Inside
Google Marketing

Three Steps to Master
Digital Advertising

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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 and subscription services.

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1

Use data to set goals

Type of goals

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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** and **Mobile Growth**.
What metric do we have to improve to fulfil 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).

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Use data to set goals

Type of performance goals

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

MO	Examples of KPIs	Examples of Campaign Goals
Lead Generation	Calls, contact form completions	Cost per lead, return on ad spend
Online Sales	Purchases, subscriptions	Cost per acquisition, return on ad spend
Offline Sales	In-store visits, appointment sign-ups	Cost per acquisition, cost per shop visit, return on ad spend
Apps + Mobile Growth	Installs, engagement	Cost per install, cost per daily active users

Choosing a goal

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We've learned that a useful campaign goal is:

Quantifiable	**Incremental**	**Commercially viable**
Results can be clearly measured.	Goes beyond what we would naturally achieve without any media spend.	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.

Rocío Abril
Google Marketing Team

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Performance campaign metics

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 that we return for every pound 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)

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2

Use conversion tracking to unlock automation

Conversion tracking

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.

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Automation

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 optimises our campaigns towards a metric or objective (e.g. 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.

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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 pound spent.

These ads are driven by machine learning algorithms to show images and/or text tailored to different customers and 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.
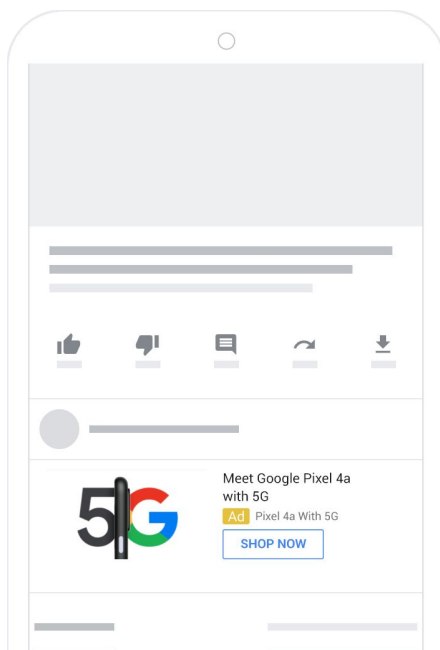
Examples of dynamic creatives
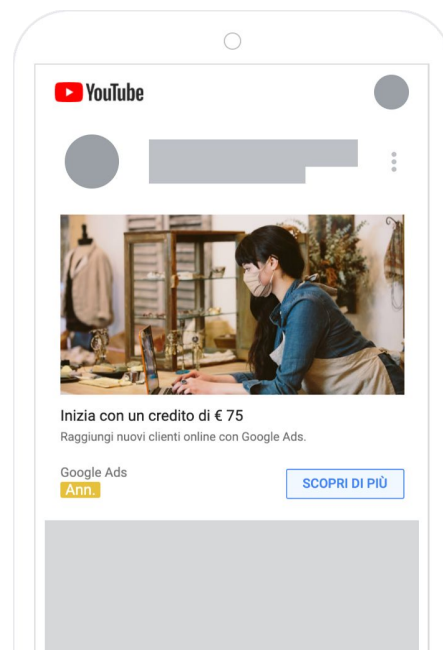
Stadia - Discovery ad

