainment category, a person seeking out a specific show or venue may be more inclined to click through on a result, while in the Apparel/Fashion/Jewelry category, a person shopping for shirts may do more browsing.

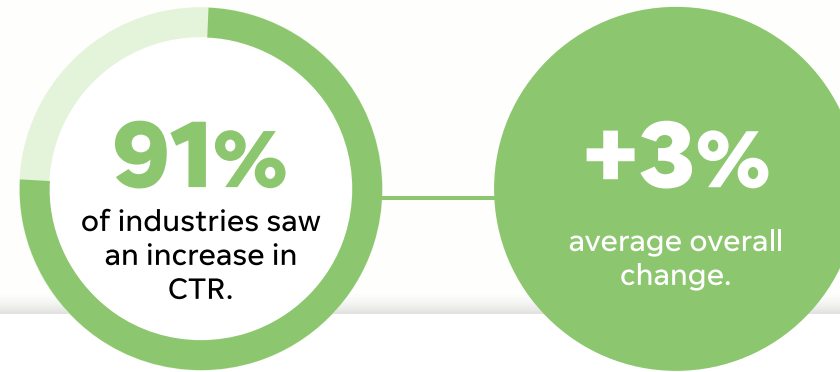
Plus, product searches tend to return more ad results per page (up to 30 Shopping ads on desktop and up to 15 on mobile), which could lead to lower CTR per ad; and the product photos allow a user to decide without clicking whether the product is what they want.

