2025
Paid Advertising Benchmark Report

Key metrics from paid advertising campaigns

LOCALiQ

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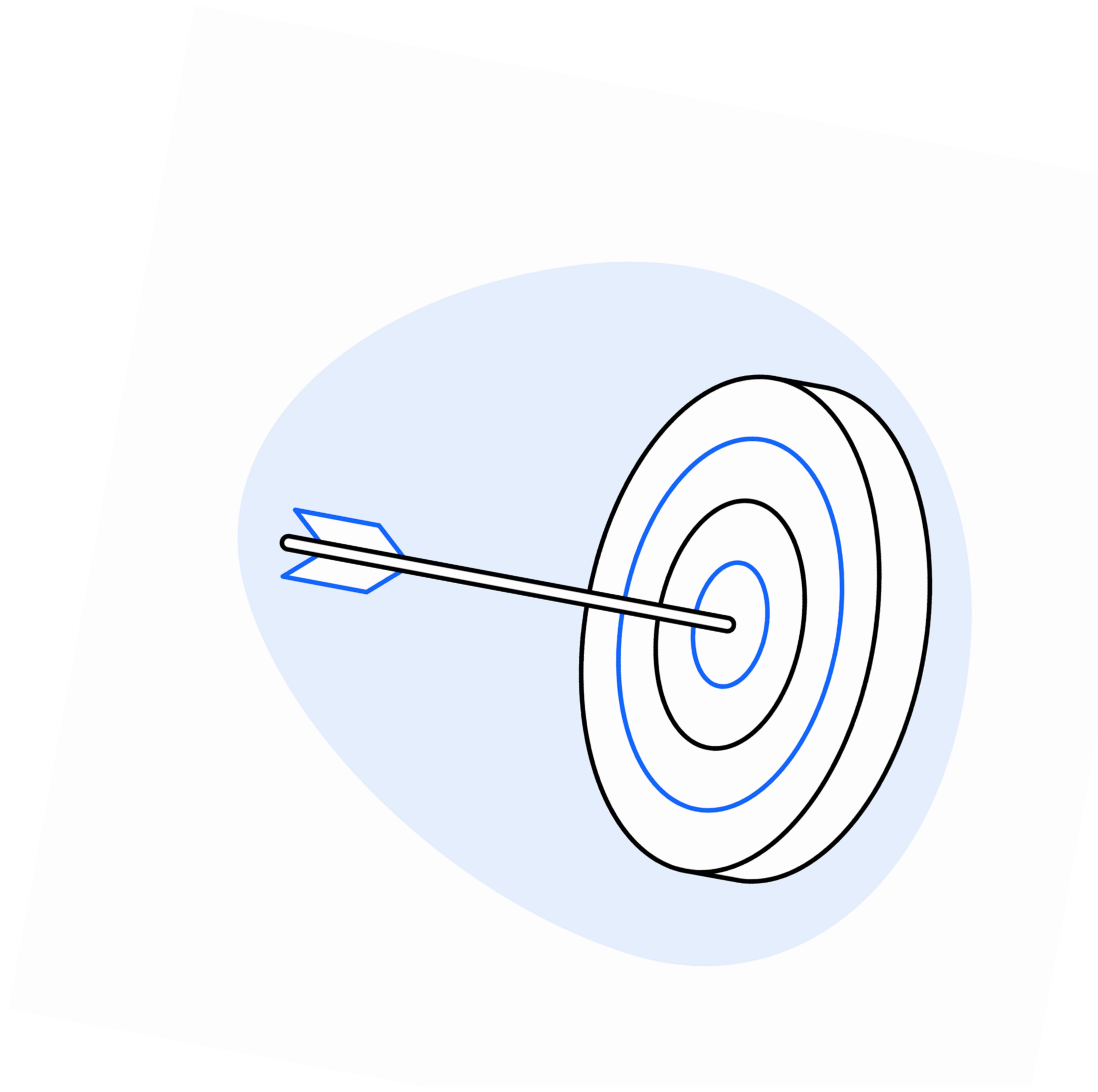

Executive Summary:

The data in this report is compiled from search advertising, social advertising and cross-media advertising campaigns from 2023 and 2024.

This report will help you benchmark your own marketing output and get a better understanding of how your results compare.

- The data within this report has been pulled from over 600 advertisers and more than 10,000 LOCALiQ paid advertising campaign cycles over the past two years.
- The report will cover three separate tactics: paid search advertising, paid social advertising and cross-media advertising.
- Metrics in this report include; average click-through rate, average cost per click, 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
Total spend divided by the number of clicks.

