

2024

pulling the right levers for **performance max**

a customer, agency and personnel perspective

iab.
australia

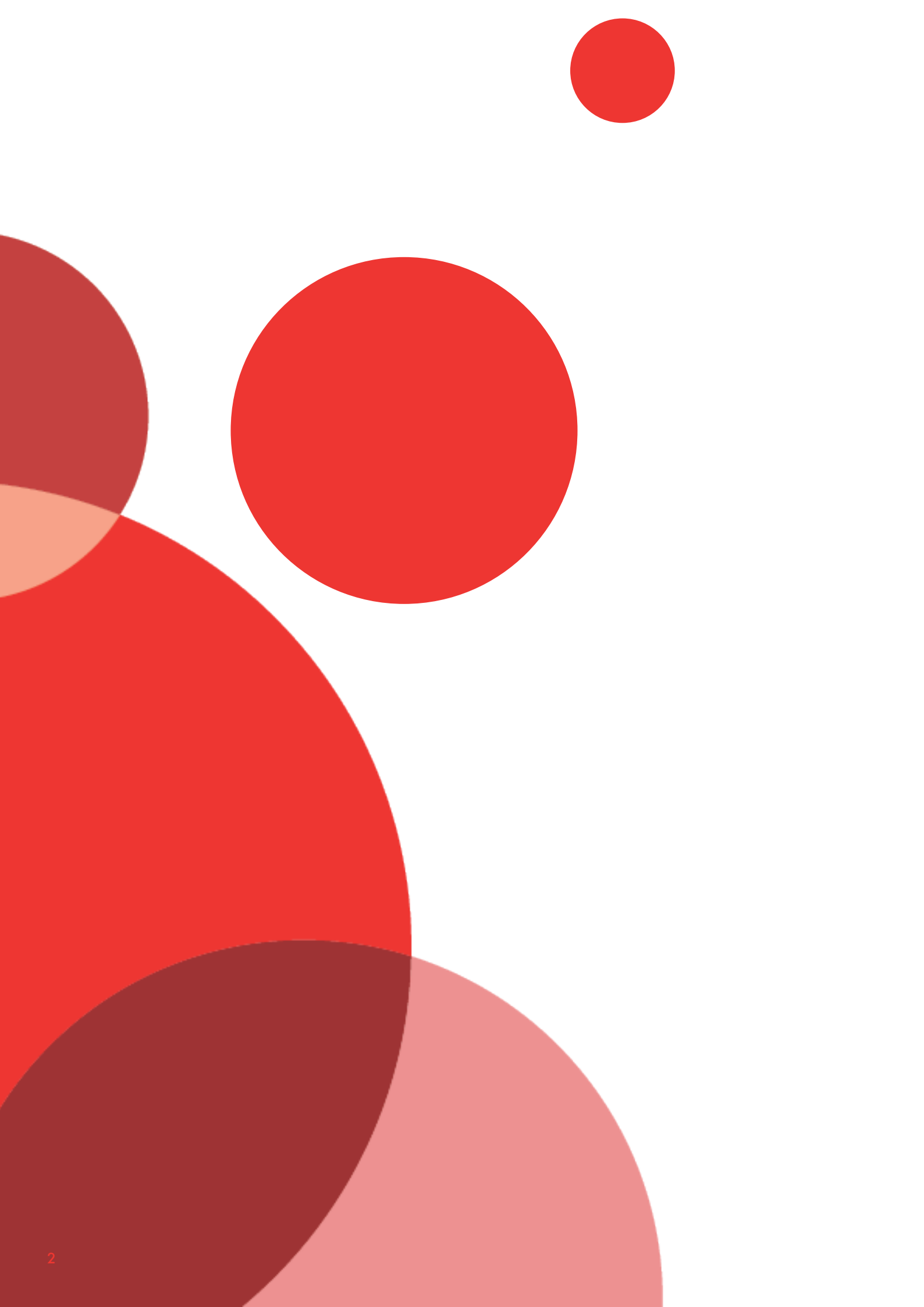


table of contents

pg 4	introduction and contributors
pg 5	what is pmax?
pg 6	how pmax addresses a changing media landscape?
pg 7	what are the main levers for success?
pg 10	what does pmax mean for: search practitioners, clients, agencies?
pg 12	what ai means for the future?
pg 13	what is pmax's road map?
pg 13	conclusion

pulling the right levers for performance max: a customer, agency and personnel perspective

introduction

In an era defined by AI advancements and heightened privacy concerns, Performance Max (PMax) is set to become a widely used solution for businesses, agencies, and search engines alike. This article delves into the features of PMAX and how it can be used to stay ahead in the changing media landscape. groups, and the system handles the rest.