### Search Advertising Benchmarks 2023

#### Average Click Through Rate by Industry

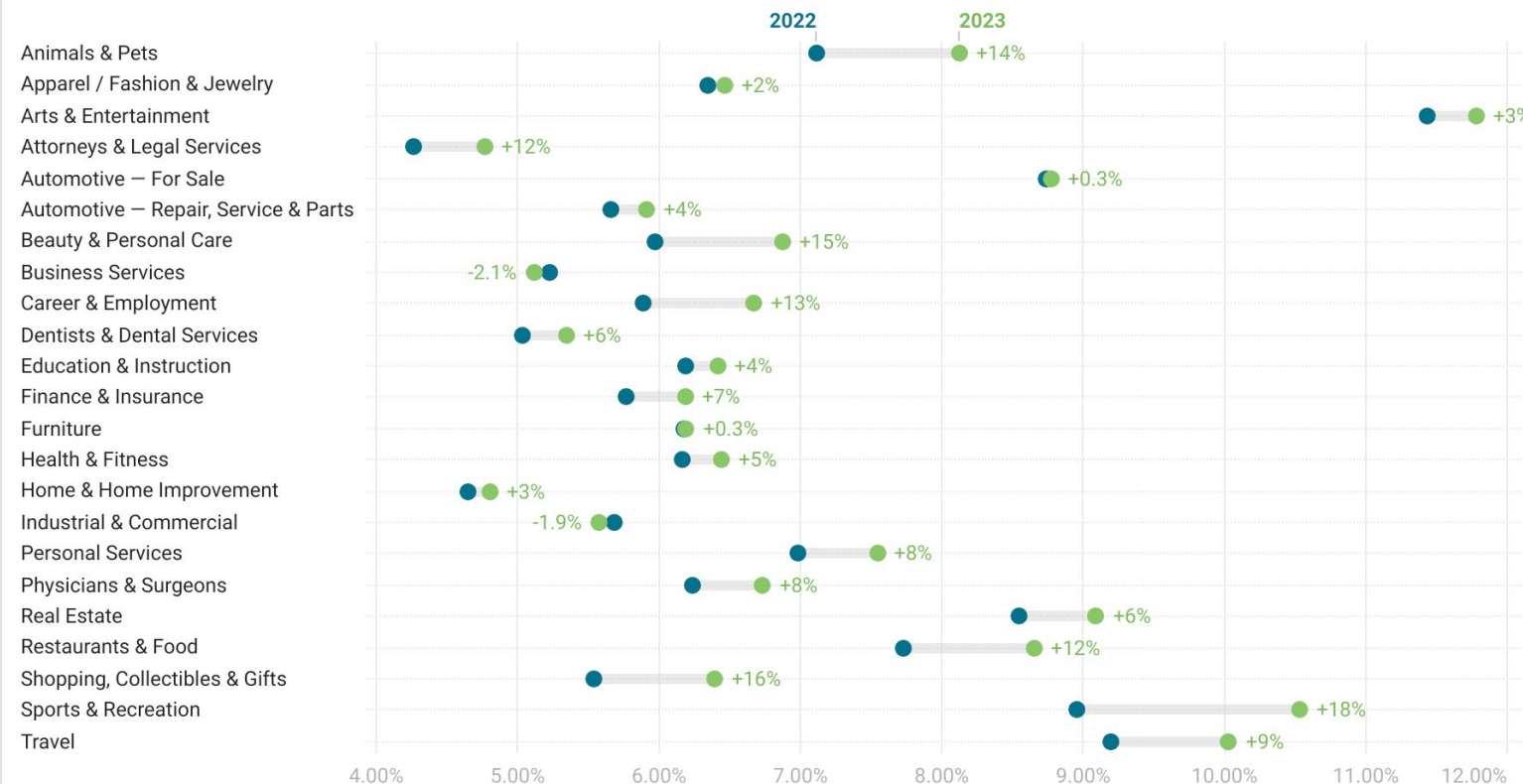


Source: Wordstream.com • Created with Datawrapper



## Search Advertising Benchmarks 2023

2022 vs 2023 Avg. Click Through Rate by Industry



Source: Wordstream.com • Created with Datawrapper

## Year over year

The industries that took the biggest hit to average click-through rates year over year were Business Services (down by 2.11%) and Industrial and Commercial (down by 1.94%).

Meanwhile, Sports and Recreation click-through rate increased by 17.65% year over year. Shopping, Collectibles, and Gifts saw an increase of 15.55% year over year. Also, the Beauty and Personal Care click-through rate went up by 15.08% year over year.

## How to improve your click-through rate

If you're seeing lower click-through rates than your industry average, take a look at your ad copy and targeting. Are there other features, benefits, or emotional tones you can try out? Is the messaging highly relevant to not just the keyword, but also the searcher?