CVR
CONVERSION RATE
Percentage of clicks that result in a lead.

Paid Search Advertising

Benchmark Analysis (2023 vs 2024)

Year-on-Year Analysis:

Key Insights for Paid Search Advertising.

The search advertising data presents a mixed picture, showing increased engagement but declining efficiency in converting users.

The average click-through rate has seen a 6.7% increase YoY, indicating that ad copy, targeting, and search intent alignment have improved, leading to more users clicking on ads.

However, the conversion rate has dropped to 3.65%, down 17.34% YoY, suggesting that while more users are engaging with ads, fewer are completing desired actions, this is likely due to weak landing pages that do not provide users with the content they were trying to find. Alternatively, it could be that advertisers are running retargeting campaigns and users are converting later on additional platforms, such as social media or display ads, rather than on their initial search visit.

Cost per click (CPC) has seen a fairly significant increase, likely driven by intensified bidding wars, Google's evolving auction dynamics, and a greater reliance on automated bidding strategies.

Search Advertising Benchmarks

Averages across all industries

4.3%
+6.72% YoY
Click-through rate

3.65%
-17.34% YoY
Conversion Rate

£1.72
+28.36% YoY
Cost-per-click

Please remember that industries vary significantly around these data points.

Even businesses within the same industry might experience different results.

Behind the data trends

2024 saw click-through rates improve year on year, but conversion rates decreased and the cost-per-click went up.

Here are some reasons why we're seeing these data trends:

- **Increased competition:** More businesses are likely investing in paid search advertising, driving up CPC as they compete for limited ad space.
- **Google's raising costs:** Google's auction-based ad system prioritises advertisers with higher bids and strong ad relevance, meaning increased competition naturally drives up CPC. It has also been reported that Google increases its advertising auctions to hit its own revenue targets.
- **Economic pressures:** Consumers may click on ads out of interest but hesitate to convert due to financial uncertainty or budget-conscious decision-making.
- **Shifts in consumer behaviour:** Users may conduct more research before purchasing, leading to higher CTRs without immediate conversions.
- **Ad fatigue and misalignment:** Improved ad creatives may generate curiosity, but if landing pages or offerings are not aligned, conversion rates will suffer.
- **AI-driven ad targeting:** Platforms may optimise for CTR to maximise engagement metrics, even if the clicks are not from high-intent users.
- **Brand awareness campaigns:** More advertisers may prioritise visibility and top-of-funnel awareness, contributing to higher CTRs but fewer conversions.

Average Click-Through Rate

Top Performing industries for CTR:

Entertainment & Leisure was the best performing industry for CTR in both 2023 and 2024, likely due to due to the growing demand for local, in-person experiences.

2023:

1. Entertainment and Leisure: **7.2%** CTR
2. Aesthetic: **5.8%** CTR
3. Education: **5.3%** CTR

2024:

1. Entertainment and Leisure: **12.4%** CTR
2. Property: **6.3%** CTR
3. Education: **5.9%** CTR

Industries with the lowest CTR:

While some industries improved in 2024, Agencies and Partners struggled to improve, suggesting increasing competition YoY.

2023:

1. Agencies and Partners: **1.8%** CTR
2. Recruitment: **1.9%** CTR
3. Finance: **2.2%** CTR

2024:

1. Agencies and Partners: **2.2%** CTR
2. Solicitors: **2.2%** CTR
3. Retail/E-Commerce: **2.3%** CTR

LOCALiQ Industries	2023	2024
Aesthetic	5.8%	4.0%
Agencies and Partners	1.8%	2.2%
Automotive	5.6%	4.8%
Dental	3.6%	2.5%
Education	5.3%	5.9%
Entertainment and Leisure	7.2%	12.4%
Family & Personal Services	3.5%	5.6%
Farming & Agriculture	5.9%	5.4%
Finance	2.2%	4.7%
Government & Politics	4.0%	3.4%
Healthcare	2.7%	2.8%
Home Services	2.6%	2.4%
Property	5.8%	6.3%
Recruitment	1.9%	2.8%
Retail/E-Commerce	2.8%	2.3%
Solicitors	2.1%	2.2%
Travel and Hospitality	5.5%	3.3%

