MACHINE-POWERED PPC

A playbook to master AI and machine-driven PPC for Paid Media marketers

croud

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INTRODUCTION

Machine learning and paid media strategists working in perfect harmony

Artificial Intelligence (AI), and specifically generative AI, is getting a lot of attention. In this playbook however, we'll be focusing specifically on the way Croud teams are using predictive AI and machine learning (ML) tactics in our paid media campaigns to give our clients a competitive edge.

Automation on ad platforms like Google Ads continues to accelerate and analysis can be more challenging due to a greater focus on privacy, new legislation and sheer data overload. Regulatory changes, such as the Digital Markets Act, are reshaping advertising practices around transparency and consent. Modelling and prediction are now key to tackling these challenges and unlocking new reach for our campaigns.

But machines can't do this alone. While there is no doubt that AI can process big data sets and hone in on a goal very effectively, guidance remains critical. With the right human intervention we can get to our goals faster, and minimise wasted advertising spend in the process. Croud's Paid Media experts work in harmony with Google's AI features, providing guidance and intervention at the exact right moments.

This ensures we've considered the unique situation of each brand, including the SEO strategy, nuances in data sets, changing internal priorities and the shifting competitive landscape.

In the following pages you'll see a run down of the key AI/ML features in use today, along with some helpful best practices from our teams.

Good to know:

Croud clients are consistently ahead of the competition when it comes to adoption of Google's AI. Croud has leading adoption rates on features such as Performance Max, Creative Excellence, Enhanced Conversions, Consent Mode & GA4.

Andy Siviter
Director of Performance Media

Some helpful definitions:

Generative AI is mostly concerned with the creation of new content

Predictive AI, as the name suggests, is trained to predict future events

Machine learning refers to models that are designed to learn through pattern recognition in (often large) data sets

ML is getting better at understanding search intent

Google search previously only matched searches to keywords using simple syntax. This has evolved to understand the *meaning* behind the search as well. Take this search for example:

🔍 **shower fitter near me**

If you have a building and plumbing business, you may have "bathroom fitting service" as your keyword. People searching for "shower fitter near me" or "local tiling services" are most likely also interested in your business despite not using your exact keywords.
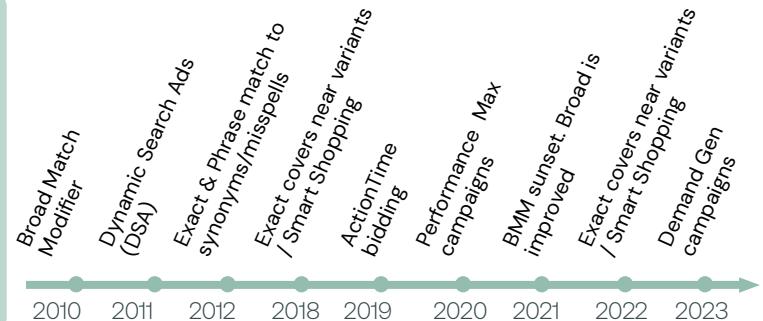
Search results are now served in much more sophisticated ways. Large language models are used to understand a user's specific intent, and are trained on vast amounts of text to learn all possible variations and meanings of words and phrases. Google's broad match also considers additional signals like landing pages, other keywords in your ad group, and previous searches made.

50%

ML are 50% better at understanding language than they were just five years ago.

10x

Processing speed has improved tenfold in the last year alone

Broad Match Modifier — 2010
Dynamic Search Ads (DSA) — 2011
Exact & Phrase match to synonyms/misspells — 2012
Exact covers near variants / Smart Shopping — 2018
ActionTime bidding — 2019
Performance Max campaigns — 2020
BMM sunset. Broad is improved — 2021
Exact covers near variants / Smart Shopping — 2022
Demand Gen campaigns — 2023

DATA FOUNDATIONS

Data foundations:
Organising and activating our valuable data

As the saying goes – garbage in, garbage out. That's especially true as we tune our machine powered tools for performance. Automated bidding and optimisation platforms will likely achieve what they set out to do – but our role is to ensure that the right inputs are available and connected to drive business outcomes.

