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Integrating automation-based Performance Max campaigns into the PPC marketing strategy



Bachelor's Thesis | Abstract

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Integrating automation-based Performance Max campaigns into the PPC marketing strategy

This research project focused on discovering the specific benefits of incorporating Performance Max (PMax) campaigns into a PPC marketing strategy and examining the interaction of PMax with existing campaigns within a Google Ads account. The novelty of this campaign type led the author to approach the subject from the wider application of AI tools in marketing. Hypotheses were formed based on secondary research that leveraged extensive literature on marketing AI.

The research approach consisted of quantitative methods incorporating a case study and subsequently generating performance data comparisons. Results were collected from seven PMax campaigns targeting different e-commerce markets. The focus was to observe the main KPIs after implementation and investigate how PMax affected the account performance. Close collaboration with the case company facilitated access to all essential resources.

The findings confirmed the advantages of leveraging automation tools in modern marketing practices, demonstrating how the integration of PMax into a PPC marketing strategy fostered growth. The profits increased, while costs decreased, resulting in favorable ROAS across all accounts. The case study also revealed unforeseen outcomes, particularly the absence of evidence supporting the expected cannibalization of existing campaigns. Finally, ongoing optimization and testing emerge as essential practices for achieving optimal results when working with automation tools like Performance Max.

Keywords:

Google Ads, Machine Learning, Artificial Intelligence, Performance Max Campaign, Pay-Per-Click Marketing

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Automaatiopohjaisten Performance Max -kampanjoiden integrointi PPC-markkinointistrategiaan

Tässä opinnäytetyössä keskityttiin selvittämään Performance Max (PMax) -kampanjoiden sisällyttämisestä PPC-markkinointistrategiaan saatavat erityiset hyödyt ja tutkimaan PMaxin vuorovaikutusta Google Ads -tilin aikaisempien kampanjoiden kanssa. Tämän kampanjatyypin uutuus sai tekijän lähestymään aihetta tekoälytyökalujen laajemmasta soveltamisesta markkinoinnissa. Hypoteesit muodostettiin sekundaaritutkimuksen perusteella, jossa hyödynnettiin laajaa kirjallisuutta markkinoinnin tekoälystä.

Tutkimusmenetelmänä käytettiin kvantitatiivisia menetelmiä, joihin sisältyi tapaustutkimus, jonka pohjalta tuotettiin suorituskykyä koskevien tietojen vertailuja. Tuloksia kerättiin seitsemästä PMax-kampanjasta, jotka oli suunnattu verkkokaupan eri markkina-alueille. Painopisteenä oli tarkkailla tärkeimpiä KPI:itä käyttöönoton jälkeen ja tutkia, miten PMax vaikutti tilin suorituskykyyn. Tiivis yhteistyö case-yrityksen kanssa mahdollisti kaikkien olennaisten resurssien hyödyntämisen.

Tulokset vahvistivat, että automaatiotyökalujen hyödyntäminen nykyaikaisissa markkinointikäytännöissä on kannattavaa, ja osoittivat, miten PMaxin integrointi PPC-markkinointistrategiaan edisti kasvua. Voitot kasvoivat, kun taas kustannukset vähenivät, mikä johti suotuisaan ROAS:iin kaikissa tileissä. Tapaustutkimus paljasti myös odottamattomia tuloksia, erityisesti sen, että olemassa olevien kampanjoiden odotettua kannibalisointia tukevaa näyttöä ei ilmennyt. Jatkuva optimointi ja testaaminen osoittautuvat olennaisen tärkeiksi käytännöiksi optimaalisten tulosten saavuttamiseksi Performance Maxin kaltaisten automaatiotyökalujen kanssa työskennellessä.

Asiasanat:

Google Ads, Koneoppiminen, Tekoäly, Performance Max -kampanja, PPC -markkinointi

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List of abbreviations

Artificial Intelligence (AI)

Machine Learning (ML)

Performance Max Campaign (PMax)

Pay-Per-Click (PPC)

Cost Per Acquisition (CPA)

Return on Ad Spend (ROAS)

Gross Domestic Product (GDP)

General Data Protection Regulation (GDPR)

Information Technology (IT)

Return on Investment (ROI)

Key Performance Indicator (KPI)

1 Introduction

1.1 Background

I have been working in the field of pay-per-click (PPC) marketing for five years and I am enthusiastic about expanding my expertise even further. The evolving nature of Google Ads necessitates continuous learning, an aspect that particularly captivates me about PPC marketing. Currently, I contribute to the marketing team of an international e-commerce company, where I initially received training on Google Ads.

In my time at the company, I have obtained firsthand experience in digital marketing. In addition to PPC, I have also undertaken other various marketing tasks, like copywriting and Google Ads mentoring. While I have engaged in various marketing responsibilities, my primary focus has been managing the Google Ads account for the Finnish webstore. A significant portion of my role revolves around campaign optimization and day-to-day account maintenance.

When I was assigned the responsibility of investigating a new campaign type available to Google marketers, I perceived it as an opportunity for professional development. Embracing this task, I aim to enhance my skill set in automation-based campaign management, foreseeing it as a valuable pathway for professional growth.

1.2 Case Company

The case company is in the jewellery e-commerce industry. The company was launched in 2010 and has since expanded to multiple countries globally. Due to confidentiality obligations, the case company will be referred to as Company X in this study. According to the author's knowledge, Company X serves over 4 million users yearly through online stores in respective countries. Each country/market

has its own Google Ads account targeting that specific location. The account structure is similar in every market, and they are independently managed through the main manager account.

In the five years that the author has been working for Company X, the company culture has formed and become more defined, as the brand has continued to grow. The company embraces diversity, and its mission is to inspire people to express themselves freely. The brand encourages both its customers and members to be bold; always open to innovative ideas and ready to change direction, and for the author, this is motivating in the company culture. The company's flat hierarchy and democratic leadership style promote innovative thinking and creativity, which ensure that the brand can respond to the changing business environment. (Company X, 2023) This study was inspired by the recent opportunities in the Google Ads landscape, brought about by increased automation technologies.

1.3 Purpose of the project

The case company has been recommended by their Google representative to transition from standard shopping campaigns to Performance Max (PMax) campaigns. However, the marketing team is wary of blindly following these suggestions. One concern revolves around Google's need to acquire marketers to experiment with the campaign to gain additional revenue and data for advancing its technology. This poses a potential risk for marketers engaging in experimentation with the new campaign type, as they could invest time and resources in a technology that may not be fully developed. However, based on wider research on the use of Artificial Intelligence (AI) and Machine Learning (ML) in marketing, the author argues that automation tools are here to stay. The testing of PMax carries comparatively low risks when weighed against the potential long-term benefits it may yield.

The author believes that adopting modern technology early can grant a competitive advantage, enabling marketers to execute advertising campaigns

more efficiently and achieve greater profitability. This phenomenon has previously been observed in the field of marketing, where early adopters – referring to businesses who adopted digital marketing methods early – succeeded in reaching a larger customer base and gaining a greater market share vs laggards who continued using old marketing methods. (Mirthinti, 2023)

On the other hand, trusting modern technology and leaving performance optimisation up to automation could be worrying, especially when marketers are used to having more control over their campaigns. The PMax campaign insights are currently rather limited, the focus being on the assets the marketer provides. Therefore, the transition requires gaining knowledge on strategies to work with automation.

1.4 Research objectives and questions

This thesis aims to gain an understanding of the automated PMax campaign and discover how an integration of the campaign into a PPC marketing strategy can benefit Company X. The focus will be on observing the main KPIs after implementation, and investigating how PMax interacts with the existing campaigns in the account. To reach this goal, the author created multiple experimental campaigns and collected data on their performance within the Google Ads account of the case company. After analysing the gathered data and testing various optimisation methods, the author could display results to the case company for them to determine if it was beneficial to include PMax in their overall marketing strategy. After conducting an initial test, the campaigns were expanded to other markets, with further improvements and a more strategic final approach. Results presented in this thesis are collected from the optimised campaigns.

The research questions are:

1. What specific benefits does integrating Performance Max campaigns into a PPC marketing strategy offer?

2. How does Performance Max interact with existing campaigns in a Google Ads account?

2 Literature review

2.1 Google Ads

Google Ads is an advertising platform, where advertisers pay for each click received on an advert. Google makes it easy for advertisers to reach their targeted audience through various ad campaign types and optimisation opportunities. (Hubspot, 2023)

In 2023, the majority of retail customer journeys start online, and the search engines claim the most significant share with 46% (see figure 1 below). Knowing where product searches start, helps marketers to understand the impact they can make through the right advertising placements. (ecommerceDB, 2023)



Figure 1. Touchpoints where shopping journeys start in 2023 (ecommerceDB, 2023).