Google Store - 320x568 responsive image ad

Google Pixel - YouTube watch page responsive ad

Google Ads – YouTube home page responsive ad

3

Waterfall
media planning

The waterfall

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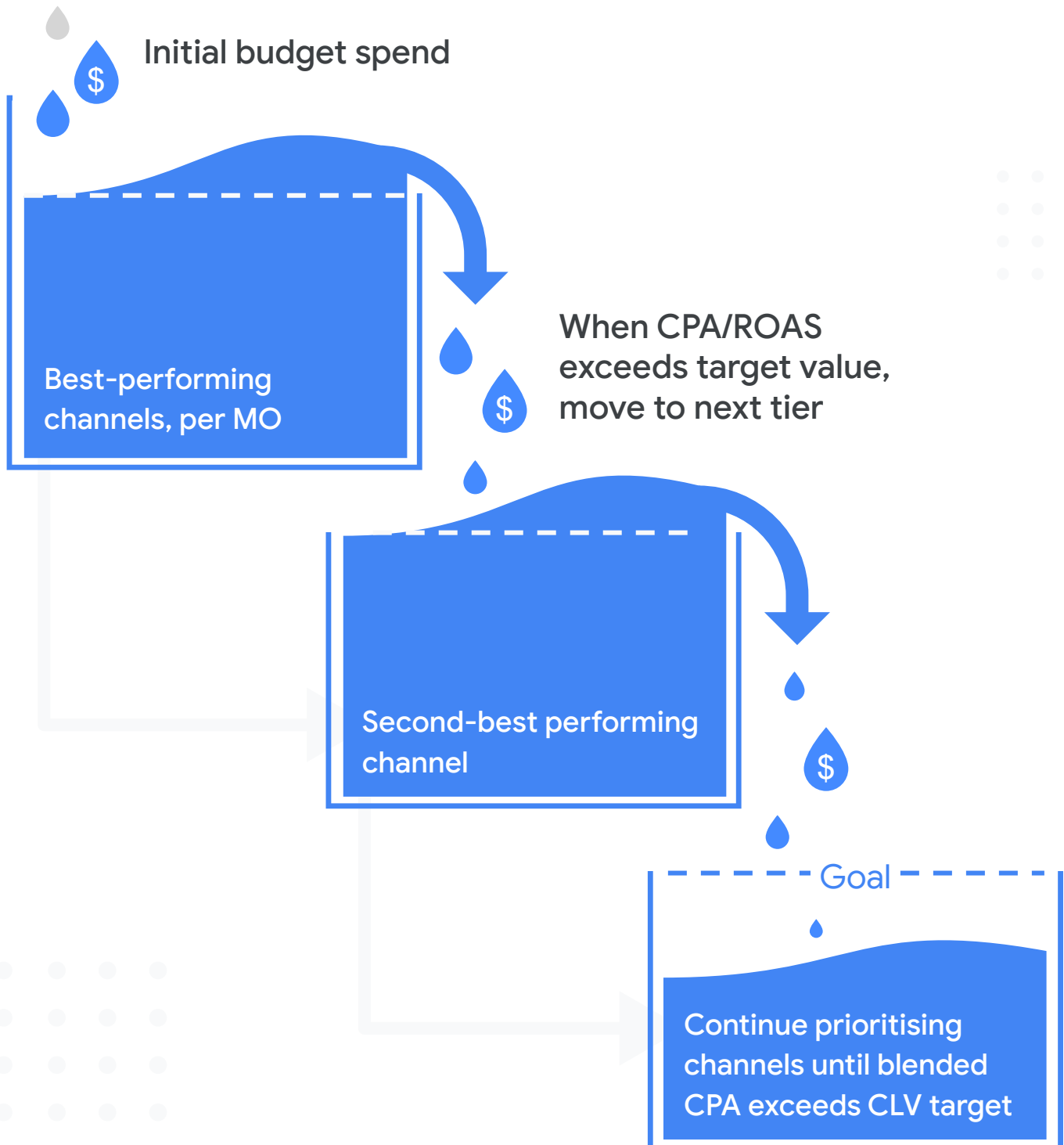
We continue prioritising channels in this way until our overall CPA or ROAS reaches the goal set by our CLV.

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

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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 prioritising channels until blended CPA exceeds CLV target

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Why use waterfalls?

Running multiple campaigns and products across Google Ads can be complicated.

We've found that prioritising 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.