To drive maximum outcomes, we need to ensure we're leveraging our clients' most accurate and relevant conversion and audience data, allowing for privacy and user consent.
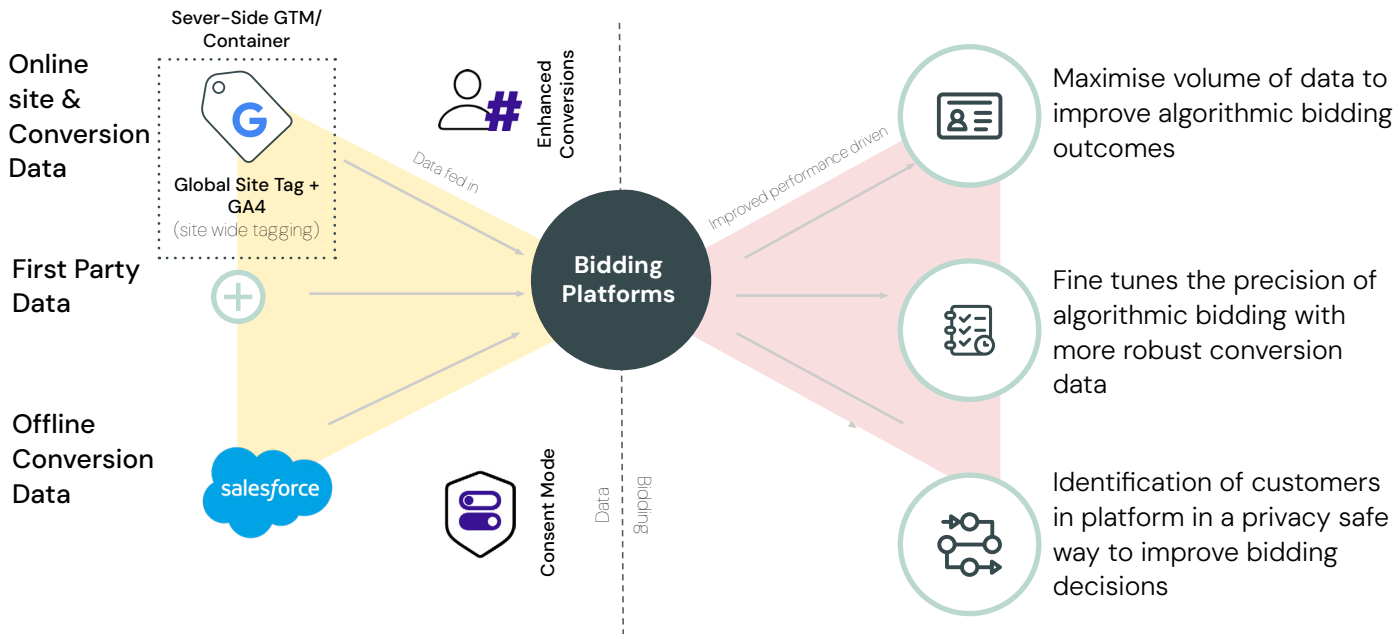
Andrew Sandoval
VP Biddable Media

Data Collection & Integration

Organising and integrating 1st party data sources

To feed into the platforms to inform bidding decisions

Directly impact performance improvements

Sever-Side GTM/ Container

Online site & Conversion Data

G

Global **Site Tag +** **GA4**
(site wide tagging)

First Party Data

+

Offline Conversion Data

salesforce

Enhanced Conversions

Data fed in

Consent Mode

Data | Bidding

Bidding Platforms

Improved performance driven

Maximise volume of data to improve algorithmic bidding outcomes

Fine tunes the precision of algorithmic bidding with more robust conversion data

Identification of customers in platform in a privacy safe way to improve bidding decisions

Enhanced Conversions & Consent Mode

With Enhanced Conversions and Consent Mode, we expect to regain attribution for 66% of lost conversions due to privacy updates.