Keep in mind that while higher CTR can bring down cost per click, it will increase cost per lead if those clicks aren't relevant, so you may want to revisit your keyword list to make sure they're truly relevant to your business. You can find more [strategies to improve your click-through rate here](#).

## CTR CHECKLIST

- ☐ Refine your keyword lists
- ☐ Use emotional words
- ☐ Refine your targeting
- ☐ Use negative keywords
- ☐ Put a special offer in the headline
- ☐ Keep your copy simple

# Average cost per click

## By industry

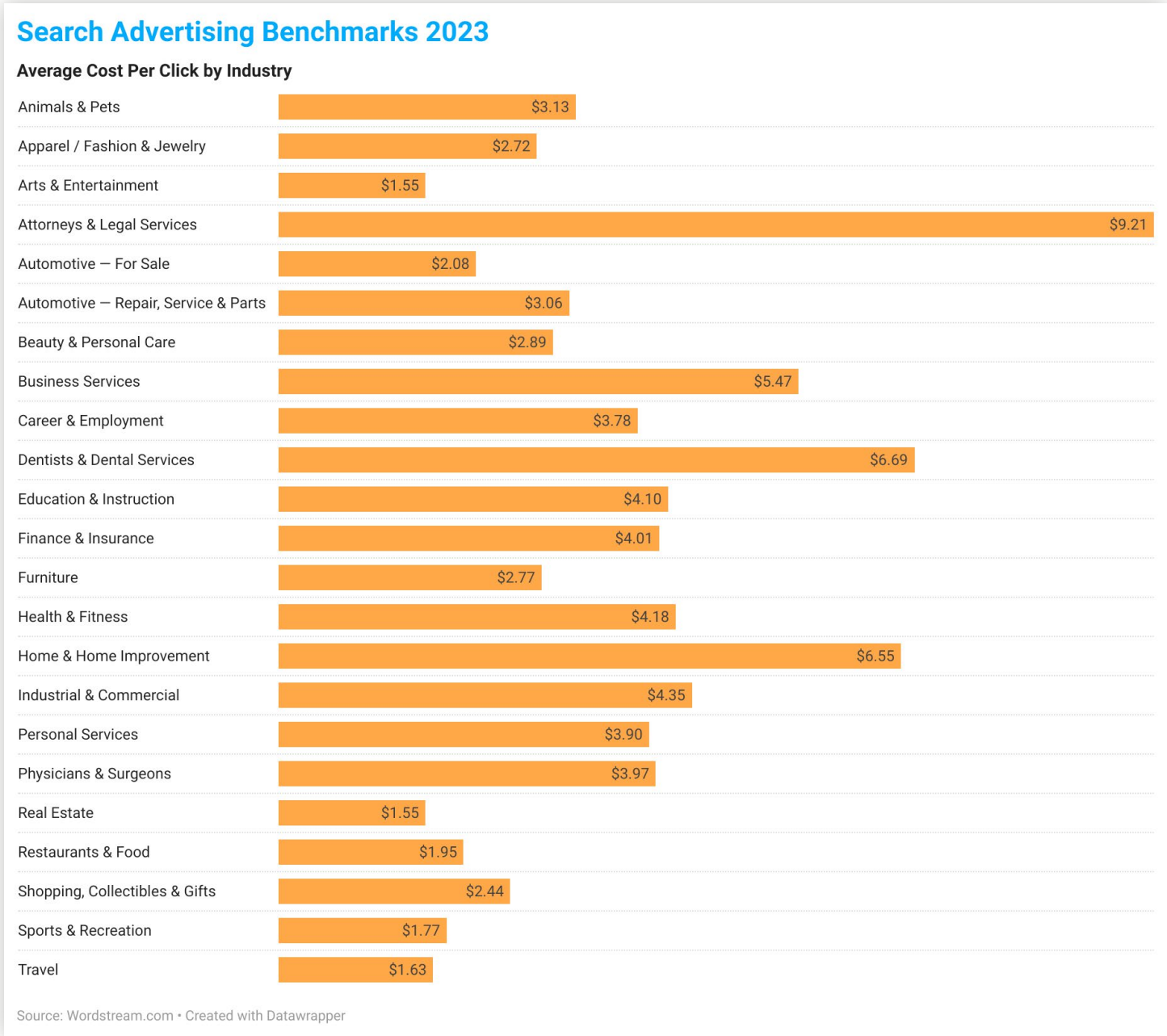
Average cost per click in Google Ads or Microsoft Ads is calculated by dividing the overall amount a campaign spent by the number of clicks it received. Clicks are the bread and butter of any search campaign since you need ad viewers to click to your landing page to convert them to a customer.

