Unlevel the Playing Field
The Biggest Mindshift in PPC History
HELLO!

I am Frederick Vallaeys
I am the Cofounder of Optmyzr

Find me on Twitter (@SiliconVallaeys), YouTube, the Optmyzr blog, or at PPC Town Hall.
What We’ll Cover Today

THE CHANGING NATURE OF PPC MANAGEMENT
How to be the first to adapt to what’s changing

THE 3 MODERN PPC OPTIMIZATION TECHNIQUES
Sharpening your advertising eyes, hands, and mind

PERFORMANCE MAX
Could we optimize PMax using the new modern PPC optimization techniques
THE CHANGING NATURE OF PPC MANAGEMENT
What’s The Future of Google Ads

“Advertising that works for everyone” - SVP, Google Ads

“an AI-first company” - CEO, Google
Optimization Before The Automation Era...

Manage a thousand details in the quest for conversions.
The Big Mindshift

The machines will handle the details we used to manage.

We can be more strategic...
3 Ways to Teach the Machines

When Google AI handles the details, humans can operate at the periphery of the system.

Human intellect and creativity are critical unlevelers.

1. **Optimize Structured Data**
   - Feeds
   - Assets

2. **Set Targets From Business Goals**
   - Account Structure
   - tCPA or tROAS

3. **Optimize Conversion Data**
   - Leads → Customers
   - Sales → Profits
1. Optimize Structured Data
92% of advertisers are now using RSAs

Source (Optmyzr internal data on 5,574 accts with 60m conversion value in 2020 and 4,331 accts with 180m conversion value in 2021 and 13,671 accounts in May 2022)
To Pin or Not to Pin

RSAs that pin every position have great metrics.

Which makes sense for advertisers who’ve done great A/B testing for years and have hyper-optimized ads.

Source (Optmyzr internal data from May 2022. 93,055 ads)
Fake ETAs - Pin 1 text or many texts?

Fake ETA: An RSA with text pinned to every location

Is it better to pin just one text or many texts per pinned location? Small sample size: 25 advertisers who pin every position tried this.

CTR is much better when pinning one text.

But impressions per ad group are 3.9x higher when giving Google flexibility with multiple texts per pinned location.

Source (Optmyzr internal data from May 2022. 25 advertisers with 3,213 ads)
AI can write extra headlines for you

GPT-3 is getting quite good at suggesting ads for PPC managers to review:

Suggest 3 variations of the following sentence:

Get started today - no credit card required!

1. Start now - no credit card required!
2. Get started now - no need for a credit card!
3. No credit card required - get started today!

Write a creative ad for the following product to run on Google Ads:

Product: HatQuest - An online platform to play games with your team remotely

Introducing HatQuest! An online platform to play games with your team remotely. Whether you’re looking for a fun way to stay connected with friends or a way to stay sharp and challenge yourself, HatQuest is perfect for you. With a variety of games to choose from, there’s something for everyone. So gather your team and get ready for some fun!
Ad Strength may not be the guide you thought...

Ad strength is a **best practice score** that guesses the relevance, quantity, and diversity of your responsive search ad content even before your RSA's serve.

Ad strength has NO impact on ad serving.
How to do A/B testing when ads are no longer really ads
# Compare Apples to Apples

## RSA - Evergreen
- Optmyzr
- Manage PPC
- Mktg Software
- Advertise Better
- Description v1
- Description v2

## RSA
- Headline 1 v1
- Headline 1 v2
- Description v1
- Description v2

## TA 1
- Headline 1 v1
- Headline 2 v1
- Description v1

## ETA 2
- Headline 1 v2
- Headline 2 v2
- Description v2

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## Compare Apples to Apples

<table>
<thead>
<tr>
<th>RSA - Evergreen</th>
<th>RSA</th>
<th>ETA 1</th>
<th>ETA 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optmyzr</td>
<td>Headline 1 v1</td>
<td>Headline 1 v1</td>
<td>Headline 1 v2</td>
</tr>
<tr>
<td>Manage PPC</td>
<td>Headline 2 v1</td>
<td>Headline 2 v2</td>
<td>Headline 2 v1</td>
</tr>
<tr>
<td>Mktg Software</td>
<td>Description v1</td>
<td>Description v1</td>
<td>Description v2</td>
</tr>
<tr>
<td>Advertise Better</td>
<td>Description v2</td>
<td>Description v2</td>
<td>Description v1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ETA 1</td>
</tr>
</tbody>
</table>

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RSAs and ETAs play in different leagues

RSAs get more impressions

Maybe because of Quality Score, maybe Google prioritizes them. But we have to play by Google's rules.

ETAs have a handicap against RSAs

Source (Optmyzr internal data from May 2022. 13,671 accounts and 1.7m ads)

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RSAs also get **way more conversions per ad**

+ More Impressions
* Similar CTR
* 89% of the conv. rate = way more conv!