Average Conversion Rate

LOCALiQ Industries	2023	2024
Aesthetic	1.2%	2.2%
Agencies and Partners	1.4%	1.5%
Automotive	1.8%	2.7%
Dental	5.3%	2.0%
Education	3.0%	3.7%
Entertainment and Leisure	4.5%	9.2%
Family & Personal Services	6.4%	0.8%
Farming & Agriculture	5.0%	0.3%
Finance	1.2%	0.1%
Government & Politics	6.3%	1.4%
Healthcare	1.9%	1.3%
Home Services	3.5%	2.7%
Property	3.6%	4.9%
Recruitment	1.4%	0.2%
Retail/E-Commerce	1.1%	1.9%
Solicitors	4.4%	4.0%
Travel and Hospitality	23.0%	23.1%

Top Performing industries for Conversion Rate:

Travel & Hospitality maintained its dominance, suggesting high-intent searches are conducted for the services provided by that industry.

Entertainment & Leisure significantly improved, showing that compelling offers and user experience matter.

2023:
1. Travel and Hospitality: **23%** Conversion Rate
2. Personal Services: **6.4%** Conversion Rate
3. Government & Politics: **6.3%** Conversion Rate

2024:
1. Travel and Hospitality: **23.1%** Conversion Rate
2. Entertainment and Leisure: **9.2%** Conversion Rate
3. Property: **4.9%** Conversion Rate

Cost Per Click (£)

Industries that had the highest CPC:

Legal and financial services continued to have the highest CPCs YoY, indicating that there is strong competition within both industries.

Given the nature of these services, potential clients will be highly valuable.

Which is likely why so many of these businesses are competing with each other online.

2023:

1. Solicitors: **£3.06** CPC
2. Finance: **£2.53** CPC
3. Family & Personal Services: **£1.81** CPC

2024:

1. Solicitors: **£2.93** CPC
2. Aesthetic: **£2.73** CPC
3. Recruitment: **£2.68** CPC

LOCALiQ Industries	2023	2024
Aesthetic	0.96	2.73
Agencies and Partners	1.47	1.87
Automotive	0.93	1.25
Dental	1.31	1.43
Education	0.80	0.88
Entertainment and Leisure	0.80	0.74
Family & Personal Services	1.44	1.70
Farming & Agriculture	0.98	2.47
Finance	2.53	2.10
Government & Politics	1.30	1.78
Healthcare	1.57	1.32
Home Services	1.67	1.94
Property	1.07	1.45
Recruitment	1.09	2.68
Retail/E-Commerce	1.03	1.03
Solicitors	3.06	2.93
Travel and Hospitality	0.74	0.91

Social Media Advertising

Benchmark Analysis (2023 vs 2024)

Year-on-Year Analysis:

Key Insights for Social Media Advertising.

Overall, the averages indicate that social media performance is improving, though these gains come with higher costs.

Click-through rates saw a 5.6% increase year on year, indicating that the ad creatives and targeting are engaging users more effectively.

Conversion rates were up 10.6% YoY, which is a big difference when compared to the search advertising metrics. The high conversion rate could be due to enhanced retargeting efforts that focus on users already familiar with the brand.

However, there was a notable rise in cost per click. This suggests intensified competition for ad placements, possibly driven by more aggressive bidding in retargeting campaigns or an overall increase in demand for high-quality placements.

These trends imply that while advertisers are successfully attracting more engaged users and achieving better conversion outcomes, they are also investing more per click, which could reflect a strategic shift toward quality over quantity in their advertising spend.

Social Media Advertising Benchmarks

Averages across all industries

2.3%
+5.6% YoY
Click-through rate

2.1%
+10.6% YoY
Conversion Rate

£0.86
+33.79% YoY
Cost-per-click

Please remember that industries vary significantly around these data points.

Even businesses within the same industry might experience different results.

Behind the data trends.

2024 saw click-through rates and conversion rates both improve, but cost-per-click also increased.

Here are some reasons why we're seeing these data trends:

- **Improved targeting with AI and machine learning:** Platforms are using more advanced algorithms to serve ads to the right audience, leading to higher engagement and improved conversion rates. However, this premium targeting often results in higher CPCs.
- **Consumer trust and familiarity:** As consumers become more comfortable with online shopping and digital interactions, they are more likely to engage with and convert from social media ads. Brands with strong social presence may also see improved performance.
- **Stronger consumer engagement:** Users may be spending more time on these platforms, leading to greater exposure to ads. Video content, carousel ads, and immersive experiences drive clicks, while easier shopping options through integrated store features can improve conversions.
- **Increased competition:** More businesses are shifting budgets to social media due to its precise targeting and measurable ROI. This competition for ad space naturally raises CPCs.
- **Personalised ad experiences:** Brands are using first-party data and predictive analytics to deliver hyper-personalised ads, making users more likely to click and convert, even if it comes at a higher cost. Platforms like Meta allow businesses to use first-party data for improved retargeting and lookalike audience creation.
- **Brand building and retargeting:** Companies often run a mix of brand awareness and retargeting campaigns. While initial campaigns drive clicks, follow-up ads targeted to engaged users tend to have higher conversion rates, albeit at a higher CPC.