Each individual click will have a different cost as it’s calculated in real-time by the Google Ads auction algorithms. So, average cost per click can be a guiding light when trying to determine your bidding strategy, ad copy, budget, and more.

**The average cost per click in Google Ads in 2023 is \$4.22.**

The industries with the highest costs per click were Attorneys and Legal Services at \$9.21, Dentists and Dental Services at \$6.69, and Home and Home Improvement at \$6.55.

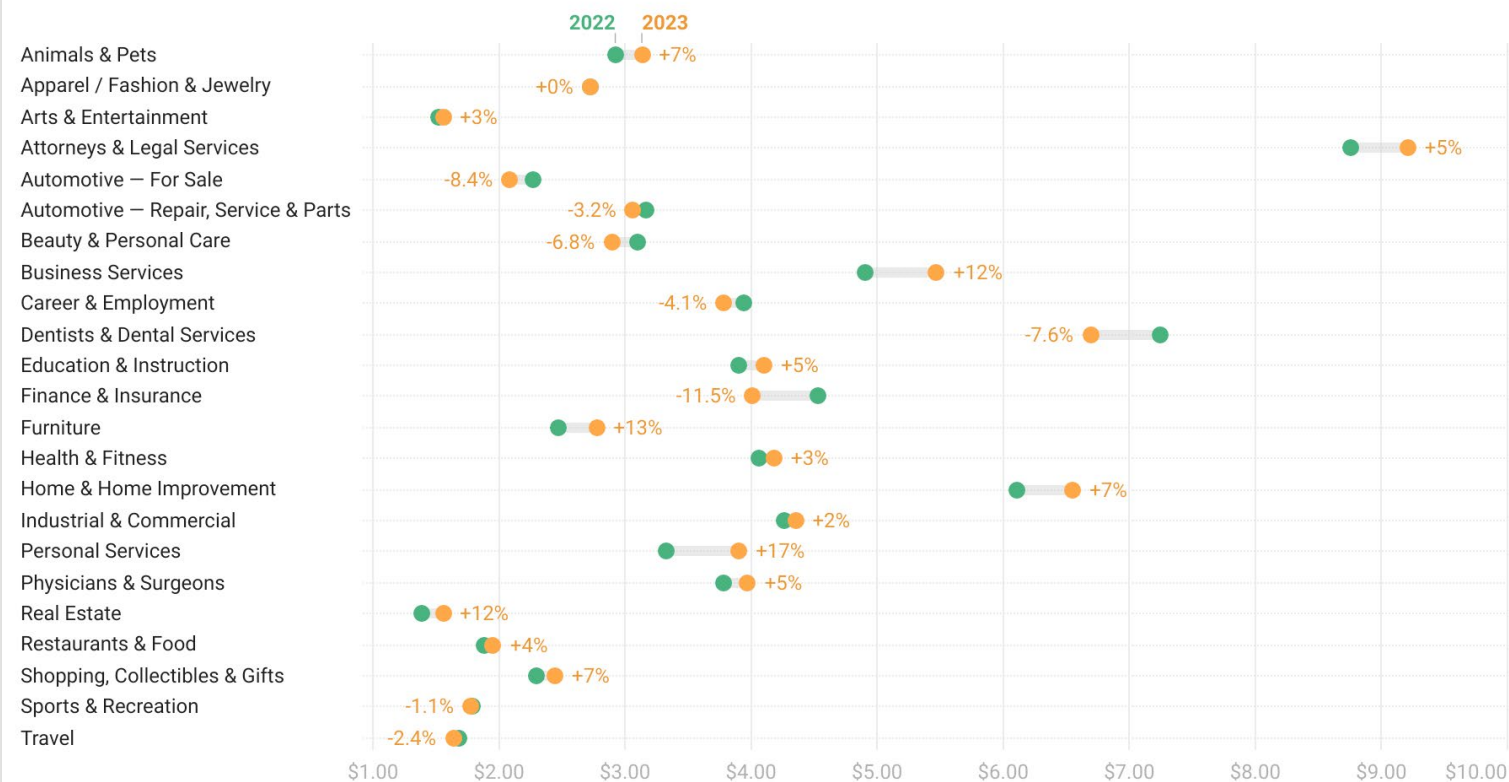
Meanwhile, the industries with the lowest costs per click were Arts and Entertainment as well as Real Estate—which were both at \$1.55. Travel is close behind with a \$1.63 CPC.