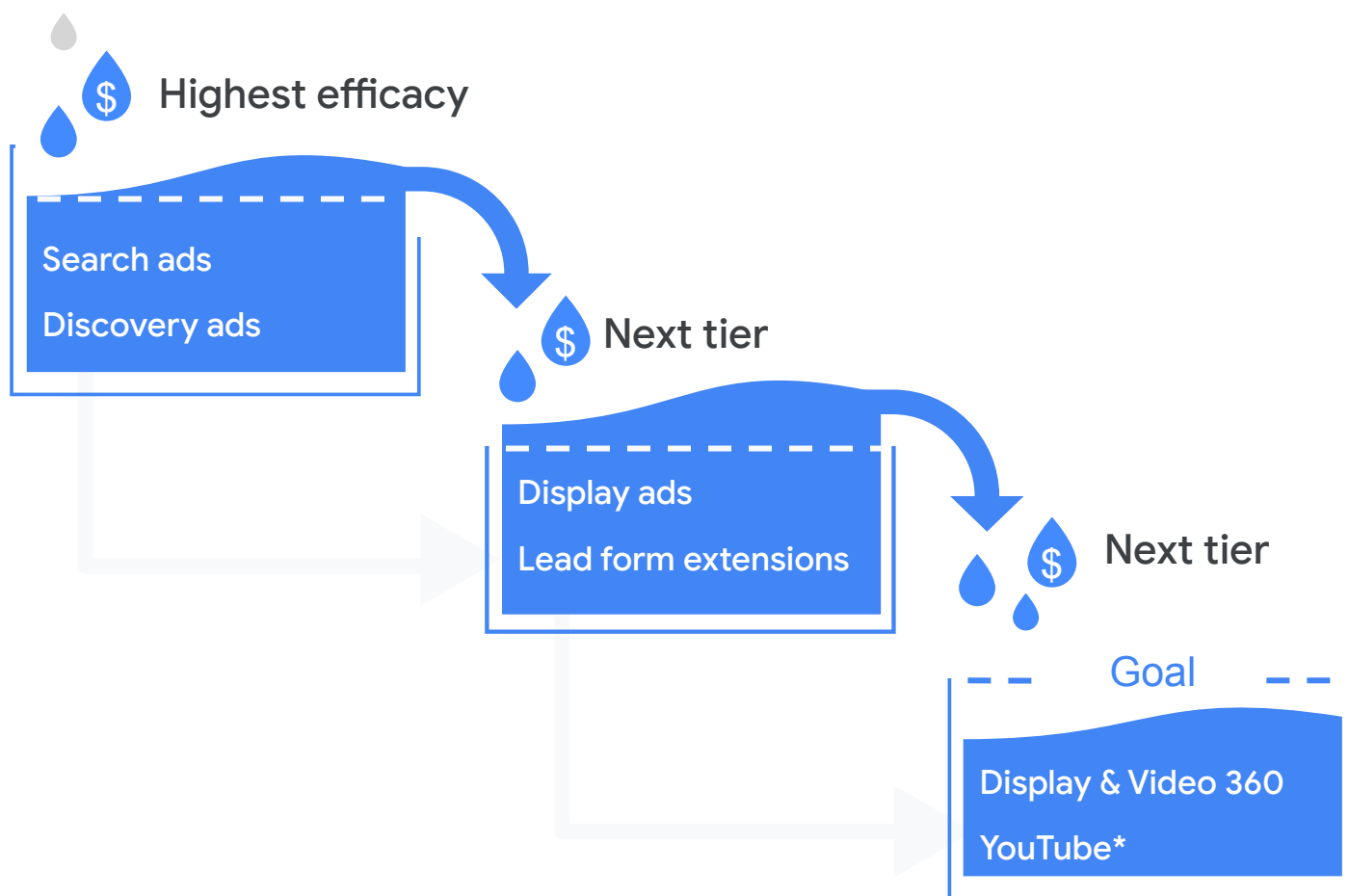The farther down the 'waterfall' you move, the more important multi-touch attribution solutions become.

Lili Papadimitriou, Google Marketing Team

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The waterfall: Lead Generation

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

MO	Examples of KPIs	Examples of Campaign Goals
Lead Generation	Calls, contact form completions	Cost per lead, return on ad spend

$ Highest efficacy

Search ads
Discovery ads

$ Next tier

Display ads
Lead form extensions

$ Next tier

Goal

Display & Video 360
YouTube*

*We are currently testing YouTube ads for lead generation and depending on results may change its priority in our waterfall planning