What is Enhanced Conversions (EC)?
Changes in privacy laws and accompanying updates to browsers such as Safari, Firefox, and now, Chrome, have made tracking user data much more difficult. These changes prevent deterministic attribution of conversions back to media activity.

Enhanced Conversions allow us to claw some of that attribution back. When a user completes an action on your site, EC collects Personally Identifiable Information (PII) data from the user as part of the conversion journey and uses this to consider past touchpoints and recover 80% of lost conversions back to the correct source.

What is Consent Mode (CM)?
Consent Management platforms help advertisers manage user consent to ensure their site is in compliance with data protection laws and regulations. When a user rejects consent to tracking, we lose visibility into their actions and resulting conversions. In these cases, CM can adapt Google tags and uses AI to model for gaps in conversions and recover 60% of lost attribution to your campaigns.

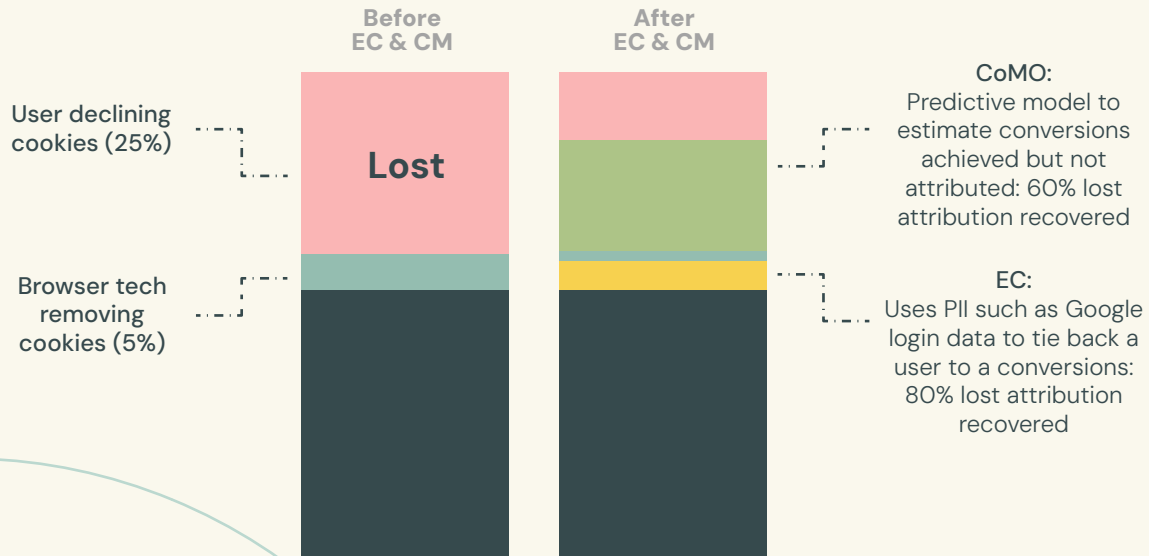**Why is it important we combat lost attribution?**
As Google and other platforms become more automated, accurate conversion counting is crucial. Advanced products use these conversions to learn behavior and, ultimately, maximise outcomes. Preserving data volume is essential in modern search; the more conversion data collected, the more effective machine learning and AI are at chasing down all opportunities.

Conor Kingscott
PPC Strategy Director

Croud's specialist teams help combat the impact that privacy updates have on their client's capabilities to track users actions on the site, most importantly, conversions.