## Search Advertising Benchmarks 2023

2022 vs 2023 Avg. Cost Per Click by Industry



Source: Wordstream.com • Created with Datawrapper

## Year over year

More industries saw an increase in cost per click this year (61%) than we saw last year (57%). The biggest increases year over year were in Personal Services (up in cost by 17.47%), Furniture (up 12.6%), and Real Estate (up 12.32%).

Alternatively, some industries significantly saved on cost per click this year versus last year. For example, Finance and Insurance had the steepest drop in cost per click with an 11.48% decrease. Likewise, average cost per click was down by 8.37% for Auto Sales and 7.60% for Dentists and Dental Services.



## How to improve your cost per click

If your cost per click is higher than what you're seeing for your industry, you may need to make some improvements in your keyword-ad-landing page relevancy. This will help to improve your Quality Score, which can lower your cost per click.

Remember, though, that while high intent keywords are more expensive, they are often more valuable to your business and may be worth the higher cost per click. You can learn more ways to [lower your cost per click here](#).

## CPC CHECKLIST

- ☐ Do your keyword research
- ☐ Make sure ads and landing pages are relevant to their targeted keywords
- ☐ Use negative keywords
- ☐ Properly structure your account

# Average conversion rate

## By industry

Average conversion rate indicates how frequently your campaigns’ clicks turn into conversions. It’s calculated by dividing your total number of conversions by your total number of clicks.

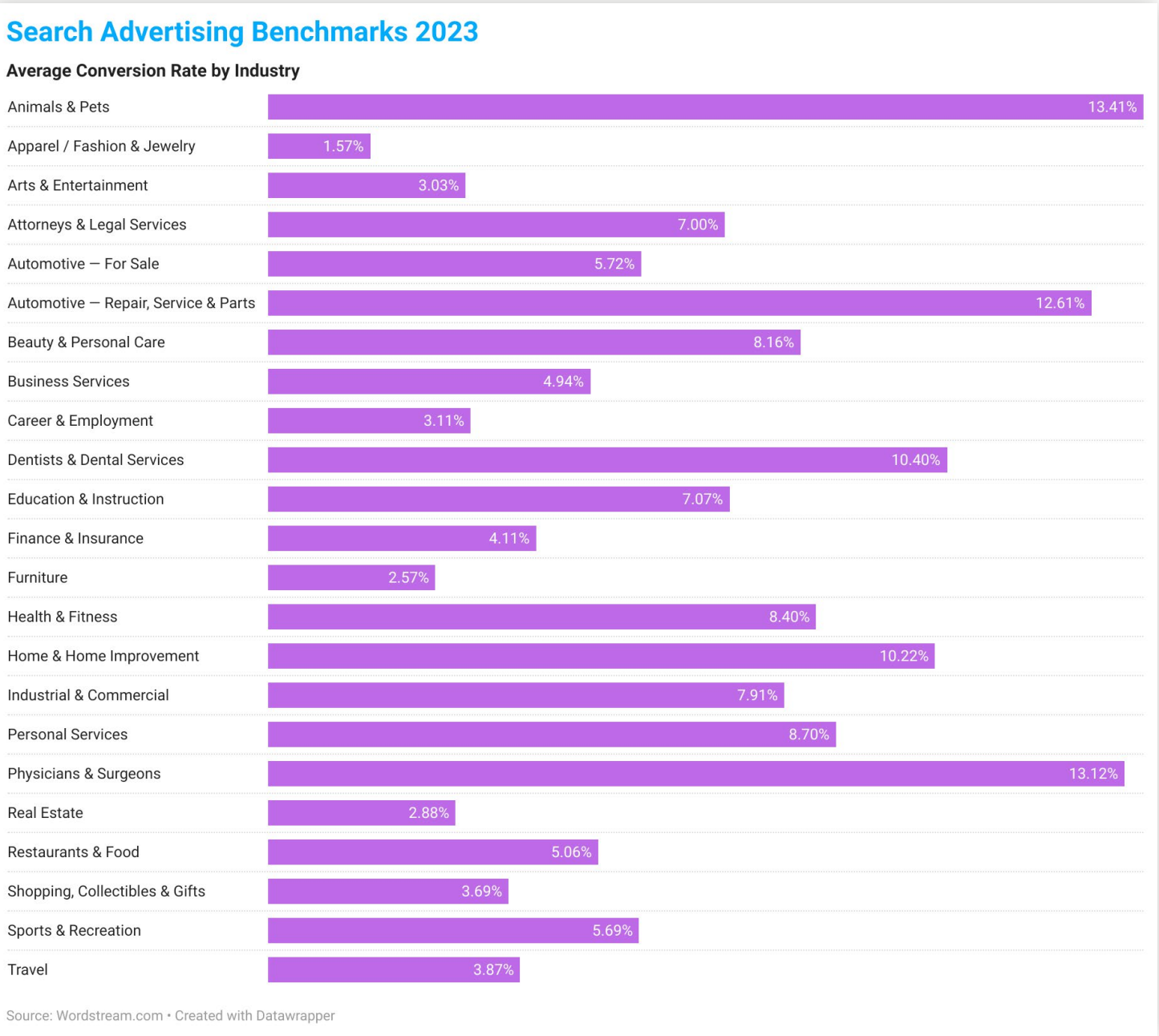
Conversion rate can directly correlate with your business’s bottom line, since bringing in more conversions can offset your costs per lead.