Google Ads is the most used search engine and therefore it is the most optimal platform for marketers and businesses to carry out their PPC marketing efforts.

Statistics show that Google had 91.56% of the global search engine market share in September 2023 (see Figure 2 below). (Statcounter, 2023)



Figure 2. Search engine market share worldwide in September 2023 (Statcounter, 2023).

As the advertising giant, Google is always working to optimize its technologies. In recent years, the role of artificial intelligence and machine learning in Google Ads marketing has been increasing steadily. (Yemets, 2021) This is likely to lead to a growing demand for experience in automation-based campaigns. Therefore, this thesis provides a great opportunity for the author to gain experience in managing automated campaigns that use machine learning for performance optimization. The results and the different methods of PMax testing will be shared in this study and with Company X.

2.2 Performance Max campaign

At the end of year 2021 Google launched a new goal-based campaign type called Performance Max, which allows performance advertisers to access all their Google Ads inventory from a single campaign. It is designed to complement keyword-based Search campaigns to help advertisers find more converting customers across all of Google's channels like YouTube, Display, Search, Discover, Gmail, and Maps. (Google Ads Help, n.d.)

The PMax campaign differs from other campaigns by being structured around asset groups. Campaigns can have multiple asset groups that are centred on a particular theme or target audience. Each asset group features a product feed, called a listing group, and a collection of creatives, including headlines,

descriptions, images, logos, and videos. Instead of serving ads with the pattern decided by the marketer, PMax uses machine learning to create various combinations of ad assets provided by the marketer and then continues serving the ad combinations which perform best. Because the combinations are based on the assets provided by the marketer, the creatives play a significant part in creating a successful campaign. (Moons, 2023)

Another important feature in the PMax campaign is audience signals, which are tied to an asset group. For an established Google account, like the case company's, the target audience is well-defined. Even though PMax does not allow targeting a specific audience only, when starting the campaign, this knowledge will be used to give the campaign audience "suggestions" of the preferred audience. It can help jumpstart the performance, because it indicates a starting point for serving ads, making the learning period faster and less costly. Google then optimises the campaign based on the information the marketer has provided and finds additional users across all Google channels that are likely to convert. (Nguyen, 2023)

Performance max campaigns use smart bidding, which optimizes the bids in real-time for every auction. The bidding strategies use machine learning to optimise conversions or conversion value. In PMax it is also possible to set target CPA or target ROAS for the bidding strategies. (Google Ads Help, n.d.)

Essentially, the marketer only needs to provide the campaign goal, creative assets, and budget, and the ML algorithms do the rest, optimising the advertising process across Google networks in real-time.

2.3 Shift in marketer's role

Google is pushing automation across its products, causing PPC marketers to feel a diminished sense of control. Nevertheless, the role of Artificial Intelligence is only anticipated to rise, requiring digital marketers to adjust their working methods. There is no better time to learn how to leverage AI to enhance results, transforming it from a perceived challenge into an asset.

Paul Roetzer, founder of the Marketing Artificial Intelligence Institute, states “We are in a rare position to create change. To reinvent what it means to be a marketer. This is your chance to be a pioneer. Do not wait for the marketing world to get smarter around you. Take the initiative now to understand, pilot and scale AI.” (Roetzer, 2019)

AI will be responsible for driving an estimated +1.2 per cent GDP (\$13 trillion) global economy in the next decade, according to a paper by McKinsey Global Institute. (Venkatesan & Lecinski, 2021) In marketing only, the global market value of AI is predicted to reach \$107 billion USD by 2028 according to a survey conducted by Statista (see Figure 3 below). (Statista, 2023)

Advertising & Marketing › Marketing

PREMIUM

Market value of artificial intelligence (AI) in marketing worldwide from 2020 to 2028

(in billion U.S. dollars)

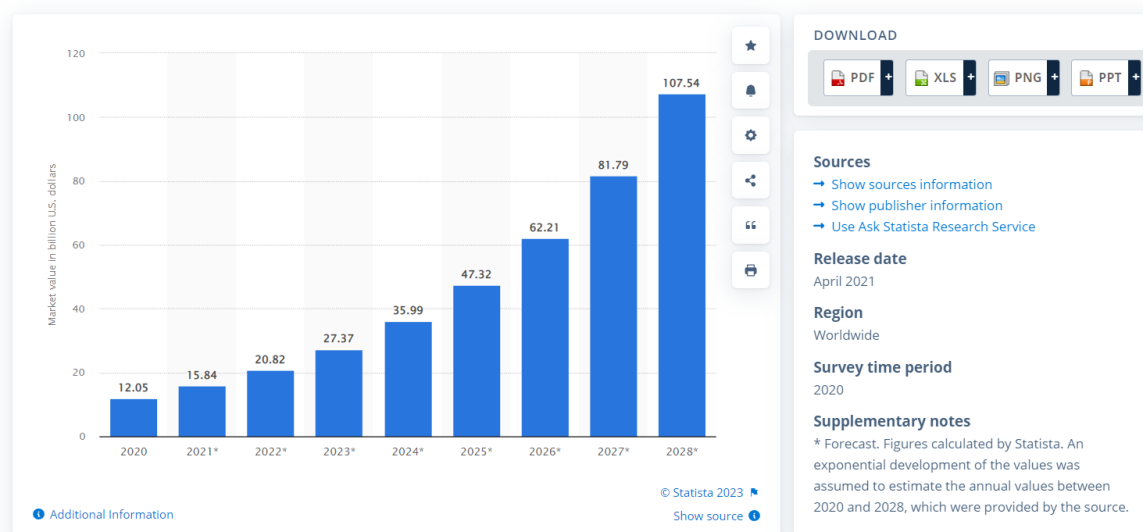


Figure 3. The forecasted market value of AI in marketing (Statista, 2023).

It seems inevitable that there will be rapid increases in the uptake of AI methods in marketing. Yet, all the changes are giving marketers opportunities to carry out more impactful and intelligent marketing actions. It can provide a competitive advantage to businesses adapting the current marketing methods, which enable them to reach their target audience more effectively. Raj Venkatesan and Jim Lecinski stated, “In this new AI-driven business model, the winner takes all. Those

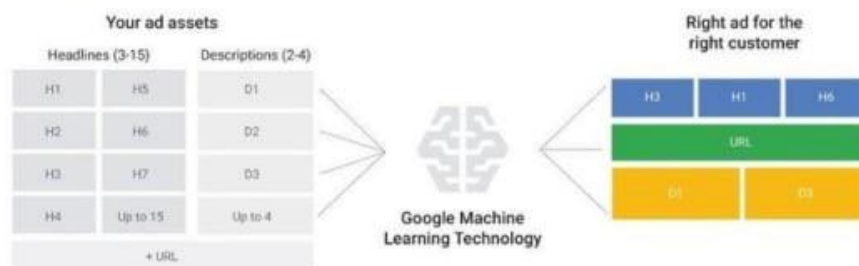
who wait to apply AI and machine learning to their marketing will be left behind.” (Venkatesan & Lecinski, 2021, p. 9)

In the field of PPC marketing, Google Ads is used to deliver ads to a targeted audience and to drive conversion actions. Google algorithms aim to match ads with relevant audiences based on rich data, essentially predicting which consumer is most likely to convert. For PPC marketers to optimise their ad campaigns by manually analysing substantial amounts of data makes the process inefficient and leaves room for human error. This is where AI can be leveraged to optimise performance and automate certain tasks to reduce the time it takes to manage ad campaigns. (Yemets, 2021)

Previously, Google has helped marketers simplify ad campaign management with an automated ad type, Responsive Search Ads (RSA). (Frederick, 2022) As consumers were demanding more personalised products, the previous fixed ad format became restricting. RSAs allow for the delivery of more relevant ads that closely match a greater number of search queries. For RSAs, marketers provide up to 15 potential headlines and up to 4 descriptions, and with the power of ML, the creatives are combined to provide the best-performing ad for any search query, as demonstrated in Figure 4 below. (Balakrishnan, 2022)

Responsive Search Ads

Responsive Search Ads in Action



Just by writing 15 different headlines and 4 different descriptions, Google will automatically test and optimize **43,680 different variations** of your messaging!

Figure 4. RSA ads in action (Balakrishnan, 2022).

Automation in ad creation can help the marketer to find the winning ad combinations faster but to drive better results, it also requires the marketer to feed good creatives for the ML to combine. Now, instead of having to manually find the best combination of ad creatives, Google is automatically testing and optimising multiple variations of ads, making the entire process more efficient.