Ad groups with RSAs have 1.6 times the conversions compared to ad groups with no RSAs

Source (Optmyzr internal data from May 2022. 13,671 accounts and 1.7m ads)
Don’t fixate on old metrics

The old way: Focused on conversions per impression

<table>
<thead>
<tr>
<th></th>
<th>CTR</th>
<th>Conv Rate</th>
<th>Conv / Imp</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSA</td>
<td>5%</td>
<td>9%</td>
<td>0.45%</td>
</tr>
<tr>
<td>ETA</td>
<td>5%</td>
<td>10%</td>
<td>0.50%</td>
</tr>
</tbody>
</table>

Old school winner

The new way: Focused on conversions within your target CPA or ROAS

<table>
<thead>
<tr>
<th></th>
<th>Imp.</th>
<th>Conv / Imp</th>
<th>Conv.</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSA</td>
<td>2000</td>
<td>0.45%</td>
<td>9</td>
</tr>
<tr>
<td>ETA</td>
<td>1000</td>
<td>0.50%</td>
<td>5</td>
</tr>
</tbody>
</table>

Modern day winner
Use ad variations to test and iterate creative

Test different assets and review their performance across multiple campaigns by using Experiments > Ad Variations.

Learn about user preferences and improve your performance by honing ad text, especially headlines.

Ad Group level asset testing is a known advertiser request but not available today.
Test Adding or Removing Assets

Try Big Changes:

- Different offers
- Different UVPs
- New CTAs
- Ad customizers
Test Replacing Assets

Test Small Changes:

- “Save 10%” vs “10% off”
- “31 colors” vs “lots of colors”
- “Find it nearby” vs “Available near you”
Test Pinning

Things to try:

- No pinning vs some pinning vs all pinning
- Pin multiple assets to a location
2. Business Goals → PPC Targets
“You don’t put percentages in the bank.”
- George Mitchie
The Relationship Between ROAS and Profits

- **Below break-even tROAS**: can produce a loss
- **Break-even tROAS**: maximizes revenues
- **Just right tROAS**: conversion volume and profit per conversion are balanced. You maximize profits from PPC
- **Too high of a tROAS**: reduces conversion volume and limits your profits
- **Too low of a tROAS**: You spend more on conversions than you make in profit from every conversion
- **Grey Zone**
- **Profit Zone**

**Low target ROAS**

**High target ROAS**

**Profit Zone**

**Grey Zone**

**Losses**

**Missed profit**
Formula for Profit Maximizing ROAS

There is no standard formula to find the profit maximizing point on the curve.

We need some predictions and experimentation.
Step 1: Use Budget Simulator

Budget Simulator contains useful predictions about costs, conversions, and conversion values.

ROAS is related to costs. As you allow spend to increase, ROAS tends to decrease.

We can use this data to find the profit maximizing combination of budget and tROAS
## Calculate Incrementality from Budget Simulator Data

### Budget Simulator Estimates

<table>
<thead>
<tr>
<th>Cost</th>
<th>Impr.</th>
<th>Top Impr.</th>
<th>Conv.</th>
<th>Conv. Value</th>
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<tbody>
<tr>
<td>$793.00</td>
<td>2.541</td>
<td>1.988</td>
<td>3</td>
<td>907.20</td>
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<tr>
<td>$732.31</td>
<td>2.462</td>
<td>1.954</td>
<td>1</td>
<td>481.65</td>
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<tr>
<td>$368.72</td>
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<td>1</td>
<td>477.93</td>
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<td>$348.26</td>
<td>2.432</td>
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<td>1</td>
<td>456.73</td>
</tr>
<tr>
<td>$344.24</td>
<td>2.412</td>
<td>1.914</td>
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<td>452.57</td>
</tr>
<tr>
<td>$120.71</td>
<td>1.971</td>
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<td>$83.59</td>
<td>1.667</td>
<td>1.253</td>
<td>1</td>
<td>153.04</td>
</tr>
</tbody>
</table>

### Calculated Data based on Budget Simulator

<table>
<thead>
<tr>
<th>Cost</th>
<th>Conv</th>
<th>Value</th>
<th>Avg ROAS</th>
<th>Incremental Cost</th>
<th>Incremental Value</th>
<th>ROAS on Incr. Cost</th>
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</thead>
<tbody>
<tr>
<td>83.59</td>
<td>1</td>
<td>153.04</td>
<td>183%</td>
<td>N/A</td>
<td>N/A</td>
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<td>120.71</td>
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<td>221</td>
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<td>$37.12</td>
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<tr>
<td>344.24</td>
<td>1</td>
<td>452.57</td>
<td>131%</td>
<td>$223.53</td>
<td>$231.57</td>
<td>104%</td>
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<tr>
<td>348.26</td>
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<td>368.72</td>
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<td>477.93</td>
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<td>372.31</td>
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<td>481.65</td>
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<td>$3.59</td>
<td>$3.72</td>
<td>104%</td>
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<tr>
<td>783.00</td>
<td>3</td>
<td>907.20</td>
<td>116%</td>
<td>$410.78</td>
<td>$425.55</td>
<td>104%</td>
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</tbody>
</table>

Spend this... which has an incremental ROAS of this... to earn this...
Avg ROAS ≠ Incremental ROAS

As we dial up spend, the average ROAS may remain acceptable while the incremental ROAS gets really poor.