Average Click-Through Rate

Government & Politics had the best CTR in 2024 and also featured in the top 3 in 2023. Political messaging can often generate strong emotional engagement and can be tied to time-sensitive events, meaning there is a limited time window for users to act upon the CTA.

Top Performing industries for CTR:

2023:
1. Travel and Hospitality: **3.9%** CTR
2. Government & Politics: **3%** CTR
3. Entertainment and Leisure: **2.4%** CTR

2024:
1. Government & Politics: **3.9%** CTR
2. Entertainment and Leisure: **3.7%** CTR
3. Property: **3.3%** CTR

Industries with the lowest CTR:

2023
1. Finance: **0.8%** CTR
2. Solicitors: **2%** CTR
3. Retail/E-Commerce: **2.6%** CTR

2024:
1. Solicitors: **1.1%** CTR
2. Finance: **1.6%** CTR
3. Recruitment: **1.7%** CTR

LOCALiQ Industries	2023	2024
Agencies and Partners	2.2%	1.5%
Automotive	1.8%	3.1%
Dental	1.6%	1.4%
Education	1.5%	1.9%
Entertainment and Leisure	2.4%	3.7%
Family & Personal Services	1.6%	1.7%
Farming & Agriculture	2.6%	1.6%
Finance	0.8%	1.6%
Government & Politics	3.0%	3.9%
Healthcare	1.8%	1.8%
Home Services	1.7%	1.9%
Property	2.5%	3.3%
Recruitment	2.5%	1.7%
Retail/E-Commerce	2.6%	3.2%
Solicitors	2.0%	1.1%
Travel and Hospitality	3.9%	3.4%

Average Conversion Rate

LOCALiQ Industries	2023	2024
Agencies and Partners	0.7%	0.6%
Automotive	3.0%	1.7%
Dental	0.5%	5.1%
Education	1.3%	1.0%
Entertainment and Leisure	2.2%	0.8%
Family & Personal Services	1.5%	1.0%
Farming & Agriculture	1.6%	1.0%
Finance	6.9%	2.1%
Government & Politics	0.3%	1.5%
Healthcare	3.6%	3.2%
Home Services	1.6%	1.0%
Property	1.2%	1.0%
Recruitment	3.8%	2.4%
Retail/E-Commerce	0.4%	1.1%
Solicitors	0.3%	5.3%
Travel and Hospitality	2.8%	4.1%

Top performing industries for conversion rate:

Industries that excelled in conversions reflect high-intent searches.

Travel & Hospitality maintained its dominance, while Entertainment & Leisure significantly improved, showing that compelling offers and user experience matter.

2023:

1. Finance: **6.9%** Conversion Rate
2. Automotive: **3%** Conversion Rate
3. Travel and Hospitality: **2.8%** Conversion Rate

2024:

1. Solicitors: **5.3%** Conversion Rate
2. Dental: **5.1%** Conversion Rate
3. Travel and Hospitality: **4.1%** Conversion Rate

Cost Per Click (£)

Industries that had the highest CPC:

Solicitors and financial services continue to lead in CPC, requiring businesses in these industries to carefully manage budgets.

2023:

1. Finance: **£3.08** CPC
2. Solicitors: **£0.63** CPC
3. Retail/E-Commerce: **£0.22**

2024:

1. Solicitors: **£3.61** CPC
2. Finance: **£1.32** CPC
3. Farming & Agriculture: **£0.95** CPC

LOCALiQ Industries	2023	2024
Agencies and Partners	0.74	0.77
Automotive	0.66	0.49
Dental	0.98	1.95
Education	0.59	0.45
Entertainment and Leisure	0.29	0.19
Family & Personal Services	0.41	0.58
Farming & Agriculture	0.26	0.96
Finance	3.09	1.32
Government & Politics	0.22	0.16
Healthcare	0.67	0.78
Home Services	0.70	0.74
Property	0.52	0.57
Recruitment	0.43	0.68
Retail/E-Commerce	0.22	0.31
Solicitors	0.63	3.61
Travel and Hospitality	0.25	0.24

Cross Media Advertising

Benchmark Analysis (2023 vs 2024)

Year-on-Year Analysis:

Key Insights for Cross Media Advertising.