Members of the IAB Australia future of search working group have collaborated on this guide to help increase understanding across the industry of the developments in PMAX



Gary Nissim (chair)
Indago Digital



Andrew McDonald
Dentsu



Rick Gove
Google



Agnes Szlahotka
GroupM



James O'Driscoll
Hearts & Science



Anthony Damiano
Howatson & Co



Bonnie Dodemaide
iprospect



Renee Stopps
Microsoft



Stephanie Ferraro
Performics



Jonathan Henshaw
Ryvalmedia



Simon Dunwoody
Woolworths

what is pmax?

Performance Max (PMax) is a relatively new campaign type that combines multiple ad formats and environments into a single campaign, allowing advertisers to reach users in many different contexts across the web. Instead of manually crafting individual ads, you can input assets like text and images into designated groups, and the system handles the rest.

how does it work?

PMax employs “signals,” a combination of user and contextual targeting. This approach uses machine learning to identify the most effective combinations of user characteristics and contexts, predicting which users are likely to convert and serving them the most appropriate ad.

With effective use, PMax has the potential too:

1. **Unlock new audiences:** Discover and engage new potential customers across various platforms.
2. **Drive better performance:** Achieve marketing and business objectives with enhanced, data-driven performance.
3. **Gain insights:** Access reporting to understand and optimise campaign performance.
4. **Steer AI with inputs:** Influence the AI’s decision-making with your specific inputs and goals.
5. **Simplify campaign management:** Streamline the optimisation and management of ads, saving time and effort.

microsoft pmax and google pmax

Both Google and Microsoft offer their own versions of Performance Max (PMax) campaigns, each with unique strengths. Google’s PMax offering has been in the market since 2020 with Microsoft releasing their product more recently in early 2024.

microsoft pmax:

Microsoft’s PMax integrates search, shopping, native, and audience network placements, including Bing, Yahoo, MSN, Edge, Outlook and more. It supports large inventories with extensive product accommodation in each asset group, making it ideal for businesses with substantial product ranges.

google pmax:

Google’s PMax campaigns are designed to complement keyword-based Search campaigns to find more converting customers across all of Google’s channels like YouTube, Display, Search, Discover, Gmail and Maps. Performance Max drives performance based on specified conversion goals, delivering more conversions and value by optimising performance in real-time and across channels.

how pmax addresses a changing media landscape

As AI accelerates and privacy concerns grow, PMAX is at the forefront of this transformation, enabling marketers to navigate these changes effectively.

the impact of privacy regulations

With increased public awareness and new privacy laws, privacy-forward marketing is top of mind right now. To maintain consumer trust, we need to rethink our practices and PMAX can help us adapt to these changes.

1. audience targeting

Relying on audience targeting based on third party cookies is not sustainable given the technological changes in browsers that limit or gate access to third party cookies. PMAX addresses this change, by matching advertisers with users in real time, using probabilities and predictions.

2. user tracking

For decades, third-party cookies allowed advertisers to track users across the internet, enabling precise targeting based on their interactions with various sites. As browsers continue to eliminate third-party cookies, this capability is significantly reduced. PMAX signals uses real-time data and predictive algorithms to follow user behaviour, providing a privacy-compliant way to reach audiences based on their likely actions rather than explicit tracking.

3. first-party data

With the impending deprecation of third-party cookies, the focus has shifted to first-party data, collected directly from consented first party data with a brand's own platforms. This shift enhances privacy and fosters a more direct and trust-based relationship with consumers, ensuring a more durable and compliant marketing future.

the impact of automation

From allowing us to build stronger connections with our customers, deliver better financial ROI, and facilitate greater creativity, AI driven products like PMAX will provide an opportunity to improve the advertising experience for consumers.

1. hyper-personalisation

Paid advertising has traditionally relied on contextual targeting, determining where and when an ad appeared by focusing on specific keywords, topics, channels, and times of day. With machine learning, targeting has shifted towards more personalised methods, using demographics, browsing habits, and engagement history to deliver ads tailored to individual user behaviour.

2. centralised campaign management

In the past, advertisers had to manage separate campaigns for each platform, such as Search, Display and YouTube, each with its own unique creatives. Performance Max now allows ads to run across all these platforms from a single campaign, creating an all-in-one platform that simplifies management and consolidates ad creatives.