The idea behind the PMax campaign is similar to the RSA ad type, but only on a wider scale. It has massive potential to make the marketer's job less manual. After the initial campaign set-up, much is left in the hands of automation, which is certainly going to shift the marketer's role in campaign management to a more strategic one. Despite having potential, PMax campaigns are often seen as a black box due to the lack of reporting available. Even though their purpose is to simplify campaign management, managing them is not simple, rather, PMax requires a strategic eye and commitment to analysis and optimisation. (Optmyzr, n.d.) As mentioned at the beginning of this chapter, increased uptake of automation will require marketers to adapt to new ways of working. The following chapter further elaborates on the factors compelling the need for change.

2.4 New customer expectations

Consumer buying habits are continuously evolving, and marketers must stay on top of the current consumer trends and behaviour to target and serve today's consumers effectively. Information available for consumers today affects the way they shop. From researching product types to comparing prices while using various devices before actual purchase makes it a complicated path for marketers to follow. Consumers are paying less attention to traditional marketing methods, like billboards or flyers, meaning, marketers must learn to deal with the complexities of real-time marketing and utilise the modern path to purchase. (Roetzer, 2014) Since consumers have more touchpoints in their path to purchase than ever before, it can be challenging for marketers to provide consistently great customer experience. (Digital school of marketing, n.d.)

Figure 5 below demonstrates a customer journey map example. For example, a consumer may first become aware of a brand through a friend's social media post. Next, they may consider the brand by clicking on one of their search ads, checking out their website, and comparing their products to others. After consideration, they might download the mobile app for further benefits and complete a purchase in the app. Later on, the brand may be able to retain the customer by sending enticing offers through email newsletters and finally, the consumer may even join a loyalty program.



Figure 5. Customer journey map example. (Digital school of marketing, n.d.)

Meanwhile, a streamlined customer experience has become an expectation among modern consumers. Prioritising personalised touchpoints throughout the customer journey gives businesses a way to gain a competitive advantage in today's environment. To understand who the customer is and their online behaviour, data is required. For years, marketers have utilised data to analyse consumers' online behaviour, but since the General Data Protection Regulation (GDPR) was passed, consumers have expressed a growing demand to protect

their privacy and how their personal data can be used. Due to the restricted use of third-party data, behavioural targeting is slowly dying. Considering this, brands must reassess their initiatives to establish trust with their audiences while providing relevant ads. (Zaheer, 2022)

2.5 AI tools in marketing

The use of automation has become an essential part of modern digital marketing. Almost every marketing area utilises some form of automation to improve the efficiency and effectiveness of marketing performance. Rapid advances in technology, artificial intelligence and machine learning are revolutionizing the marketing landscape in many ways. Digital marketing professionals are forced to learn new methods of managing the marketing processes to respond to modern consumer needs effectively.

AI's application in marketing is extensive, with the potential to analyse target customers, communicate content, and execute customized marketing campaigns. Furthermore, AI can decrease the time and cost involved in creating campaigns while enhancing their overall effectiveness. (Van Esch & Black, 2021) Progress in big data allows marketers to gather extensive information, aiming to convert data into actionable insights or strategies. AI plays a key role by deducing conclusions from unstructured data within large datasets, detecting patterns, and enabling real-time identification and pursuit of opportunities. (Campbell, et al., 2020)

AI has the potential to resolve the dilemma where customers desire personalized experiences but are reluctant to relinquish control over their personal data. Big data is an essential part of providing personalised experiences to consumers, but it requires various methods to collect the right data and tools that can handle large datasets. (Lin, 2022)

AI algorithms can be used to capture, analyse, and action data, providing consumers with targeted messages through the most optimal channels in real-time, and this will enable marketers to be more customer focused. (Haleem, et al., 2022) AI tools also enhance their predictive accuracy regarding customer

preferences by learning from customer interactions. This, in turn, increases the value that the firm provides to customers throughout the customer relationship lifecycle. (Kumar, et al., 2019) In addition, AI tools today can expand target audiences by recognising more similar profiles based on available user data. Therefore, businesses utilising AI in their marketing strategy can prioritize the personalised approach and are more likely to boost revenue, gain loyal customers and experience rapid growth. (Narayan, 2021)

In the long run, enabling interactions between AI systems and customers is expected to provide cost-effective, widespread personalized services, potentially transforming the nature of customer service. Additionally, improved targeting is anticipated to raise customer conversion rates, leading to reduced customer acquisition costs. (Libai, et al., 2020) To thrive in the modern marketing field, a transition to leveraging AI tools is necessary. The resources that are required to respond to modern consumer demands far surpass human capacity. (Venkatesan & Lecinski, 2021)

Machine learning algorithms identify patterns and obtain the ability to make predictions and recommendations through the analysis of data and experiences. For example, it can help to predict better and faster which message to place, where, and for which consumer. Therefore, it is a powerful tool for analysing big data, assisting marketers in uncovering fresh insights into consumer behaviour and improving operation efficiency. (Campbell, et al., 2020) Furthermore, ML systems do this without receiving instructions about which factors are important before analysing data. These systems perform better when given all the original, unstructured data rather than a carefully selected and processed dataset. In simpler terms, the best results come when there's minimal human judgment in selecting the data. (Cukier, 2021)

In the Google Ads platform, marketers are looking to increase efficiency and growth, but also to improve relationships with customers in response to today's consumer needs. The new Performance Max campaign was created to help advertisers achieve that, among other goals. As the uptake of AI technology is

growing in the whole marketing industry, Google is also working to increase the availability of AI tools in the platform. (McCoy, 2023)

Performance Max in Google Ads leverages years of data on user browsing and purchasing behaviour to create personalized campaigns, highlighting the unique strengths of the world's largest search engine. Being a comprehensive full-funnel campaign, Performance Max identifies individuals who are likely to convert and guides them through the customer journey. User's unique history will affect how quickly they might convert, and the system aims to reach the users that are likely to convert during that specific search. For that, PMax utilises Smart Bidding, Google's machine learning bidding strategy, which processes thousands of real-time bidding signals, capable of analysing 70 million signals within just 100 milliseconds. However, for Smart Bidding to work optimally, the business's account needs to have a fair amount of historical data. (Menachem, 2023)

Google's PMax campaigns also provide a remedy for marketers struggling with the restriction of tracking cookies, since the campaign can utilise first-party data as an audience signal. This means that PMax does not only target the customers on the list but rather, aims to find consumers with similar behaviour across all Google channels. Through the utilization of Google's machine learning technology, PMax campaigns allow marketers to enhance campaigns without dependence on conventional tracking approaches. This mitigates the challenges associated with the absence of tracking cookies and the consequential loss of data. (Falkenberg, 2023)

The aspects discussed above suggest, that in theory, PMax holds significant potential as a solution for achieving maximum personalization and effectiveness in PPC marketing with reduced manual effort. Nonetheless, given the relative novelty of this campaign type, it is advised against its adoption for small accounts or budgets. The reason being that the learning phase of machine learning-based campaigns can incur substantial costs and progress slowly in the absence of sufficient conversion data. (Menachem, 2023) It is widely acknowledged that machine learning and self-learning models demonstrate enhanced results over time as they accumulate a more extensive historical dataset. (Tucci, 2023)

2.6 Challenges of utilising AI tools

Utilizing the numerous possibilities that AI offers to marketers is challenging despite its vast potential. Fear of the unknown is not the only reason marketers are hesitant to integrate AI into their marketing strategy. Various other reasons can hinder the uptake of automation tools in marketing, which are discussed below. According to a survey conducted by Gartner, the primary obstacles to AI adoption were identified as enterprise maturity, a limited understanding of AI benefits and applications, and challenges in determining a suitable starting point. (Gartner, 2019)

There is a lack of AI understanding among marketers, i.e., they may not understand what it takes for the tool to bring in results or have overly high expectations of what it can do. Attaining knowledge or having closer communication between the marketing and technical teams can help to bridge this gap. (Upadhyay & Chitnis, 2021)

Data scope or data quality can also limit the effectiveness of AI tools. Establishing a robust data foundation for firms involves real-time tracking and storage of data for historical analysis. Many existing IT systems may not be well-suited for such tasks, as they are often designed for specific purposes like tracking individual client performance rather than facilitating data extraction. Data silos, variations in tracking methods, and disparate data arrangements further complicate the process, emphasizing the importance of integrating systems for effective data utilization. Access to historical data sets is particularly valuable, even though some machine learning methods can function without training data sets. (Campbell, et al., 2020)

The PMax campaigns tested in this study are created in an established Google Ads account that holds a significant amount of historical data. Therefore, based on the previous statement about the value of historical data for ML systems, equivalent results may not be achieved in a newly created Google Ads account. As mentioned earlier in the research, Smart Bidding requires a fair amount of historical data to work optimally. In addition, the learning phase of automated

campaigns can incur substantial costs and progress slowly in the absence of sufficient conversion data.