Cross Media Advertising allows businesses to effectively allocate and optimise their paid advertising budget across multiple channels and networks.

Our year-over-year analysis shows a substantial increase in CTR (63.48%), indicating that ad engagement has significantly improved. However, the conversion rate has declined (-15.03%), suggesting that while users are more likely to click on ads, converting them into leads or customers remains a challenge.

Additionally, the CPC has risen (20.84%), reinforcing the importance of strategic budget allocation and audience targeting. As businesses plan their 2025 strategies, optimising conversion rates and managing CPC will be critical to maintaining a strong return on ad spend (ROAS).

Cross Media Advertising

Averages across all industries

4.2%
+63.5% YoY
Click-through rate

2.2%
-15% YoY
Conversion rate

£1.30
+20.8% YoY
Cost-per-click

Please remember that industries vary significantly around these data points.

Even businesses within the same industry might experience different results.

CTR, Conversion Rate & CPC

Top Performing industries for CTR:

2023:
1. Entertainment and Leisure: **5.7%** CTR
2. Solicitors: **5.3%** CTR
3. Healthcare: **3%** CTR

2024:
1. Home Services: **11.7%** CTR
2. Healthcare: **4.8%** CTR
3. Family & Personal Services: **3.1%** CTR

Top Performing industries for Conversion Rate:

2023:
1. Healthcare: **4.1%**
2. Automotive: **3.7%**
3. Family & Personal Services: **2.4%**

2024:
1. Healthcare: **8.4%**
2. Automotive: **2.3%**
3. Family & Personal Services: **1%**

Industries with the highest CPC:

2023:
1. Retail/E-Commerce: **£2.71**
2. Home Services: **£1.43**
3. Finance: **£1.38**

2024:
1. Home Services: **£3.52**
2. Retail/E-Commerce: **£1.24**
3. Healthcare: **£0.99**

In 2024, Home Services and Healthcare emerged as dominant industries, with Home Services seeing a major spike in click-through rate (CTR) and cost per click (CPC), indicating high engagement and increased competition.

Healthcare maintained strong performance across CTR, CPC, and conversion rates, doubling its conversion rate from 2023. Meanwhile, Entertainment & Leisure and

Solicitors saw declines in CTR, suggesting shifting consumer interest.

Retail/E-Commerce experienced a drop in CPC, potentially due to reduced competition or improved ad efficiency.

Automotive and Family & Personal Services saw lower conversion rates, possibly reflecting changing consumer behaviour or industry challenges.

Overall, 2024 data suggests higher engagement but also increased competition and rising ad costs in key industries.

Want to learn more about cross media advertising? [Visit our website.]

Closing Summary

Key takeaways and tips for improving paid advertising campaigns.

Click-Through Rate:

Key takeaways and tips for improvement.

Click-Through Rates have improved year-on-year (CTR).

Despite rising costs, CTR has improved YoY for paid search, social advertising and cross-media advertising campaigns. This is an indicator of stronger audience engagement.

Possible reasons include:

- More refined ad targeting, increasing the likelihood of reaching the right users.
- Enhanced creative strategies, with more compelling visuals and ad copy tailored to user preferences.
- Evolving consumer behaviour, with users more accustomed to engaging with paid content.

5 Tips to Improve CTR

1. Match ad copy to search intent
Ensure headlines and descriptions align with search queries or audience interests, using clear messaging and strong calls to action to drive engagement.

2. Leverage high-quality visuals and formats across social channels
Eye-catching images, carousel ads, and short-form videos can all increase engagement on social media.

3. Utilise ad extensions and interactive elements
Features like sitelinks, structured snippets, polls, and interactive buttons can make ads more engaging and clickable.

4. Refine audience targeting with first-party data
Enhanced segmentation, retargeting, and lookalike audiences ensure ads reach the most relevant users, increasing the likelihood of clicks.

5. Continuously A/B test and analyse performance
Regular testing of ad creatives, placements, and formats helps identify what works best, allowing for ongoing optimisation and improved CTR.

Conversion Rate:
Key takeaways and tips for improvement.

There was a YoY decline in search advertising conversion rates, but an increase in social media conversion rates.