3. human resourcing

Managing and optimising multiple campaigns manually was labour-intensive and time-consuming, often involving repetitive tasks. With PMAX, routine tasks such as budget allocation, bid adjustments, and ad placement are handled in real-time. This efficiency frees up advertisers to focus on more strategic and creative aspects of their work, enhancing overall productivity and innovation.

what are the main levers for success?

1. measurement and data

Accurate measurement is essential. Before we start a Performance Max campaign, we need to establish a measurement framework. This framework defines the overall vision for the campaign and includes an overarching business outcome that we want to achieve. We then include media KPIs, which will help guide the bidding strategies within the campaign. These media KPIs need to be based on historical data and insight from the business. Data input has three key elements - bid strategy, budget and audience signals.

bid strategy and budget

Bid strategies provide Performance Max campaigns the parameters to achieve success. There are two bid strategies that you can choose from when running a Performance Max campaign: maximise conversions or maximise conversion value.

You can set a target cost per action (CPA) for maximum conversions or a target return on ad spend (ROAS) for maximising conversion value. Using historical data will help define initial CPA or ROAS targets. Once the campaign is running, these targets can be optimised based on performance.

You control the budget; monitoring it daily is vital to ensure that your Performance Max campaign is not restricted.

audience signals

Audience signals are an important lever within Performance Max campaigns. The eventual demise of third-party cookies requires a shift toward alternative identifier-based solutions such as first-party data.

Adding in valuable audience signals helps the algorithm identify customers most likely to convert. The better quality data you feed into your campaigns the better outcomes you will see. Input audience signals that you know are valuable, in Performance Max inputs in the different PMAX products can include:

- 1 **Search themes:** words or phrases that people use when searching for your products or services
- 2 **Your data:** Website visitors and customer match lists.
- 3 **Interests and Detailed Demographics:** in-market, life events, detailed demographics, affinity segments and custom interests
- 4 **Demographics:** gender, age, parental status, household income

what are the main levers for success?

2. creative best practice

asset groups / creative

In a change from traditional search structures, ad groups have now been replaced with 'asset groups'. Asset groups are a collection of creatives centred on a theme or collection of products. The creatives within asset groups are used to assemble all ads and build an inventory of creatives based on the available inventory across Microsoft and Google's ecosystems.

Given the larger focus on assets in Performance Max campaigns, the role of creatives as a lever of success has increased. Given this increased role, we have compiled 5 creative best practice tips for success:

- 1 **Utilise All Available Characters:** Take full advantage of expanded character limits by providing multiple headline (up to 15) and description (up to 5) variations. Experiment with different value propositions, calls to action, and benefits across your headlines and descriptions.
- 2 **Use Ad Extensions:** Take advantage of ad extensions like Sitelinks, Callouts, and Structured Snippets to provide additional information and enhance your ad's visibility and relevance.
- 3 **Ensure There is a Video Creative (Google only):** If there is no video creative, Google can auto-generate videos for you using combinations of your images, logos, and text assets. This feature will be launched by Microsoft at a future date.
- 4 **Use Multiple Image Formats:** Performance Max campaigns support up to 20 images with three image resolutions recommended to start. The recommended resolutions are Landscape (1200x628), Square (1200x1200) & Portrait (960x1200).
- 5 **Rotate and Refresh Ad Creatives:** Regularly review the performance of your headlines, descriptions, images and videos and rotate in new variations to keep your ads fresh and engaging.

what are the main levers for success?

3. feed optimisation

With Performance Max campaigns serving as the next evolution of Shopping campaigns across Google and Microsoft, the product feed itself has never been more important as it remains a key control point for brands to test and optimise. As a result of the changes to how these campaigns function, product feed optimisation technology is recommended as a crucial investment for all eCommerce brands, no matter their digital maturity. Product feed optimisation technologies can pull levers in performance max campaigns such as:

- > **Product Titles:** Keyword optimisation, character limits, semantic analysis for relevance.
- > **Product Images:** Enhancement, quality control, variant display and A/B testing.
- > **Product Descriptions:** Keyword insertion & structured data for search visibility.
- > **Custom Labels:** Segmentation based on performance or profitability for bid adjustments and campaign segmentation.
- > **Feed Quality & Format:** Data validation and format adjustment based on destination (different feeds for Google and Microsoft).

what does pmax mean for:

for search practitioners

Search practitioners have always needed to be multifaceted marketers. As the product we manage has changed, our skill set has been continually evolving and this latest update will require us to further evolve.

We'll still be using the same tools and manipulating data in Excel. We'll still be conducting keyword research but not in the traditional sense as we won't be uploading keywords to target. It'll be more focused on what keywords our web pages target and any associated gaps.