Fear of rising costs presents a risk, not all businesses are ready to take. The allocation of costs and benefits related to AI resources can influence employee behaviour. Charging AI expenditures back to departments may lead to resistance, especially in the initial stages when benefits are unclear. To mitigate this, directing AI cost savings back to the implementing departments could incentivize usage. Additionally, managers should consider incorporating AI into assessment metrics, focusing on efficiency gains, and evaluating teams based on the potential value their changes can bring rather than just immediate benefits. (Campbell, et al., 2020)

AI tool may seem like a black box because it does not explain why something happens. The current predominant approach in machine learning for AI lacks transparency, making it challenging for human marketers to understand how a recommendation is generated. The output of this approach is often unexplainable, raising concerns about accountability and liability issues. To address these challenges, there is a call for the development of explainable AI to ensure trustworthy and fair marketing exchanges. Marketers using AI for strategic decisions should prioritize the use of explainable AI to maintain transparency between themselves and customers, minimizing the risk of accountability in case of AI errors. (Ming-Hui & Rust, 2021)

Similarly, PMax analytics pose a challenge as they operate as a highly opaque system for advertisers. The lack of breakdown by price, ad format, media channel, or creative elements makes it difficult for advertisers to understand performance. PMax advertisers are unaware of how much of their budget is allocated to Google media or the open web, and they lack information on their appearance on various Google platforms like Maps, Gmail, YouTube, or the Discover feed. Additionally, detailed data about the specific ad copy and creative elements used are also unavailable. (Hercher, 2022)

The opaque nature of AI tools can also hide another challenge, which is that thinking AI is inherently prone to bias. This can happen due to biased or erroneous data input resulting in biased outputs. However, bias can also manifest in AI systems, such as discriminatory loan decisions, even when the intention is profit maximization. Gender bias has been observed in unbiased algorithms, indicating that biases can arise unintentionally. Marketers employing thinking AI for market analysis, targeting, and personalized marketing actions must be mindful of potential biases and enhance their understanding of how AI learns to mitigate these issues. (Ming-Hui & Rust, 2021)

2.7 Performance Max experiences

This chapter shares some performance outcomes on PMax gathered by different marketing agencies. The results achieved are mostly from e-commerce companies utilising/testing Performance Max campaigns. Detailed data including proof of results are challenging to find, so the results cannot be considered fully reliable. In addition, different campaign configurations and the unique assets provided can affect the campaign performance. Therefore, each case is special, but to support the general theory of the campaign's effectiveness, it is useful to include secondary research in this project.

Inflow marketing agency reports the following results after transitioning from Standard Shopping to PMax: When comparing the initial quarter of 2022 (Standard Shopping) with the corresponding period in 2023 (PMax), the client achieved:

- 76.3% increase in ad revenue
- 44.1% increase in transactions

Moreover, in the past six months, our Performance Max campaigns have yielded an average monthly ROAS of 9.93x. (Ryan, 2023)

Seer marketing agency shares the results from one of their e-commerce clients, who upgraded from Smart Shopping to PMax: During the initial two weeks following the launch, the migrated campaign maintained a consistent ROAS

compared to the last two weeks of its smart shopping activity. Furthermore, there was -14% decrease in the cost per sale. ROAS increased by +15%, CPCs decreased by -3%, and revenue increased by +47%. (Holup, 2023)

Solutions 8 marketing agency reported that by April 2022, they had already implemented 54 Performance Max campaigns for clients who had previously experienced success with Google Ads campaigns. Remarkably, every client campaign, without exception, either maintained or surpassed their previous account performance. (Solutions 8, 2023)

One might reasonably suspect that the outcomes published by marketing agencies are likely to be biased. It is natural for them to present a favourable image of their capabilities, leading them to refrain from disclosing unfavourable results. Nevertheless, the favourable outcomes observed in campaign testing can be considered a suggestive indicator that achieving positive results with PMax is feasible.

2.8 Theoretical framework

The prior research establishes a rise in the role of AI in marketing processes. By understanding how the rapid technological advances and changes in modern consumer habits are driving the evolution of marketing processes, it can be reasoned that changes are also required in the field of PPC marketing. A high level of personalization is challenging to achieve using only manual campaign management methods. Therefore, the need to incorporate automation strategies is increasingly highlighted.

This research project aims to examine the benefits and challenges of integrating automation-based campaigns into a PPC marketing strategy. However, before venturing into the integration of such campaigns, it is necessary to understand the concept of marketing AI and its challenges. The initial theory is based on the widespread application of AI tools in marketing and connected to information available on PMax. Automation is being applied to various marketing areas, and

PPC marketers could also benefit from adapting to AI and increasing the role of automation for effectiveness and better ROI.

Interlinking these concepts forms the basis for hypothesizing the anticipated outcomes of PMax campaigns and the factors influencing their performance. Despite some existing data available on PMax campaign outcomes, the lack of specific evidence on the automated PMax campaign behaviour in unique cases means, that an experiment is required for reliable data analysis. The test campaigns enable the researcher to gain a deeper understanding of the effects of various performance optimisation techniques, which ultimately allows for a more strategic approach in the final campaign creation process.

Despite certain challenges, like having to ensure data quality and lack of performance insights available in PMax campaigns, the possible long-term benefits outweigh the risks. The hypothesis following the research is that the PMax campaign could be a solution to simplify Google Ads account management, reducing the costs, while increasing visibility and improving targeting, resulting in higher conversion volume.

3 Methodology

3.1 Research approach

The quantitative research method was used in this thesis. Quantitative research is an information-gathering process where numerical data is measured and analysed. It is suitable for examining relationships between different variables. For that reason, it was chosen as the best method for this study, where account performance data insights were compared over a longer period when the account only had a Standard Shopping campaign vs. when the PMax campaign was running, both designed to run alongside Search campaigns. Quantitative research may incorporate a deductive approach, where data is collected and analysed to test a theory. (Saunders, et al., 2019) This research was built on the theory of AI tools and their effect on marketing performance. Based on the initial research about the Performance Max campaign and general AI tools in marketing, the hypothesis was that the PMax would increase the PPC marketing effectiveness, help reach a wider audience, provide targeted messages through the most optimal channels in real-time and reduce the manual effort required from the marketing team. The hypothesis was tested by creating a case study of PMax and comparing the final results to previous account performance with the Shopping campaign.

Secondary research, where existing data was collected by someone else, was utilised to build a hypothesis about the predicted effects of PMax campaigns. However, as one of the disadvantages of using secondary data, it was not possible to gain access to data that could determine precisely the effects of PMax in the Company X Google Ads account. The lack of research conducted in a comparable setting is most likely due to the novelty of the campaign type. Another disadvantage is that there is no control over data quality when utilising data someone else has gathered since campaign configuration and the provided assets affect the performance. Therefore, the author determined that conducting this unique case study was necessary to obtain relevant results that would answer the research questions. Data that is generated by the researcher is referred to as **primary data**. The data collected by the author is specific to this research project,

but the results can provide insights to other PPC marketing professionals, who are considering leveraging PMax in their marketing strategy. (Saunders, et al., 2019)

3.2 Research process

The purpose of this research was to investigate how the case company may benefit from integrating AI-based Performance Max campaigns into their PPC marketing strategy. The project was carried out in close collaboration with Company X. Part of the research was to build and test the PMax campaigns in the company's Google Ads platform. The key was to discover the possible benefits and challenges related to the integration of such a campaign in an e-commerce business. In addition, it was important for the author to gain experience in managing the campaign and interpreting its performance.

The author first obtained extensive knowledge of the campaign, utilising secondary data, like experiments, vlogs, and blogs on the subject. The research was then performed by planning and building an initial test campaign in a few of the Company X Google account markets and running it alongside the existing campaigns. Later, after a successful initial test, this campaign was expanded to other countries as well for further analysis and performance optimisation. Results were extracted from seven campaigns, that belonged to stable, and generally well-performing markets. The author observed the following KPIs:

- impressions, i.e. how many times ads were shown
- interactions, i.e. clicks for ads or views for video ads
- conversions, i.e. purchases
- conversion value, i.e. monetary value from purchases
- cost, i.e. total campaign spend
- conversions value/cost, which is the return on ad spent (ROAS)

In addition, it was necessary to consider the effect of other variables, like the quality of the provided assets and bidding strategies since they also impact the campaign performance.

As part of the marketing team at Company X, the author had access to all the required resources. Google Ads, Google Analytics, and Power BI platforms of Company X were the main sources for primary data collection and analysis.

Due to the nature of the campaign, which serves across all Google platforms, increased impressions were expected vs. the Standard Shopping campaign. The key was to observe if the larger audience also leads to increased clicks and conversions, which will indicate the traffic quality PMax reached. Another aspect to consider was whether the campaign cost was aligned with the conversion value gained, i.e., how was the ROAS? To obtain a thorough understanding, it was crucial to closely monitor potential performance fluctuations in other campaigns within the account. This approach allowed for a comprehensive assessment of whether enabling PMax had an impact on the pre-existing campaigns. These results were collected only from two markets because other campaigns had brand negative keywords added, which prevented PMax from competing for certain search terms.