Before EC & CM

After EC & CM

User declining cookies (25%)

Browser tech removing cookies (5%)

Lost

CoMO:
Predictive model to estimate conversions achieved but not attributed: 60% lost attribution recovered

EC:
Uses PII such as Google login data to tie back a user to a conversions: 80% lost attribution recovered

Croud top tips for success

- The impact of these solutions will only increase as further privacy regulations and tech updates are expected to be rolled out. Implementing these solutions will improve conversion health now and help future proof your measurement durability.

- Note that these features will not impact conversions obtained before implementation, therefore once implemented and seeing an increase in conversions, we recommend adjusting bid strategy targets and being mindful when making MoM/YoY comparisons.

Feed excellence

Product feeds are a critical data input for retail advertisers. Increasing AI bidding and targeting means that feed excellence can often be the key performance differentiator to win the category.

Dan Walker
PPC Account Director

What is it?
Shopping placements typically account for a significant share of PPC revenue for retail businesses and, with product data plugging directly into more networks (e.g. Youtube, Demand Gen/Discovery), the maintenance of accurate and complete data feeds has never been more important.
The results against your shopping activity hinge on the quality of the product data available to Google Merchant Centre. Your product feed is one of the most reliable means of improving your Performance Max performance against shopping placements, across search, display and discovery placements, which are all influenced by the contents and quality of your feed.

How is AI used?
A high-quality product feed gives Google more certainty as to each product's characteristics and to determine which ones to serve based on specific user needs. Advertisers are now using AI to improve or generate attributes like titles and descriptions, benefiting businesses who have structured product data but limited resources to draft manual descriptions. (Google have even added 'structured' variants of their title and description fields to their feed specification to address this).

Additionally, using the cost_of_goods_sold field allows you to securely push margin data through SA360, enabling profit-focused bidding rather than just maximising revenue.

How do we set up for success?
Make sure you're using a feed management solution best suited to your needs. For example:
- Do you have the expertise in your team and want to closely manage feed improvements and testing? If so, opt for a feed partner that offers self-service.
- Do you require complex functionality such as web crawling, regex-based text transformation, multi-stage rule-sets?
- What platform integrations do you require beyond Google Merchant Center?
- How large is your product range and how many markets will it serve? This will be a significant factor in terms of which partner is most price-competitive.

Zombie SKUs Clicks & Revenue

■ Revenue — Clicks

The Croud teams used scripts, feeds and smart bidding to manipulate the algorithm and unleash thousands of zombie products and additional revenue for our retail client
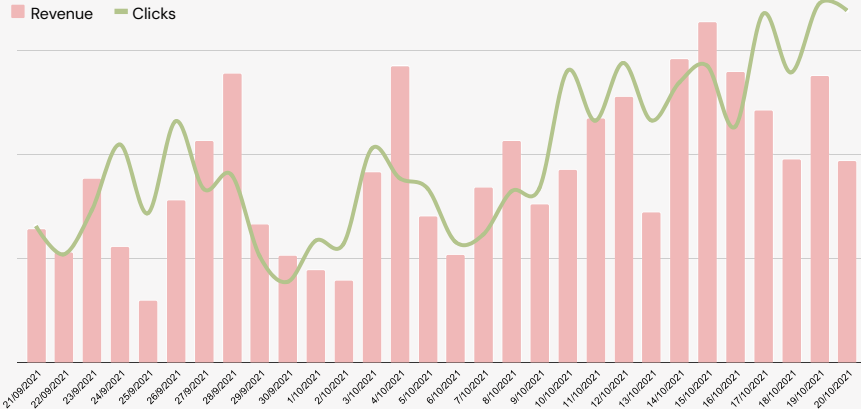
Croud top tips for success

- Not only does making sure you have a consistent and accurate product type taxonomy allow for a clean targeting structure, but this also feeds into to how real time bidding strategies group, categorise and bucket performance data across your individual products, improving bid strategy efficacy.
- Your product type is also used by Google as a contextual signal for matching products to the most relevant queries. So ensuring it's as clear and descriptive as possible is essential.
- Automated bidding can often over-rely on products that are proven revenue drivers. This can lead to some products not driving enough traffic to yield statistically significant performance data, thereby causing the bid strategy to de-prioritise them further. Moving these products into a 'zombie product' campaign with more aggressive bidding can counteract this by forcing them to serve and gather data.
- By connecting your feed directly to large language models (LLMs) (e.g. via via the ChatGPT or Bard APIs), you can use existing structured product data to write headlines and descriptions across large volumes products, or even train a model to optimise existing product copy towards what performs best specifically for shopping activity.