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The waterfall: Online Sales

Every company and campaign is different, but here are the products that we use at each waterfall tier, depending on our marketing objective.
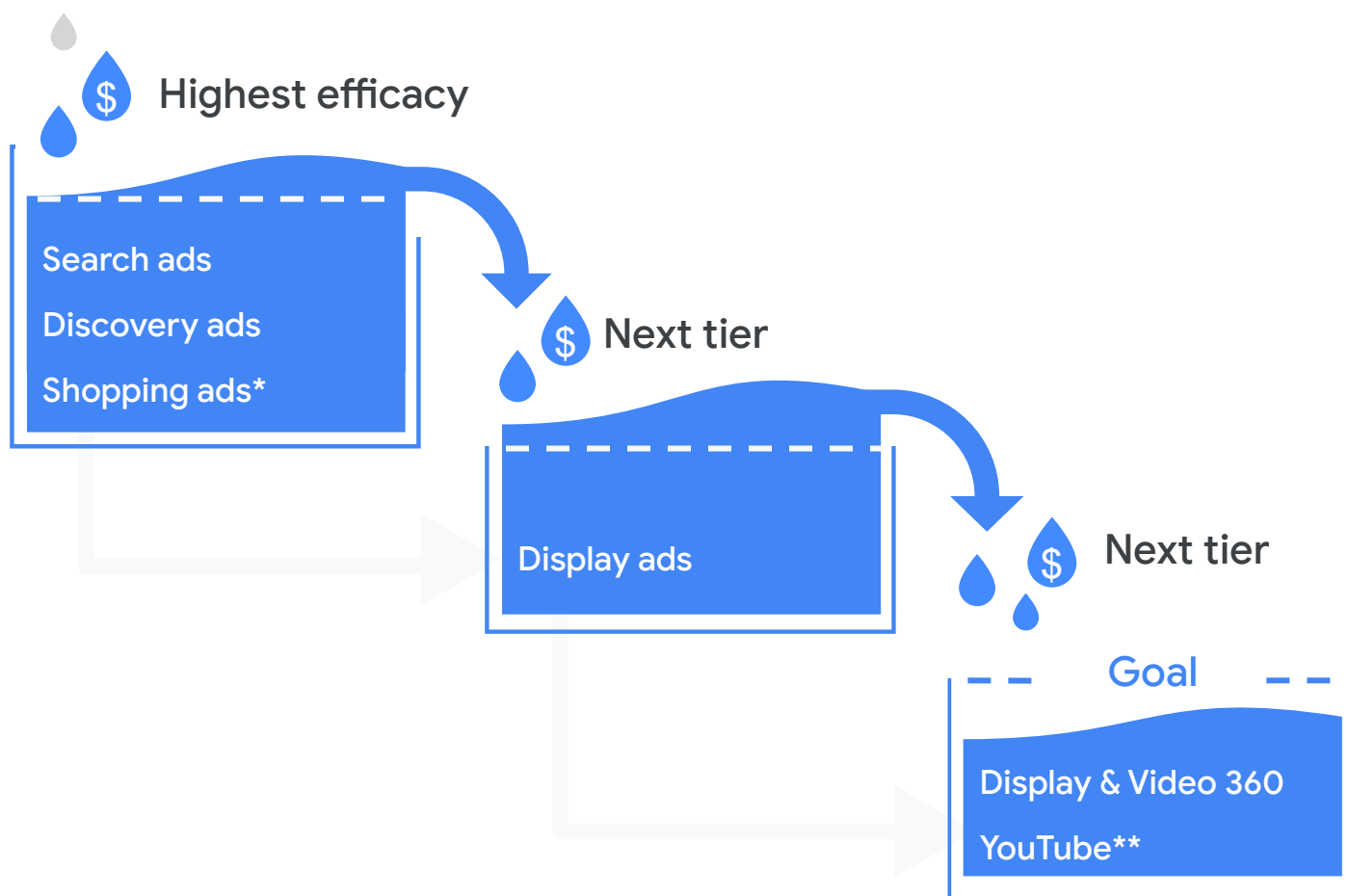
MO	Examples of KPIs	Examples of Campaign Goals
Online Sales	Purchases, subscriptions	Cost per acquisition, return on ad spend