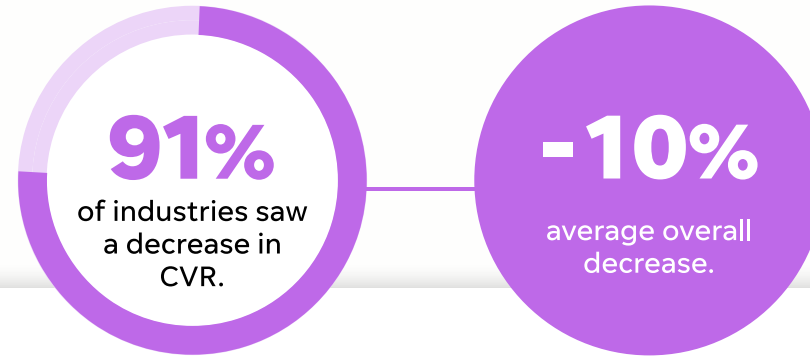
This metric provides insight into the effectiveness of a campaign in converting leads into customers, which is the ultimate goal of most PPC campaigns.

**The average conversion rate in Google Ads in 2023 is 7.04%**

The three industries with the lowest average conversion rates were Apparel, Fashion, and Jewelry at 1.57%, Furniture at 2.57%, and Real Estate at 2.88%.

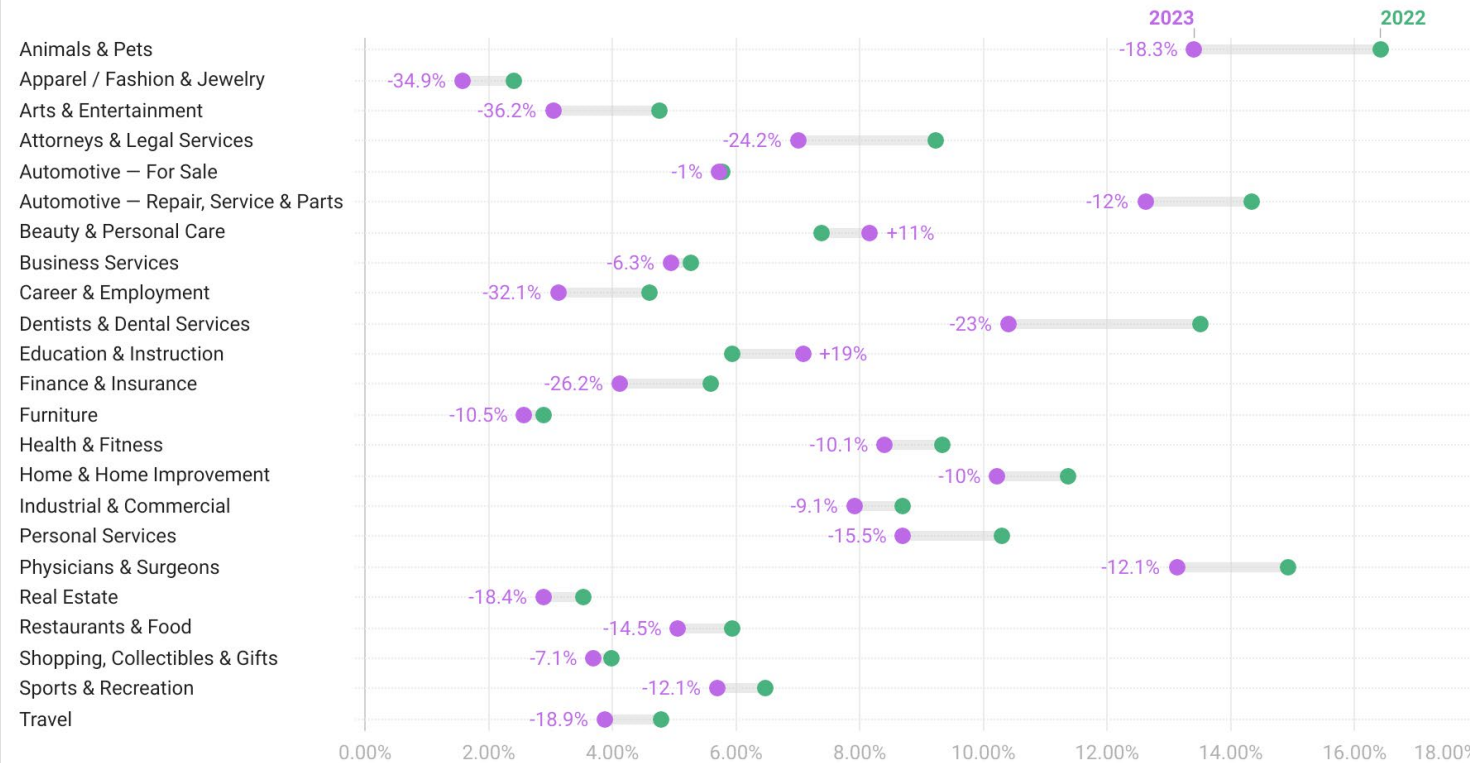
The three industries with the highest average conversion rates were Animals and Pets at 13.41, Physicians and Surgeons at 13.12%, and Automotive Repair, Service, and Parts at 12.61%.