First-party data: Audiences

Enriching bid strategies with first-party data clarifies user behaviour to enable more accurate decisions. In the face of privacy regulation changes, first party data is pivotal to protecting the value of digital marketing.

Lydia Wigley
PPC Strategy Director

What is it?
First-party audience data is data collected directly by a company regarding their customers. In light of increasing privacy regulations like the Digital Markets Act, it's now more crucial than ever to leverage first-party data to future-proof your audience strategies. This data can be sliced multiple ways to form segments which represent differing value to the business. For example: an audience of all customers with the highest average order value, representing high value to the business.

Audiences can be used in two ways:
- Giving the bid strategy context on conversions
- Upweighting or suppressing aggression of bid strategies

Audiences can be used in campaigns to help ML identify patterns in which segments of users achieve conversion goals, or high conversion value, and which don't. In long or complex user journeys, these can be essential to the success of automated bidding.

Audiences are also used to proactively up or down weigh bids using Conversion Value Rules (CVRs), or through suppression. CVRs allow practitioners to assign different values to conversions being completed by users in audience groups. Alternatively, entire customer segments can be excluded from PPC entirely.

How is Machine Learning used?
Combined with automated bidding, ML can leverage first-party data to overlay with third-party signals to improve accuracy of conversion prediction. Alternatively, practitioners can intervene to use CVRs/suppression mechanisms to guide the machine toward the desired outcome.

Croud unearths insights on what first-party data is most valuable for the bidder, and leverages the most relevant strategy to business objectives to activate on the data.

Audience type	Conversion rate
Croud insight audiences	8.78%
All other users	6.78%
Variance	+30%

By identifying audience segments most relevant to a complex offline user journey, Croud drove 30% higher conversion rates vs the baseline.

Croud top tips for success

- Practitioners are required to identify insight in terms of what audiences are worth feeding to the bidder:
- Improving consent opt-ins increases the value of audiences exponentially.
- Audience strategy should revolve around clear business objectives – identify what these are.
- Have a clear understanding of the user journey and consider audiences for each stage.
- Understand what behaviour users demonstrate at each of these stages to indicate likelihood to convert.
- Upload audiences of users who both contribute to business aims, and who don't, so that the bidder can differentiate.
- Keep only the most valuable audiences – too many audiences can overload the bidder with signals and become redundant.

First-party data: Conversion Data

Croud developed a data pipeline to feed in offline conversions to bid toward, and drove a 67% increase in actual profit Year on Year.

What is it?
Conversion data is the conversion action that is passed back to the engine for the bidder to base its decisions around (usually overlaid with a target of how much you'd like to pay for one of those conversions).

Conversion data must be fully aligned to business goals (e.g profitable revenue, new customers, time on page etc.). This can become more difficult in the face of complex user journeys, i.e multiple steps between the click and the end goal.

What can be done with it?
This data is primarily used for bidding and reporting performance. In simple setups, this is likely a single, online conversion action that's passed back to the engine after the conversion happens. In more complex setups, multiple conversion actions may be needed; offline conversion upload may be required, or propensity modelling can be used to allow ML to predict conversion likelihood and shorten the click to conversion journey.

How is AI used?
Once effective and relevant conversion data has been passed to the bidder, ML algorithms will optimise bids toward this goal, deciding on which auctions to enter based on how likely the click is to result in a conversion. The importance of accurate and relevant conversion actions comes to light here, as feeding the wrong goal or high funnel goals can result in wasted spend.