Highest efficacy

Search ads
Discovery ads
Shopping ads*

$ Next tier

Display ads

$ Next tier

Goal

Display & Video 360
YouTube**

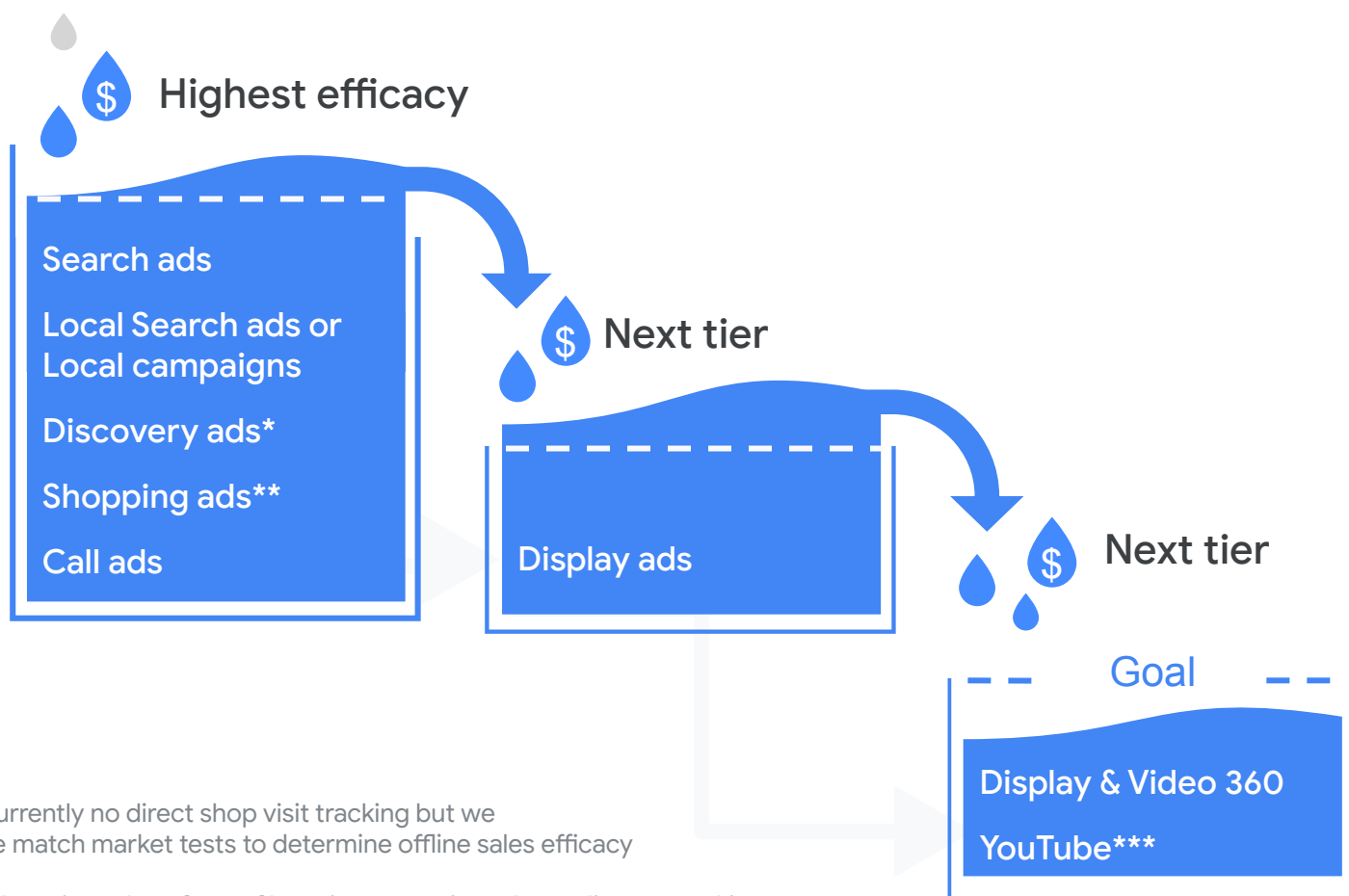*Shopping ads or Smart Shopping campaigns depending on tracking capabilities
**YouTube TrueView for Action and Video Action Campaigns

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The waterfall: Offline Sales

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

MO	Examples of KPIs	Examples of Campaign Goals
📈 **Offline Sales**	In-store visits, appointment sign-ups	Cost per acquisition, cost per shop visit, return on ad spend

Highest efficacy

Search ads

Local Search ads or Local campaigns

Discovery ads*

Shopping ads**

Call ads

Next tier

Display ads

Next tier

Goal

Display & Video 360

YouTube***

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

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

***Using in-market audiences

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19

The waterfall:
Apps and Mobile Growth

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

MO	Examples of KPIs	Examples of Campaign Goals
Apps + Mobile Growth	Installs, engagement	Cost per install, cost per daily active users

Highest efficacy

App Campaigns
(Install/Engagement)

Case in focus: Google Fi

Google Fi is a phone plan, available in the US.
Our early marketing budgets were small until we could
prove growth potential.

The team started at the top of the waterfall with **Search ads** –
our most efficient channel due to its combination of reach and
ability to capture intent.

Once Google Fi subscriptions reached our goal of $70* CPA,
we requested 20% more budget so that 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.

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Change Your Mobile Plan | Switch to Google Fi

Three mobile networks for the price of one. Switch to a better phone plan from Google.

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*CPAs used are for illustrative purposes only