## Search Advertising Benchmarks 2023

2022 vs 2023 Avg. Conversion Rate by Industry



Source: Wordstream.com • Created with Datawrapper

## Year over year

Average conversion rate decreased most significantly year over year for Arts and Entertainment (down 36.22%), Apparel, Fashion, and Jewelry (down 34.78%), and Career and Employment (down 32.04%).

However, Education and Instruction saw the highest increase in conversion rate year over year, up by 18.86%. Beauty and Personal Care followed behind with an increase in conversion rate of 10.76% year over year.

## How to improve your conversion rate

If your conversion rates are underperforming for your industry, check your landing pages. Are they optimized for mobile? Do they clearly state the benefits of your product/service and make it easy for the user to take the action? You can find more [landing page optimization tips here](#).

If your landing pages are optimized, you may then want to make sure your ads and offers are tightly aligned with the intent of the keyword and your audience. You can learn more in our [tips to improve conversion rates](#).

## LANDING PAGE OPTIMIZATION CHECKLIST

- ☐ Mobile optimized
- ☐ Simple forms
- ☐ Benefits made clear
- ☐ Clean layout
- ☐ Clear, concise copy
- ☐ Prominent CTA

# Average cost per lead

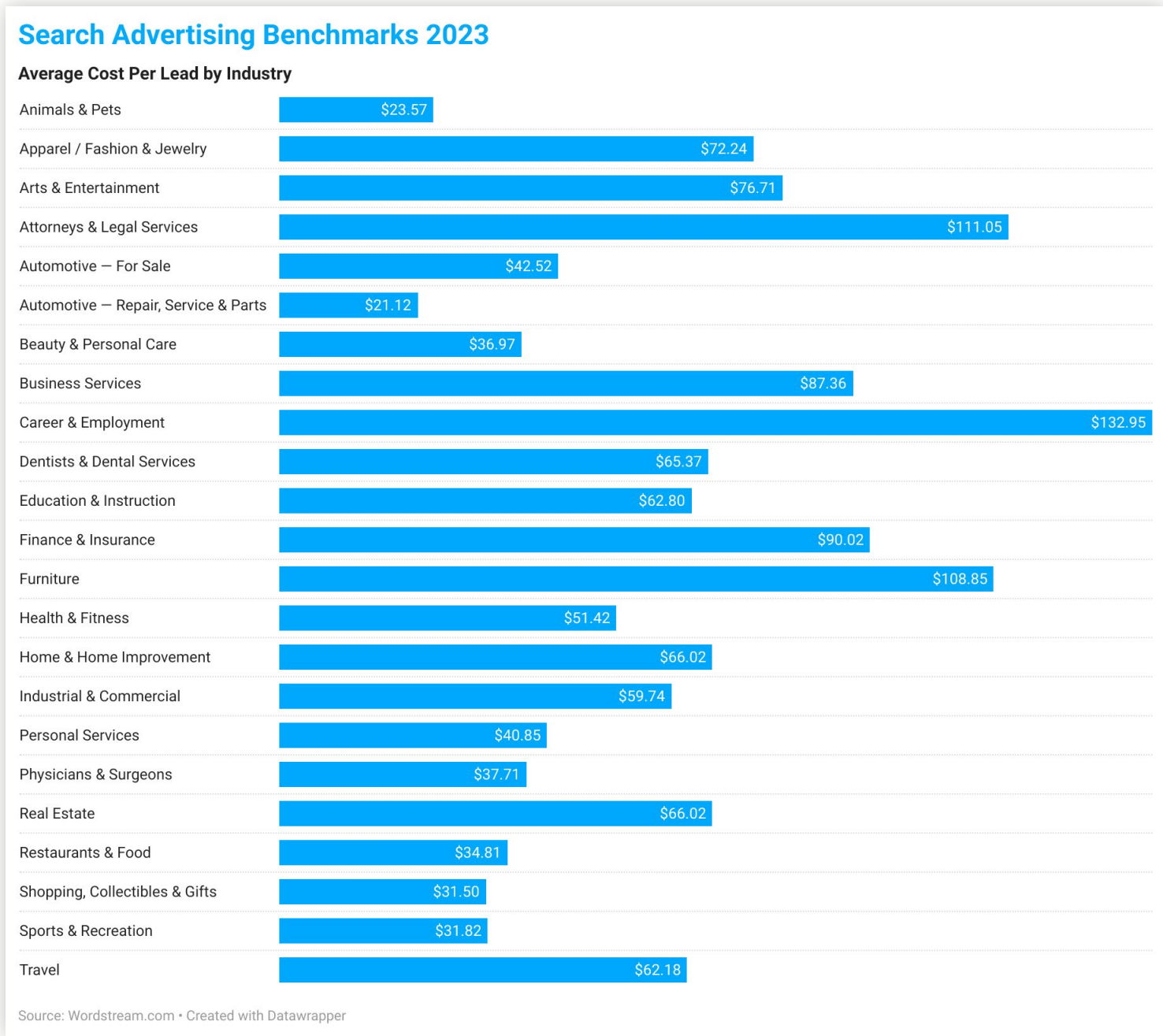
## By industry

Cost per lead is considered the “money metric” by many advertisers. That’s because it divides your total spend against your total number of conversions. Essentially, it’s telling you your “bang for your buck” when it comes to PPC advertising.

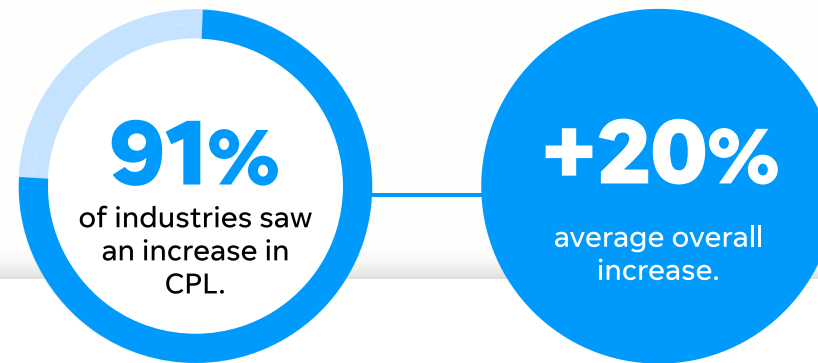
**The average cost per lead in Google Ads in 2023 is \$53.52.**

The industries with the highest cost per lead were Career and Employment (\$132.95), Attorneys and Legal Services (\$111.05), and Furniture (\$108.85).

The industries with the lowest cost per lead were Automotive Repair, Services, and Parts at \$21.12, Animals and Pets at \$23.57, and Shopping, Collectibles, and Gifts at \$31.50.