The aim was to increase the whole account performance with the help of PMax and avoid a significant performance drop in the existing campaigns. In scenarios where PMax potentially competes with other campaigns within the account, a transition to include PMax campaigns in the marketing strategy would be seen as advantageous for the business if the overall results improved. This improvement could manifest as consistent or increased conversion value accompanied by a more favourable Return on Ad Spend (ROAS).

For this study, it was not possible to analyse all the data available in every PMax campaign due to time constraints. However, the challenges, benefits, and co-habiting behaviour in the samples represent patterns discovered across multiple campaigns. Also, collecting data from fewer campaigns/accounts allowed the author to collect and present more detailed information.

Data analysis was created by comparing the account performance of the time when the Shopping campaign existed in the account vs. when the PMax campaign was enabled. To mitigate data biases, the comparison was based on an identical

timeframe, containing the same number of days and corresponding times of the year.

The final performance data used in this analysis were acquired during an observation period of several months, across different markets, to reach reliable results. Whenever possible, the comparison dates were selected to align with the same periods of the year, aiming to minimize the impact of seasonal variations on performance. Tables, screenshots, and graphs of performance were used to support the results.

3.3 Research validity

Initiated by the prospect of testing Performance Max campaigns and the author's broader fascination with the application of AI tools in marketing, this research project underwent a comprehensive study before settling on its final subject. Faced with a scarcity of data on such a current topic, particularly the innovative campaign type, the author initially approached the foundational theory from the perspective of integrating AI tools into general digital marketing.

In the initial phase of secondary research, the author leveraged a diverse range of academic books, scientific journals, and marketing websites to ensure the validity of the information. The collective insights drawn from these sources led the author to create a hypothesis regarding the anticipated impact of an AI-based campaign on the marketing processes.

Subsequently, a more in-depth examination of secondary research occurred, specifically investigating Performance Max (PMax) experiments. This analysis consisted of results reported by various marketing agencies, as well as valuable insights drawn from blog and vlog posts that detailed recommended optimization methods. Together, these elements played a crucial role in shaping the foundation for the author's initial test campaign. Even though the secondary data was not sufficient for answering research questions due to the individuality of the campaign at the case company, multiple sources represented consistent learnings that were utilised in this study.

Finally, the initial learnings and new PMax campaign features from Google led to a more strategic configuration of the final campaigns, resulting in even better performance. This strategy led to outcomes that could be generalised across multiple campaigns that were created. The author acknowledges the occasional limitation of the presented sample size but expresses confidence in the reliability of the primary data, given the unanimous performance data and consistent campaign behaviour observed across multiple campaigns.

Research reliability is gauged by its replicability and consistency. If the research design allows for replication, consistently yielding the same key outcomes, it is considered reliable. Research validity is determined by the appropriateness of methods, accuracy in result analysis, and the potential for generalizing outcomes. Assessing research validity involves verifying if measures align with their intended purpose if results are appropriately analysed, and if findings can be generalized. (Saunders, et al., 2019)

The detailed results presented in this study included the most recent performance data, where previously learnt optimisation methods had been applied. This way, the final results were assumed to be more reliable and less affected by poor choices in campaign configuration and assets.

It is important to note that additional factors such as shifts in the economic landscape over time or alterations to other Google Ads campaigns can influence various outcomes in a Google Ads account. Given the complexity of managing a Google Ads account, it cannot be interpreted that certain results stem from a straightforward relationship between two variables, for instance, the account performance improving solely due to PMax. Therefore, the author aims to present patterns that have been observed on multiple occasions or can be confirmed reliable through an alternative way.

4 Results and analysis

This chapter presents the key findings that emerged from the research project. Section 4.1 provides detailed campaign settings used in the research sample. In section 4.2 the author addresses the specific benefits of Performance Max campaigns by displaying a comparison between PMax and Standard Shopping KPIs. Subsequently in section 4.3, a deeper examination into the interaction of PMax with the existing Standard shopping, Search, and Brand campaigns follows. Finally, the research results are analysed in section 4.4.

4.1 Campaign settings

As supporting information, the PMax campaign configurations of this study are provided below (see Figure 6). These settings were consistent across all campaigns, except for the campaign start time and bidding strategy.

- Ad rotation was set to optimise for best-performing ads, allowing ML systems to learn the optimal asset patterns.
- The majority of the campaigns were started with a maximise conversions bidding strategy. Target CPA was applied after the initial learning phase to provide ML with a goal towards which to optimise. The only exceptions are CZ and DK accounts, which were started with Maximise conversion value bidding with target ROAS being applied later.
- The campaign name including a country code.
- The campaign end date, which was not set in this case.
- Each campaign was linked to the Merchant Center Feed, which includes the list of all products available for purchase in the specific market. PMax utilises the product data to create ads.
- Final URL expansion was turned off, so that Google could not replace the provided URL, but also to prevent it from dynamically adjusting ad headlines to match the search intent.

- Location options were set in a way that the campaign would target only consumers in the targeted location to avoid showing ads to people outside the set location. Possible location exclusions were set to include people in or interested in the excluded location.
- The Google Networks the campaign was opted into.
- The campaign start times varied by market as they were rolled out in phases. Nevertheless, every campaign in this sample remained active throughout the entire duration of the performance comparison.

Campaign created

Ad rotation is "Optimize: Prefer best performing ads"

Bid strategy type is "Maximize conversions"

Campaign "Sales-Performance Max-CZ" created

End time is "No end date"

Feed label is CZ

Final URL expansion is Off: Send traffic to provided URLs only

GMC Feed 123575046 is added

Location options (advanced): Exclude is "people in, searching for, or viewing pages about my targeted location"

Location options (advanced): Targeting is "people in my targeted location"

Not targeting "Google TV Network"

Opted into "Display Network"

Opted into "Google Search Network"

Start time is Apr 3, 2023, 1:09:09 PM CEST

Figure 6. PMax campaign settings were used in this study.

The asset strength was ensured to be “Excellent” in all campaigns (see Figure 7) when assets were added to the campaign, providing the ML algorithms with various asset options to combine.

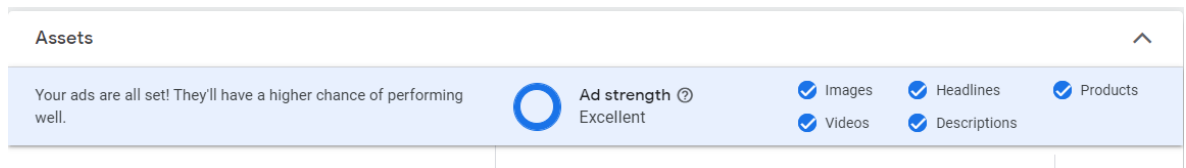


Figure 7. Asset strength rating in sample campaigns.

The campaigns utilised audience signals to separate asset groups by different audience types, e.g. remarketing customer data, in-market and affinity audiences, purchase intent search terms, and visitors who made a purchase. The number of asset groups and audiences targeted varied between the campaigns presented in this study, which is natural since not all audiences perform equally in different markets. These must be constantly tested and adjusted accordingly, e.g. PMax can help marketers discover new affinity markets, which can then be added as an audience signal (see Figure 8).

Audience insight

Understand your top audience segments, their performance, and how unique they are for you
Top audiences can provide inspiration for your campaigns and business by revealing who your customers are and what they're interested in

✔ Your ads are already optimized for these audience segments, and you don't need to take any action based on these insights.

Conversions Clicks Impressions

Audience segment	Type	Share of conversions	↓ Index
Fine Jewelry <small>SIGNAL</small>	In-market	36%	15.5x
Bath & Body Products <small>OPTIMIZED</small>	In-market	27.9%	3.5x
Jewelry & Watches <small>SIGNAL</small>	In-market	57.7%	3x
Fashionistas <small>SIGNAL</small>	Affinity	78.6%	2.4x
Women's Media Fans <small>OPTIMIZED</small>	Affinity	30.4%	2.4x
Women's Apparel <small>OPTIMIZED</small>	In-market	30.6%	1.7x
Mother's Day Shopping <small>SIGNAL</small>	In-market	73.2%	1.7x

Figure 8. Audience insights in PMax.

4.2 Performance Max vs. Shopping performance comparison

First, the author created a comparison between PMax and the Shopping campaign. Table 1 below displays the comparison results between Performance

Max and Standard Shopping in the respective period. To provide a comprehensive overview, the total account performance change is also included in the table. In addition to PMax or Shopping, each account contains four Search campaigns for different product categories, and a Brand campaign, targeting exclusively brand search terms.