These new AI based campaigns no longer need us to manage and optimise in the traditional sense. With PMAX we don't have the data or transparency to optimise in the traditional sense anyway, and our optimisations will stop being within the campaign itself.

The main area we'll need to develop our skills is within understanding web design and development and dare we say Search Engine Optimisation. PMAX and automated campaigns are built off of and optimised towards signals from our websites. Understanding and controlling these signals is key to optimising PMAX. Therefore search practitioners need to focus on how to dissect a website and the content it contains.

They'll also need to understand how to provide PMAX with the correct signals via more advanced tracking. Upper funnel campaigns will need softer metrics and conversion points like time on site and newsletter sign ups whilst conversion points will need leads and sales.

for clients

Paid search has always been one of those channels where an agency can run a campaign with little input from a client. With PMAX this is no longer the case.

It is possible to build all the required creatives within the interface but we're still not able to produce perfection. With the large volume of creatives PMAX requires it is important for clients to provide their agencies with a diverse mix of quality creatives.

In keyword search a client's website could be holding back a campaign's success due to its poor ability to convert and it adversely affecting dropping Quality Score by having a below average landing page quality. With PMAX the client's website is the very foundation of the campaign. Clients and agencies need to work more closely to understand the relationship and make the appropriate website changes through both structure and content.

for agencies

Firstly, make sure all your applicable clients are trialling PMAX with a spend appropriate for a test. Agencies need to clearly identify the role of PMAX within the media mix and identify investment required to meet publisher minimum spend requirements and test & learn minimum results to validate performance (e.g. for. A/B tests, incrementality assessment, market mix modelling etc.).

With no guidelines provided you need to start to build your own best practices guides that are followed by your whole business and that you frequently test and update. With something so new you can't assume that if it worked today that it'll still do so tomorrow.

You'll also need to change the way you work with your clients, their creative and web agencies.

Releasing time away from tasks like bidding, keywords and placement targeting are all necessary steps so agencies can put more time and effort into the modern performance areas such as measurement and attribution, creative effectiveness and the utilisation of 1st party data. While some may look at these recent changes and think that the role of the agency specialist has diminished, the truth is that the role of the agency specialist has never been more important as their deep knowledge of Search principles, strategy and tactics can help marketers to maximise growth in the new AI era.

what ai means for the future

While predicting the future is impossible, technological advancements have always generated concerns but also a sense of opportunity.

From the Industrial Revolution to today's AI innovations, concerns about autonomy and individual roles persist. Performance Max, with fewer controls but enhanced business growth potential, exemplifies this trend.

AI has become a driving force for businesses, empowering marketers to stay ahead of consumer needs and drive ROI. Yet, there remains a public conversation around aspects of AI development and potential impacts for society.

Advertisers adopting PMAX are navigating new territory, so implementing strategies to increase confidence is essential.

1. using smart bidding for success

Smart Bidding has been one of the most significant evolutions in Paid Search over the last decade. Manually controlling CPCs for thousands of keywords was inefficient, and for this reason, Smart Bidding stands to improve confidence of its own accord.

2. building confidence in automation

While letting results speak for themselves is ideal, it's often difficult when money is at stake. It's crucial to approach AI technology with established best practices, including utilising high-quality creative, leveraging first-party and custom audience data, and focusing on tracking, goals, quality signals, and privacy.

3. balancing AI with strategic leadership

While automation streamlines processes and addresses resource constraints, strategic leadership and creativity remain essential. AI should be viewed as an "Augment" tool to enhance marketers' impact, rather than replace human expertise.

what is pmax's road map

There will be a slow but steady roll out of PMAX upgrades and other areas such as generative search. There is a need to tread lightly in this new world. However, on the horizon we will see increased data ingestion along with new product features to improve bidding and ad relevance across placements which should improve PMAX's ability to drive business performance and outcomes for marketers.

We do know that AI is here to stay and it will only improve. We also know that the search engines need to continue to drive revenue and monetisation of their owned assets. If we put these two things together we can only assume that PMAX is simply another stepping stone in the journey to full campaign automation.

conclusion

Performance Max represents a significant shift in digital marketing, combining AI-driven automation with strategic human input to navigate the evolving media landscape. By understanding and leveraging PMAX's capabilities, businesses, agencies, and search engines can drive growth and stay ahead in a rapidly changing environment. Embracing AI while maintaining strategic creativity and leadership will be key to future success.

[click here for more information on the search working group](#)