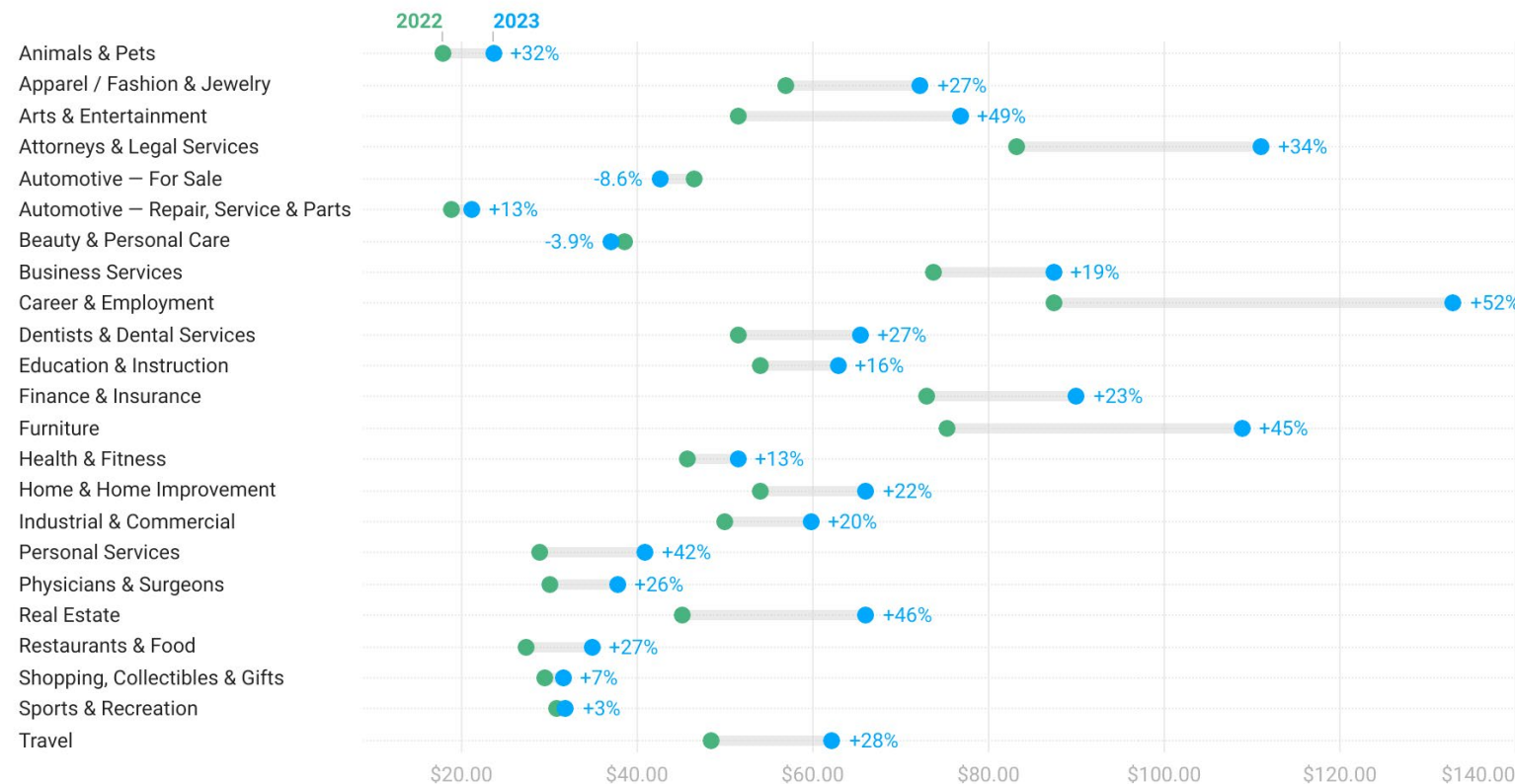






## Search Advertising Benchmarks 2023

2022 vs 2023 Avg. Cost Per Lead by Industry



Source: Wordstream.com • Created with Datawrapper

## Year over year

The biggest increases in CPL year over year were in the industries of Career and Employment (up by 52.19%), Arts and Entertainment (up by 49.18%), and Real Estate (up by 46.22%).

This isn't surprising given the state of the economy. "The recent rise in interest rates is impacting several industries' digital campaigns. Interest rates are the highest they've been since 2008—but the digital landscape in 2023 is incomparable to the last time advertisers were campaigning with high interest rates," says Mark Irvine, Director of Paid Media at SearchLab.

"The biggest purchases a typical consumer makes, like real estate, finance, and education, are decisions that are often motivated and financed by loans. These aren't trivial decisions, and consumers are going to spend more time researching and comparing options in these industries."

As for the biggest decreases in cost per lead year over year, Auto Sales wins out with a decrease of 8.62%, followed by Beauty and Personal Care at 3.90% lower CPL than last year.

## How to improve your cost per lead

If you're looking to bring down your cost per lead, you'll need to increase lead volume and/or lower your cost per click (using our tips above).

You can also make adjustments to your bids and budgets. For example, you may allocate more of your budget to campaigns with lower CPAs, or adjust your bids within a campaign to be higher for certain times of the day or devices. You can find more [ways to lower your CPL here](#).



**If you're not totally satisfied with your search ad results, try the Google Ads Performance Grader to get a free report card with tips on how to improve.**

## CPL CHECKLIST

- ☐ Use prequalifying ad copy
- ☐ Target more specific keywords
- ☐ Allocate more budget to more cost-effective keywords
- ☐ Try out Microsoft ads





## ABOUT THE DATA

This report is based on a sample of 17,253 US-based LocaliQ customer campaigns in the outlined business categories that were running search ads between April 1, 2022-March 31, 2023.

Our proprietary platform dynamically shifts budget between search channels on a campaign-by-campaign basis, but in aggregate, approximately 80-85% of budget is allotted to Google and 15-20% to Microsoft.

Each business category includes a minimum of 89 unique campaigns. All currency values are posted in USD.

You can find the charts from this report as well as our previous benchmark data in interactive format in our [Online Advertising Benchmarks](#) page.



# Ready for better search ads results?

Search advertising benchmarks give you helpful data to better contextualize your results. But true success comes down to how you’re converting the leads you get from search ads. We can help you with both! Get great search advertising results and convert those leads into customers with our search advertising solution. Find out how.

Get a demo

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- @LocaliQ
- Linkedin.com/LocaliQ
- Instagram.com/LocaliQ