Timeframe of this comparison is four months, the exact dates being July 1 - October 31, 2023 (with PMax) compared to July 1 - October 31, 2022 (with Shopping).

The sample markets of this comparison are displayed on the left side of the table as the country code, including the currency in brackets, e.g. Italy = IT (EUR). Below the country code are the campaign names and the change recorded, and finally, the total account performance change.

KPIs observed in each campaign can be seen on top of each section, which includes impressions, interactions, conversions, conv. value/cost (ROAS), total conversion value, cost, and finally, the profit, which is calculated by subtracting cost from the total conversion value. The amounts displayed in this comparison include only the Google Ads campaign amounts in the respective country currency, and it does not take into account other marketing profits or expenses.

As the goal of this comparison was to highlight the beneficial outcomes of PMax, the table has negative performance changes highlighted with red, and positive performance changes highlighted with green, e.g. lower number of impressions indicates that ads were not served as often, and therefore it is considered a negative change in performance and is highlighted in red.

Table 1. PMax vs Standard Shopping performance comparison.

IT (EUR)	Impressions	Interactions	Conversions	Conv.value/cost	Conversion value	Cost	Profit (conv.value-cost)
Performance Max	5324740	41017	968,77	2,87	28536,24	9942,49	18593,75
Standard Shopping	8417406	42977	784,56	2,39	19991,68	8348,25	11643,43
Change	-3092666	-1960	184,2	0,48	8544,55	1594,24	6950,32
Total account change	-3262263	-18412	-356,99	0,87	2122,16	-5882,22	8004,38
CZ (CZK)	Impressions	Interactions	Conversions	Conv.value/cost	Conversion value	Cost	Profit (conv.value-cost)
Performance Max	2718267	25926	1387,68	4,71	857853,88	181993,37	675860,51
Standard Shopping	6053592	42975	2163,54	2,69	1024811,87	381651,86	643160,01
Change	-3335325	-17049	-775,87	2,03	-166957,98	-199658,49	32700,5
Total account change	-3347951	-12357	-280,06	0,84	203544,5	-160988,49	364532,99
FI (EUR)	Impressions	Interactions	Conversions	Conv.value/cost	Conversion value	Cost	Profit (conv.value-cost)
Performance Max	4465933	31167	1575,25	3,14	41634,63	13259,13	28375,5
Standard Shopping	4806745	20243	1061,1	2,3	24287,25	10569,75	13717,5
Change	-340812	10924	514,16	0,84	17347,38	2689,38	14658
Total account change	-405940	8907	352,88	0,9	29653,82	-3166,95	32820,77
DK (DKK)	Impressions	Interactions	Conversions	Conv.value/cost	Conversion value	Cost	Profit (conv.value-cost)
Performance Max	3526314	28272	2059,7	4,11	475947,95	115765,89	360182,06
Standard Shopping	6254891	33254	2277,25	2,4	415974,49	173245,23	242729,26
Change	-2728577	-4982	-217,55	1,71	59973,47	-57479,34	117452,8
Total account change	-2794290	-12086	-1135,19	0,85	-62856,18	-100870,65	38014,47
PL (PLN)	Impressions	Interactions	Conversions	Conv.value/cost	Conversion value	Cost	Profit (conv.value-cost)
Performance Max	6028446	71263	1763,62	3,21	150835,23	47008,09	103827,14
Standard Shopping	7684428	66890	1591,36	2,61	123311,47	47206,86	76104,61
Change	-1655982	4373	172,26	0,6	27523,76	-198,77	27722,53
Total account change	-1902848	-3050	-365,76	0,87	16963,61	-30329,38	47292,99
HU (HUF)	Impressions	Interactions	Conversions	Conv.value/cost	Conversion value	Cost	Profit (conv.value-cost)
Performance Max	11002101	113849	2344,99	2,75	22774403,3	8273067,14	14501336,16
Standard Shopping	10521640	61295	1655,04	2,63	15054547,29	5726642	9327905,29
Change	480461	52554	689,96	0,12	7719856,01	2546425,14	5173430,87
Total account change	2771801	396995	407,01	-0,79	4043328,32	3610641,9	432686,42
NO (DKK)	Impressions	Interactions	Conversions	Conv.value/cost	Conversion value	Cost	Profit (conv.value-cost)
Performance Max	4191776	26143	2096	3,31	512739,57	155046,89	357692,68
Standard Shopping	4493813	21076	1946,99	2,34	421037,17	179629,08	241408,09
Change	-302037	5067	149,01	0,96	91702,4	-24582,19	116284,59
Total account change	-387518	-2192	-1005,74	0,7	-195102,55	-122984,16	-72118,39

4.3 Performance Max interaction with existing campaigns

The second research question focused on the influence of PMax on the existing campaigns within the account. This required a thorough analysis of the performance of Shopping, Search, and Brand campaigns, with careful consideration of overall account metrics.

4.3.1 Impact on Standard Shopping

The graph in Figure 9 displays the impact on Shopping campaign performance when PMax was enabled. The yellow label marks the date PMax was enabled in the account. The downward conversion and impression graphs demonstrate that Shopping ads stopped showing once the PMax started running in the account. The

below graph is extracted from the DK account, but an identical trend was observed in each account where PMax was enabled.

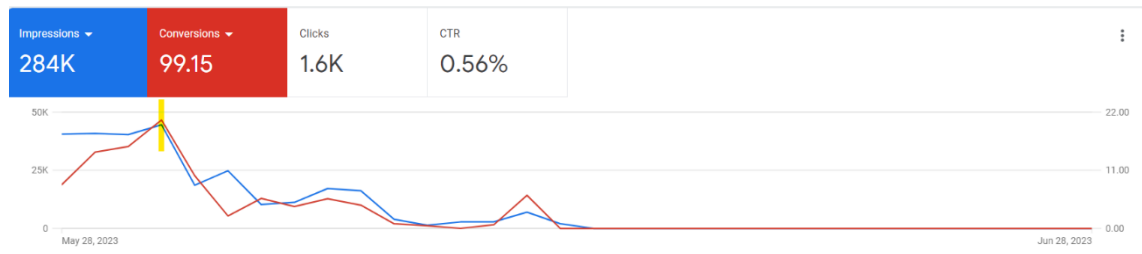


Figure 9. PMax effect on Shopping campaign.

4.3.2 Impact on Search campaigns

Investigating the effect on Search campaigns was carried out by observing their performance after the PMax campaign with supporting assets (images, text, video etc.) was enabled. Some of the PMax campaigns were started without assets, for them to work as Smart Shopping campaigns initially. This was due to an experience gained during the first test campaigns. It was observed that the campaign upgraded from a Smart Shopping campaign to Performance Max displayed notably stable and impressive performance right from the beginning, in contrast to other test campaigns that took a few weeks to adapt and demonstrate stable results. Also, the goal was to mitigate possible negative effects on existing Search campaigns, since the PMax campaign without assets only appears for Shopping placements, therefore not competing with Search. Later, Google made it difficult for marketers to utilise this solution.

For this comparison, DK and HU accounts are presented as examples of cases where the PMax including assets was running alongside Search campaigns.

DK account case:

First Figures 10 and 11 display detailed performance data of the DK account, where PMax had to be enabled with assets right from the start. Each horizontal column represent a Search campaign in the account. Comparison dates are 1 June - 31 October 2023 vs. 1 June - 31 October 2022, which is starting from the

date PMax was enabled in the account. A longer period is chosen to display a comprehensive overview of the performance.

Cost	Conversions	Impressions
DKK92,376.64 ↑ DKK34,173.33	1,226.37 ↑ 315.17	96,974 ↑ 17,848
DKK48,769.11 ↑ DKK14,610.30	543.78 ↓ 45.36	45,162 ↓ 12,295
DKK37,750.66 ↑ DKK4,388.52	431.11 ↑ 70.78	53,924 ↑ 3,115
DKK36,695.66 ↓ DKK29,820.49	508.07 ↓ 356.89	52,356 ↓ 25,020
DKK26,595.54 ↓ DKK17,030.18	1,574.56 ↓ 338.89	13,957 ↓ 1,843

Figure 10. Summary of Search campaigns after PMax was enabled in the DK account.