Several key factors may explain this trend:

- **Improved retargeting on social media:** Users who initially engage with search ads may not convert immediately but are later driven to complete the action through well-placed social ads.
- **Consumer decision-making:** Users may research via search ads but finalise purchases after encountering remarketing efforts on social platforms.
- **Increased competition in search advertising:** Higher CPCs may push advertisers to target broader audiences, capturing more top-of-funnel users who are less likely to convert immediately.
- **Stronger engagement on social media ads:** Formats like video and interactive content can build trust and drive conversions more effectively than traditional search ads.

5 Tips to Improve Conversion Rate

1. Optimise landing pages
Ensure fast load speeds, mobile responsiveness, clear CTAs, and a seamless user experience to reduce drop-offs.

2. Leverage AI-powered personalisation
Use AI to deliver dynamic content, product recommendations, and tailored messaging based on user behaviour.

3. Enhance retargeting strategies
Utilise cross-platform retargeting to re-engage users who showed interest but didn't convert, reinforcing brand trust.

4. Improve ad and landing page alignment
Ensure that ad messaging matches the landing page content to meet user expectations and drive higher conversions.

5. Utilise social proof and trust signals
Incorporate reviews, testimonials, and trust badges to reduce hesitation and boost credibility.

Cost-Per-Click:
Key takeaways and tips for improvement.

Rising Cost Per Click (CPC) year-on-year.

Across all campaign types, CPC has increased YoY, signalling greater competition for ad placements. Several factors have contributed to this rise, including:

- Increased advertiser demand as brands expand digital ad budgets, meaning that there is more competition for ad space.
- More advanced targeting options, leading advertisers to compete for highly specific audience segments
- Platform algorithm changes, which prioritise ad quality and engagement rates over just bid amounts.

5 Tips to Improve CPC

1. Use ad scheduling
Run ads during peak engagement times to reduce competition and improve efficiency. Avoid running ads during low-converting hours to minimise wasted spend.

2. Geo-targeting for cost efficiency
Focus ad spend on locations where CPC is lower or conversions are higher. Consider excluding high-cost, low-performing regions.

3. Experiment with different ad formats
Some ad formats, such as carousel ads on social media or responsive search ads, may have lower CPCs while maintaining engagement. Test different formats to find cost-effective options.

4. Leverage first-party data
Use customer lists and retargeting audiences to focus on users who have already shown interest in your brand, which can improve ad efficiency and lower CPC.

5. Monitor competitor activity
Analyse competitor ads and adjust your bidding strategy accordingly. If competition is high, explore alternative keywords, placements, or messaging to avoid costly bidding wars.

Final thoughts...

With CPC rising and CTR improving, businesses must carefully balance ad spend with performance.

A higher click-through rate suggests that users are more engaged with ads, but the rising cost per click means that advertisers must be strategic in their spending to maintain a strong return on investment (ROI).

To navigate these changes effectively, businesses should focus on:

- **Optimising ad placements:** Allocating budgets toward the best-performing platforms and placements is key to maximising ROI.

  This involves analysing performance data to identify where ads generate the highest engagement and conversions. Platforms are increasingly using AI to automate placements, but businesses should still monitor which ad formats (e.g., in-feed, stories, search results, or display networks) drive the best results.

  Additionally, understanding platform algorithms, which often prioritise high-bidding advertisers, can help businesses make informed decisions about when and where to bid aggressively versus when to allocate budget elsewhere. Testing different placements and adjusting bidding strategies based on real-time performance data ensures that ad spend is directed toward the most effective channels.

- **Refining audience targeting:** Leveraging first-party data, behavioural insights, and AI-driven segmentation to reach the most relevant users while minimising wasted spend on low-converting audiences.

- **Enhancing creative strategies:** Testing different ad formats, visuals, and messaging to determine what resonates most with users, leading to higher engagement and conversion rates.

- **Utilising cross-platform strategies:** Integrating campaigns across multiple advertising channels (search, social, and display) to reinforce brand messaging, increase touch-points with users, and optimise cost efficiency.

- **Focusing on conversion rate optimisation (CRO):** Our report suggests conversion rates were unstable YoY. With CPC rising, converting more clicks into actual customers is essential. Improving landing page experiences, streamlining the checkout process, and personalising content can maximise the value of each visitor.

Interested in learning more about optimising your paid advertising budget? **Contact us** here at LOCALiQ to see how we can help your business grow through search and social advertising.

Thank you for downloading this report.

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