<table>
<thead>
<tr>
<th>Cost</th>
<th>Conv</th>
<th>Value</th>
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<td>$231.57</td>
<td>104%</td>
</tr>
</tbody>
</table>

ROAS on total investment is 131%

ROAS on extra investment is only 104%
The Maximize Conversion Value strategy will continue spending your money so long as the average ROAS is acceptable.

But the incremental ROAS may be lower so every extra conversion costs you money.
Google’s flagship, state-of-the-art automated bidding strategy, Maximize Conversion Value, when working optimally, will give you exactly $0 of profit
Predictions Are Full of Unknowns

There is a big gap in Google's predictions between $120.71 and $344.24 in cost.

Could we maximize profits with a spend of $200 instead of $120.71?
Automation Layering Solution: Target ROAS

Start with a tROAS higher than your break-even ROAS
Then use this method to discover the optimal ROAS to maximize profits

1. **ROAS above breakeven ROAS**
   - **YES**
     - Wait 7 days
   - **NO**
     - Decrease tROAS

**MEASURE**

- **Prior 7 days (14-8d ago)**
  - Performance at Prior tROAS
  - Cost
  - Value
  - Value / Cost

- **Last 7 days (7-1d ago)**
  - Performance at New tROAS
  - Cost
  - Value
  - Value / Cost

**Incrementality**

- Incremental ROAS above breakeven ROAS
  - Yes
  - Keep or increase tROAS
  - No
  - Start with a tROAS higher than your break-even ROAS

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Performance Max Tip: Use Multiple Campaigns

<table>
<thead>
<tr>
<th>PRODUCTS (Listing Groups)</th>
<th>PMax Campaign - High Margin</th>
<th>PMax Campaign 2 - Low Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outdoor Furniture &gt; Umbrellas</td>
<td></td>
<td>Outdoor Furniture &gt; Throw pillows</td>
</tr>
<tr>
<td>Outdoor Furniture &gt; Dining sets</td>
<td></td>
<td>Outdoor Furniture &gt; Rugs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Creatives (Asset Groups)</th>
<th>PMax Campaign - High Margin</th>
<th>PMax Campaign 2 - Low Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patio Umbrellas</td>
<td>200%</td>
<td>Pillows</td>
</tr>
<tr>
<td>Outdoor Dining Sets</td>
<td></td>
<td>Rugs</td>
</tr>
</tbody>
</table>

| tROAS | 200% | 600% |

By maintaining many campaigns, you can also change targets in response to promotions and seasonality.

Tip: You can add negatives using account-level lists.
3. Conversion Optimization
Not All “Conversions” Are Equal - Lead Gen Example

“Conversion” 1
- Value $100

“Conversion” 2
- Conversion → Free estimate
- Value $200

“Conversion” 3
- Conversion → Free estimate → Customer
- Value $300
CPA Bidding

“Conversion” 1

- **Conversion**
- **Value**: $100
- **Bid**: $10

“Conversion” 2

- **Conversion**
- **Value**: $100
- **Bid**: $10
  - **Free estimate**
  - **Bid**: $200

“Conversion” 3

- **Conversion**
- **Value**: $100
- **Bid**: $10
  - **Free estimate**
  - **Bid**: $200
  - **Customer**
  - **Value**: $300
ROAS Bidding

- **“Conversion” 1**
  - Conversion: Value $100
  - Bid: $10

- **“Conversion” 2**
  - Conversion: Value $100
  - Free estimate: Value $200
  - Bid: $20

- **“Conversion” 3**
  - Conversion: Value $100
  - Free estimate: Value $200
  - Customer: Value $300
  - Bid: $30
But what if you don’t have a CRM integration with PPC?
Value Rules: What’s a Typical Scenario by Geo

**“Conversions” from India**
- Conversion: Value $100

**“Conversions” from the UK**
- Conversion: Value $100
- Free estimate: Value $200

**“Conversions” from the USA**
- Conversion: Value $100
- Free estimate: Value $200
- Customer: Value $300

Free estimate: Value $200

Bid: $10

Bid: $20

Bid: $30

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An Email Address Replaces the GCLID for Tracking

This is better because you already store the email in your CRM.

→ No need to store a gclid too!
KEY TAKEAWAYS
Could we Apply What we Learned to Performance Max

Modern PPC Management in 2022 Requires a Mindshift.

Performance Max are a great test of the new principles:

1. Write better ad assets and A/B test them with Ad Variations
2. Optimize your merchant and location feeds
3. Pick a smart tROAS and create a campaign structure that mirrors your business’ needs
4. Share data about your true goals by fixing how you report conversions
5. Use your other campaign types to find money-wasting keywords and placements. Then exclude them at the account level where they will also act on PMax.
6. When you omit certain assets, it limits which channels the ads will run on. This can make it more targeted.
How To Get More Comfortable With Automation Layering

- Keep sharing and learning from online communities like PPC Town Hall and #ppcchat
- Invest in 3rd party tools like Optmyzr to work smarter, faster, safer
- Read my new book – get your paperback or ebook from Amazon
Thanks

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