Impr. <>	Interaction: <>	Interaction rate <>	↓ Conversion: <>	Conv. value / cost <>	Conv. value <>	Cost <>	Cost / conv. <>	Conv. rate <>	Avg. CPC <>
13,957 (-11.66%)	10,683 clicks	76.54% (-0.46%)	1,574.56 (-17.71%)	15.64 (+60.42%)	415,966.17 (-2.21%)	DKK26,595.54 (-39.04%)	DKK16.89 (-25.92%)	14.74% (-6.41%)	DKK2.49 (-30.67%)
96,974 (+22.56%)	13,571 clicks	13.99% (+8.61%)	1,226.37 (+34.59%)	3.11 (-8.43%)	286,967.33 (+45.34%)	DKK92,376.64 (+58.71%)	DKK75.33 (+17.93%)	9.04% (+1.11%)	DKK6.81 (+19.23%)
45,162 (-21.40%)	7,081 clicks	15.68% (+16.42%)	543.78 (-7.70%)	2.56 (-36.01%)	124,932.59 (-8.63%)	DKK48,769.11 (+42.77%)	DKK89.68 (+54.68%)	7.68% (+0.86%)	DKK6.89 (+56.02%)
52,356 (-32.34%)	7,065 clicks	13.49% (-0.44%)	508.07 (-41.26%)	2.95 (+15.01%)	108,138.12 (-36.55%)	DKK36,695.66 (-44.83%)	DKK72.23 (-6.08%)	7.19% (-12.81%)	DKK5.19 (-18.11%)
53,924 (+6.13%)	7,109 clicks	13.18% (+14.80%)	431.11 (+19.64%)	2.67 (+11.43%)	100,947.94 (+26.09%)	DKK37,750.66 (+13.15%)	DKK87.57 (-5.42%)	6.06% (-1.80%)	DKK5.31 (-7.12%)

Figure 11. A detailed breakdown of DK Search performance Jun - Oct 2023 vs. the previous year.

In addition, see the below Figure 12 for the time frame 1 June - 31 October 2023 vs the previous year demonstrated in a graph containing all DK Search

campaigns. Solid lines represent the current year, and the dotted lines represent the last year.

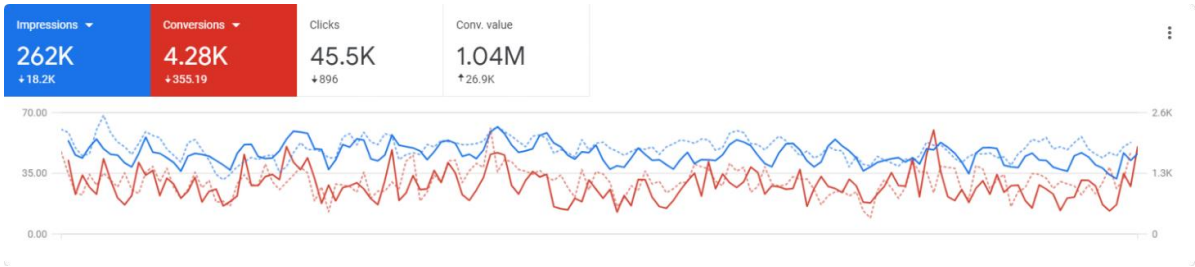


Figure 12. DK Search campaigns overall performance graph Jun - Oct 2023 vs. the previous year.

HU account case:

The second example of a comparable situation is the following outcome in Figure 13, which displays the Search campaign performance overview after assets were added to the PMax in the HU account. Each horizontal column represent a Search campaign in the account. The time frame of this comparison is 1 August - 31 October 2023 vs. 1 August - 31 October 2022.

Impr. <>	Interaction: <>	Interaction rate <>	↓ Conversion: <>	Conv. value / cost <>	Conv. value <>	Cost <>	Cost / conv. <>	Conv. rate <>	Avg. CPC <>
14,715 (+25.09%)	11,644 clicks	79.13% (+0.48%)	968.01 (+5.14%)	57.29 (-52.64%)	16,395,848.07 (+3.68%)	HUF286,206.06 (+118.93%)	HUF295.67 (+108.23%)	8.31% (-16.35%)	HUF24.58 (+74.18%)
102,971 (+33.02%)	11,293 clicks	10.97% (-5.02%)	441.54 (+14.10%)	2.57 (-57.24%)	4,265,937.54 (-17.83%)	HUF1,663,027.94 (+92.15%)	HUF3,766.46 (+68.40%)	3.91% (-9.68%)	HUF147.26 (+52.10%)
149,354 (-25.03%)	16,687 clicks	11.17% (+4.13%)	357.28 (-19.49%)	2.24 (-18.78%)	3,720,434.20 (-16.37%)	HUF1,664,300.26 (+2.96%)	HUF4,658.30 (+27.89%)	2.14% (+3.13%)	HUF99.74 (+31.90%)
52,912 (-15.85%)	5,585 clicks	10.56% (-10.34%)	147.06 (-28.32%)	1.83 (-45.59%)	1,131,495.66 (-45.38%)	HUF616,638.90 (+0.37%)	HUF4,193.17 (+40.03%)	2.63% (-5.00%)	HUF110.41 (+33.03%)
22,317 (-22.16%)	3,018 clicks	13.52% (+2.79%)	94.37 (-27.32%)	2.27 (-41.17%)	897,882.18 (-36.37%)	HUF395,739.38 (+8.16%)	HUF4,193.48 (+48.82%)	3.13% (-9.16%)	HUF131.13 (+35.19%)

Figure 13. A detailed breakdown of HU Search performance Aug - Oct 2023 vs. the previous year.

In addition, see the below Figure 14 for time frame 1 August - 31 October 2023 vs. the previous year demonstrated in a graph containing all Search campaigns. Solid lines represent the current year, and the dotted lines represent the last year.

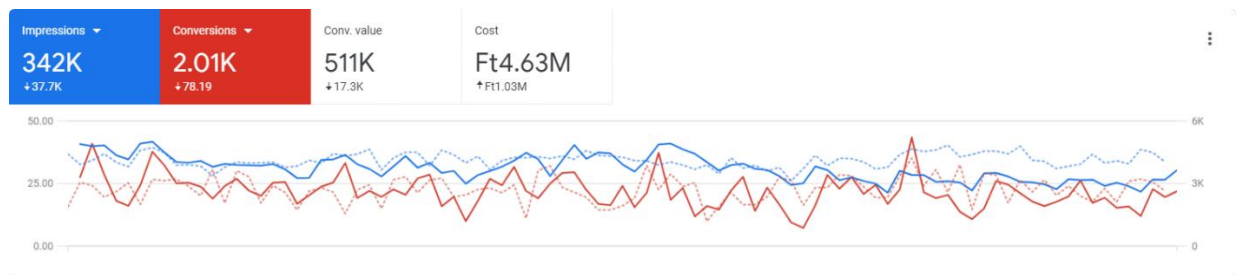


Figure 14. HU Search campaigns overall performance graph Aug - Oct 2023 vs. previous year.

4.3.3 Impact on Brand Campaigns

A focused evaluation of the Brand campaign follows. Given the advantageous high ROAS associated with Brand campaigns, it became imperative to learn whether PMax effectively attracted brand traffic, thereby contributing to a favourable ROAS outcome and a potential drop in Brand campaign performance.

Some of the sample markets had brand terms added as negative keywords, which was a Google update that became available after the first test campaigns. This prevented the PMax campaign ads from appearing for brand search terms. However, the negative brand terms were not added to all of the current campaigns, of which DK and HU accounts are presented as examples in this comparison. For clarity, there are separate graphs for impressions and conversions. In addition, it was essential to investigate PMax search term insights, of which the results are also included.

DK account case:

The DK account graphs below in Figures 15 (impressions) and Figure 16 (conversions) display the trend starting from May, and the highlighter marks the date PMax was enabled (1st of June). The solid line represents the current year,

and the dotted line represents the last year. Both graphs show that the performance was lower than last year, even before enabling PMax.

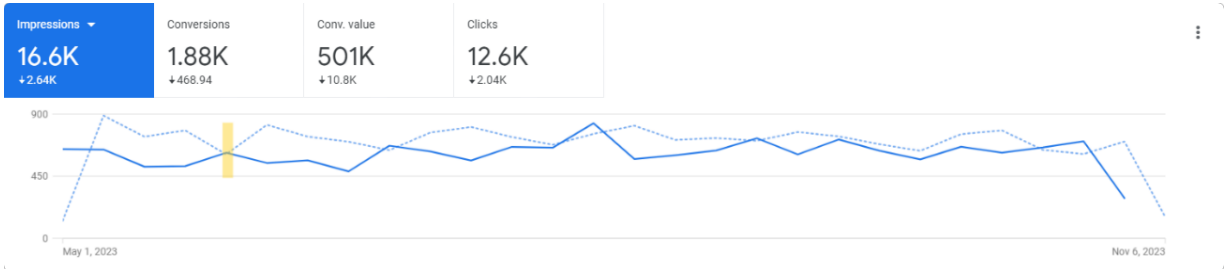


Figure 15. DK brand impressions May-Oct vs. the previous year.



Figure 16. DK brand conversions May-Oct vs. the previous year.

