Inside Google Marketing

Three Steps to Master Digital Advertising

Kevin Murakami
Director, Global Performance Media
Google Marketing Team
Introduction

How do you make digital advertising as successful as possible?

Which Google Ads products are best for you and your business goals?

At Google Marketing, we spend a lot of time thinking about these questions. We’ve developed three key steps to help you answer them, with a particular focus on best practices for performance goals.

This guide takes you behind the scenes to share our global learnings across our B2C & B2B advertising campaigns—covering products like Play, YouTube, Chrome, Google Ads, Cloud, hardware products & subscription services.

Kevin Murakami, Google Marketing Team
Use data to set goals
Use data to set goals

Type of goals

We always structure our ad campaigns towards **clear goals**.

Here’s our thought process:

- **What do we want to achieve with an ad campaign?**
  - This is our **marketing objective (MO)**. Google ads performance products are designed with a particular focus on **these four**: Lead Generation, Online Sales, Offline Sales, & Mobile Growth.

- **What metric do we have to improve to fulfill that MO?**
  - This is our **key performance indicator (KPI)**.

- **What value does the KPI have to hit to be successful?**
  - That is our **campaign goal**. This value is determined by the ROI required by our business based on the Customer Lifetime Value (or nearest proxy to this).
Use data to set goals

## Type of performance goals

This framework helps us evaluate the effectiveness and cost-efficiency of our marketing efforts.

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Choosing a goal

We’ve learned that a useful campaign goal is:

- **Quantifiable**: Results can be clearly measured.
- **Incremental**: Goes beyond what we would naturally achieve without any media spend.
- **Commercially viable**: Produces positive return on investment.

At Google Marketing, our gold standard for performance campaigns is **Customer Lifetime Value (CLV)**, which measures a customer’s value over a specific time-frame.

Never calculated a customer’s value before? Here’s a handy guide to figuring it out.

Rocio Abril
Google Marketing Team
When we work on campaigns to grow sales or revenue (which we call “performance” or “direct response” campaigns), we typically set targets for:

**Cost per acquisition (CPA)**

Tells us how much we are willing to pay to acquire new customers. The reason CLV is so vital (see previous slide) is that it helps us set the CPA with the appropriate financial return.

**Return on ad spend (ROAS)**

Tells us the revenue we return for every dollar of ad spend we invest in our campaigns.

Google offers multiple incrementality tools that can be used to measure conversions directly attributable to your performance media campaign that would not have otherwise occurred. These include Conversion Lift Studies & Geo experiments (GeoX)

Rocio Abril, Google Marketing Team
Use conversion tracking to **unlock automation**
A conversion occurs when a customer completes a valuable action (e.g. a purchase).

Conversion tracking is critical because:

- It shows whether the campaign is effective in driving the desired KPIs and goals.
- It allows us to calculate the campaign ROAS or CPA, to see if the campaign is cost-efficient.
- It allows us to save time and improve efficiency by unlocking automated bid strategies in Google Ads.

Check out this page for help setting up conversion tracking.

Kevin Murakami, Google Marketing Team
Google Ads uses powerful machine learning algorithms to help get the right ads in front of the right customers. Once we’ve set up conversion tracking, we always implement automated bidding.

**Automation**

Automation optimizes our campaigns towards a metric or objective (eg. CPA).

It’s guided by our CLV (customer lifetime value) and our target ROI (return on investment).

Saves us time, providing both flexible control options and insightful reporting tools.

Ensures efficiency by placing the right bid at the right time.
Dynamic creatives

Another great form of automation we access via conversion tracking is dynamic creative formats.

We’ve seen that machine learning outperforms manual testing of our creative assets. We use dynamic creatives because in our experience, they deliver more revenue/sales per media dollar spent.

These ads are driven by machine learning algorithms to show images and/or text tailored to different customers & contexts.

With up to 30 individual text, logo, video and image variations, there are 45K+ potential permutations available to test.

Examples include Responsive Search Ads and Responsive Display Ads. They can be used in Search, Display, Shopping, Discovery, and App campaigns.
Use conversion tracking to unlock automation

Examples of dynamic creatives

**Stadia - Discovery ad**

Play Cyberpunk 2077 | Play Cyberpunk 2077 without a console across screens. *Terms Apply

[Ad • stadia.google.com](https://www.stadia.google.com)

**Google Store - 320x568 responsive image ad**

[Google Store](https://www.google.com/store)

**Google Pixel - YouTube watch page responsive ad**

[Google Pixel](https://www.google.com/pixel)

**Google Ads - YouTube home page responsive ad**

[Google Ads](https://www.google.com/ads)
Waterfall media planning
A waterfall methodology allocates budget to different channels based on their efficiency.

- The best-performing channel receives full funding until it captures all available demand within our CPA and ROAS goals.

- At this point it’s considered fully-saturated; only then does the second best-performing channel begin receiving funds, and so on.

- We continue prioritizing channels in this way until our overall CPA or ROAS reaches the goal set by our CLV.

We almost always find it best to target remarketing lists before anything else, on all platforms. Additionally, conversion lift tools are especially important to activate to ensure proper accounting of incremental sales.

Lili Papadimitriou, Google Marketing Team
Waterfall budget planning

Initial budget spend

Best-performing channels, per MO

When CPA/ROAS exceeds target value, move to next tier

Second best-performing channel

Goal

Continue prioritizing channels until blended CPA exceeds CLV target
Running multiple campaigns and products across Google Ads can be complicated.

We’ve found that prioritizing our best-performing channels ensures we remain financially laser-focused and measurement-oriented.

The waterfall approach works equally across large and small budgets, and for both single-country and global campaigns.

The farther down the “waterfall” you move, the more important multi-touch attribution solutions become.

Lili Papadimitriou, Google Marketing Team
The waterfall: **Lead Generation**

Every company and campaign is different, but here are the products we use at each waterfall tier, depending on our marketing objective.

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*We are currently testing YouTube ads for lead generation & depending on results, may change its priority in our waterfall planning.*
Waterfall media planning

The waterfall: **Online Sales**

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**Highest efficacy**

- Search ads
- Discovery ads
- Shopping ads*

**Next tier**

- Display ads

**Next tier**

- Display & Video 360
- YouTube**

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*Shopping ads or Smart Shopping campaigns depending on tracking capabilities

**YouTube Trueview for Action and Video Action Campaigns
The waterfall: **Offline Sales**

Every company and campaign is different, but here are the products we use at each waterfall tier, depending on our marketing objective.

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**Highest efficacy**

- Search ads
- Local Search ads or Local campaigns
- Discovery ads*
- Shopping ads**
- Call ads

**Next tier**

- Display ads

**Goal**

- Display & Video 360
- YouTube***

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*Currently no direct store visit tracking but we use match market tests to determine offline sales efficacy

**Shopping ads or Smart Shopping campaigns depending on tracking capabilities

***Using location extensions

Think with Google
The waterfall: Apps and Mobile Growth

Every company and campaign is different, but here are the products we use at each waterfall tier, depending on our marketing objective.

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Highest efficacy

App Campaigns (Install/Engagement)
Eventually we were funding five separate channels. Our subscriptions had grown 200%, while our campaign performance remained within our CLV-adjusted CPA goal.

Once Google Fi subscriptions reached our goal of $70* CPA, we requested 20% more budget so we could fully max out Search Ads profitably. Then we tested new channels with the next-lowest anticipated cost per subscription ($100 CPA).

Eventually we were funding five separate channels. Our subscriptions had grown 200%, while our campaign performance remained within our CLV-adjusted CPA goal.

*CPAs used are for illustrative purposes only