Investigation into PMax attracting brand traffic was done with the help of PMax search term insights. Figure 17 displays search term insights in the DK account from June - October. Each horizontal row represent the highest performing search categories in DK. The yellow highlight shows the number of conversions for brand terms in these accounts.

Conversions ▼	Search volume	Asset groups
231.82	10K-100K	Details
149.81	10K-100K	Details
130.08	10K-100K	Details
68.57	10K-100K	Details
60.79	10K-100K	Details
53.71	1K-10K	Details
48.72	10K-100K	Details

Figure 17. DK search insights - brand term conversions highlighted.

HU account case:

For the HU account, the Brand campaign performance progression after adding assets to PMax follows in Figure 18 (impressions) and Figure 19 (conversions). The time frame for this graph is 1 July - 31 October 2023 vs. the previous year, and the highlighter marks the date assets were added to PMax (1st of August), allowing it to appear in all Google Networks, including Search.



Figure 18. HU brand impressions Jul-Oct vs. the previous year.



Figure 19. HU brand conversions Jul-Oct vs. the previous year.

To see how PMax was attracting brand traffic in HU, Figure 20 displays search term insights from August – October. Each horizontal row represent the highest performing search categories in HU. The yellow highlight shows the number of conversions for brand terms in these accounts.

Conversions ▼	Search volume	Asset groups
77.60	10K-100K	Details
59.75	10K-100K	Details
55.04	10K-100K	Details
52.92	10K-100K	Details
40.91	10K-100K	Details
39.39	10K-100K	Details
32.64	10K-100K	Details

Figure 20. HU search insights - brand term conversions highlighted.

In both account cases, brand terms appeared among the highest-converting search categories within the period the PMax campaign had assets, and consequently, was able to appear in all Google networks. Even though the above graphs do not indicate that PMax had a negative impact on Brand campaigns, Figures 17 and 20 prove that PMax campaigns were attracting brand traffic.

4.4 Analysis

4.4.1 Performance Max and Shopping comparison

The results of the performance comparison between Performance Max and Shopping indicated a consistent increase in profit and ROAS across every campaign in this study. The same trend was also observed by the marketing agencies, whose results were included in the Performance Max experiences - section. The majority of the campaigns also exhibited an increase in conversions, conversion value, and a decrease in cost.

There appeared to be a connection between chosen bidding strategies and campaign conversion volume. The suspicion for this correlation arose from the fact that the only campaigns experiencing a decrease in conversions were DK and CZ, both of which were using a Maximise conversion value bidding strategy with target ROAS (tROAS). The nature of this bidding strategy is to optimise toward higher value conversions. Therefore, the target ROAS is generally more likely to return a higher total conversion value but lower conversion volume than the Target CPA. (Prodanof, 2023)

Another variable to consider was the budget allocated to the campaigns. Most campaigns had initially fairly low budget, but in some cases, the budget remained significantly lower than the budget previously allocated to Shopping. The conservative approach regarding budget may also be a possible variable for why DK and CZ campaigns did not experience equally successful growth compared to some other campaigns. The case of HU also supports this theory, as it was the only campaign that was allocated an equal budget as Shopping right from the beginning. It was also the only campaign that experienced growth in every KPI observed. The downside of this approach was the lower-than-average ROAS, which is still visible in the overall results. The smallest ROAS increase was, in fact in the HU account, where the ROAS change percentage was only 4,72%. The campaign also had a 44,47% increase in cost, which is not surprising since the interactions increased by an impressive 85,74%. However, the conversion increase percentage was 41,69%, which is rather low considering the high interaction rate, indicating that the quality of interactions was poor since many of them did not result in conversions. Therefore, it can be assumed that for optimal outcomes, the budget should be increased in phases, allowing the ML to learn over time. Too high budget appeared to lead PMax to acquire lower quality traffic, resulting in unnecessarily high costs.

Contrary to the original hypothesis related to the anticipated impact on visibility, the majority of the campaigns did not experience increased impressions, one exception being HU mentioned above. Due to the limited reporting in PMax, analysing the visibility is challenging without detailed data on where the ads were

displayed in Google Networks. However, the HU case may suggest that a higher budget enabled wider reach.

The ad quality appeared to be higher quality than in the previous Shopping campaign. This is evident in the fact that, despite lower impressions, clicks saw an increase in numerous campaigns. Moreover, a majority of cases recorded an increase in conversions, indicating an improvement in targeting. This aligns with the findings from secondary research on PMax ML capabilities, affirming that the system strives to engage users likely to convert in a given search. This is facilitated by Smart Bidding, which analyses numerous real-time bidding signals.

4.4.2 Performance Max impact on the account

The shopping campaign plummeted very soon after PMax was enabled, but this was already expected to happen. In cases where these campaigns have the same products, PMax always takes priority over shopping. (Vallaey, 2023) So, it is still possible to run Standard Shopping alongside PMax, as long as different products are used in each campaign.

A detailed breakdown of DK and HU Search campaign performance was carried out in an attempt to discover possible performance fluctuations caused by PMax. The secondary research suggested that PMax cannibalises Brand and Search campaigns within the same account. In this study, the PMax campaign insights displayed popular search terms & brand terms among the most converting search categories, but contrary to all expectations, the various graphs and tables do not indicate a negative effect on the campaigns. In fact, the Brand campaign in HU experienced an increase in performance during the comparison. Also, in DK the graph shows that during 2023 the Brand campaign was already experiencing lower performance before PMax was enabled in the account. When it comes to other Search campaigns, they displayed performance fluctuations without any clear patterns of negative outcomes. Some campaigns improved, and some deteriorated, which could be explained by various variables, e.g. competition, keyword, or budget adjustments. Therefore, it must be considered that PMax is not

a clear cause for the random performance irregularities in the Search and Brand campaigns. On the other hand, PMax attracting brand traffic could partly explain the higher average ROAS vs Shopping in some cases, even though improved ROAS was also achieved in campaigns that already had brand terms added as negative keywords.

While PMax attracted both Brand and Search traffic, it appeared not to instigate evident issues within the account, as indicated by the overall account performance. Positive changes were observed in the accounts after PMax campaigns were extended to most markets, i.e. profit increases, and cost savings.

5 Conclusions

The objective of this thesis was to enhance comprehension of PPC marketing automation tools, with a specific focus on the integration of Performance Max campaigns into a PPC marketing strategy.

- The first research question was “What specific benefits would integrating Performance Max campaigns into a PPC marketing strategy offer”.

The results aligned with the initial research theory based on the aspects of AI tools in many ways, including enhanced personalization and effectiveness. Every campaign of this study increased in profit and ROAS, and the majority of the campaigns also exhibited an increase in conversions, conversion value, and a decrease in cost. Higher conversion rates suggest that the targeting improved. However, contrary to the expected impact on visibility, the majority of the campaigns did not experience an increase in impressions. An exception was noted in one campaign, suggesting that its higher budget facilitated a wider reach. Therefore, the effect of an appropriate budget should be considered when managing PMax. Even though PMax technically allows audience reach across all Google channels, analysing the campaign placements was challenging due to a lack of insights into this aspect. Nevertheless, the convenience of one campaign accessing all Google Ads inventory improves campaign management efficiency, while allowing marketers opportunities to carry out more impactful and intelligent marketing actions.

- The second research question was: “How does Performance Max interact with existing campaigns in a Google Ads account”.

The results validated the expectation that, with identical products, PMax took priority over Shopping, leading to the termination of the campaign shortly after PMax was enabled. The findings further revealed, contrary to prior expectations, that no obvious impact could be identified on the performance of Search campaigns within this sample. There was no clear correlation that PMax was a cause for the performance fluctuations in the Search campaigns, despite PMax

insights revealing popular search terms and brand terms amongst the highest converting search categories. Identifying the cause can pose a challenge, as performance fluctuations may hinge on and result from a combination of numerous variables, like sales, trends, economic landscape, competition at the time, budget and targeting adjustments. The research sample for this detailed comparison was limited to two examples, therefore, further investigation on Search performance alongside PMax in various circumstances should be carried out. A definitive correlation between a high ROAS in PMax and the acquisition of brand traffic could not be conclusively confirmed. This is evident as ROAS improved even in campaigns where brand terms were already incorporated as negative keywords. Consequently, these observations suggest that PMax complements the Search campaigns effectively, contributing to an enhancement in the overall account performance.

This research project established the advantages of leveraging automation tools in modern marketing practices, demonstrating how the integration of PMax into a PPC marketing strategy can foster growth. The case study also revealed unexpected results, emphasizing the uniqueness of each case and its susceptibility to various influencing factors that can significantly impact the campaign's outcome. Consequently, ongoing optimization and testing emerge as essential practices for achieving optimal results when working with automation tools like Performance Max.

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