Croud top tips for success

- Align conversion goals with actual business objectives:
    - If these are recorded on site, leverage online conversion actions.
    - If a combination of multiple actions is valuable, leverage value-based bidding.
    - If conversions happen offline:
        i. Leverage Offline Conversion Import to bidtoward actual conversions.
        ii. For a more future proof approach (due to OCI not being compatible with conversion modelling), leverage propensity modelling through a tool like Phoebe.

- Leverage tools such as Consent Mode and Enhanced Conversions to model conversions lost to consent opt-out. This maintains the quality and volume of the conversion data being passed through the bidder.

Croud aligns Paid Search activity with business objectives; overhauling the value of conversion actions and deploying Offline Conversion Import, value based bidding and propensity modelling where relevant.

SEARCH COVERAGE

Unlocking incremental reach with PPC AI

Modern PPC structure 2.0

A modern PPC structure should balance relevance and scale, taking advantage of algorithmic features to broaden reach and maximise performance.

What is it?
With Google's increased understanding of signals and improved keyword matching, the classic strategy is time consuming and it's likely that relevant queries are missed. Keyword matching and ad generation are underpinned by LLM's, making it advantageous to consolidate traffic into fewer places.

How is AI used?
Fewer campaigns and ad groups allows ML-based solutions to learn faster and deliver stronger performance. Each day, 15% of Google search queries are new. Broad match opens keywords to matching queries that every other match type would do, and more. Performance Max allows access to all Google Ads inventory from a single campaign, dynamically working with an existing search structure to find additional customers.

These campaigns feed into algorithm-based bid strategies (smart bidding) and attribution (data driven attribution), providing more data to these systems with fewer campaigns and a broader keyword structure, enhancing their effectiveness.

How do we set up for success?
Campaigns segments should be catered to each business, based on where levers are most likely to be pulled and to align with business reporting. Markets with different languages should still be separated, as language settings are controlled at the campaign level.

Use conversion imports, custom floodlight variables and new customer acquisition variables to incorporate the likes of offline conversions, profit margin and lifetime value, rather than segmenting your campaigns based on these.

Manvinder Dosanjh
PPC Strategy Director

Croud adapts to changes in the search landscape to ensure account structures allow for moving up the funnel confidently and efficiently.

	Spend	Conversions	# Keywords
Before	£10,360	585	589
After	£10,751	748	48
Variance	+4%	+28%	−91%

Croud rolled out a modern search structure, amalgamating campaigns and markedly reducing the number of keywords, among other changes. This shift in approach drove 28% more conversions for a relatively flat spend.

Croud top tips for success

- Find a balance between grouping keywords and making sure landing pages and ads are relevant. Using Dynamic Keyword Insertion is a great way to maintain ad relevance whilst grouping keywords together.
- Auction insights reporting is affected when you amalgamate campaigns and utilise broad match. When competitive reporting is important to observe, keep a few key terms as exact match and move to keyword level auction insights for a good hybrid approach.
- A restructure doesn't have to improve performance. If it saves you time or allows you to gather better insights then it's a worthwhile investment.
- Some segmentation may still be necessary due to business reasons.
- Ensure you are using value based bidding and rich first party data to give smart bidding the best possible signals to make use of a consolidated structure

Broad match

Broad match uses the meaning behind a search query to match it to a keyword, instead of exact and phrase match, which rely more on word similarity.

What is it?
Historically, phrase and exact match have been the predominant match type, which matched search terms based on word likeness and physical similarity. This narrowed our ability to match to relevant searches due to the inputter's bias and restricted knowledge of meaning behind searches. Broad match instead uses advanced LLM's to shift to a matching algorithm based on meaning / intent.

How is AI used?
Developments in natural language processing and LLM's have enabled the creation of complex algorithms capable of understanding the relationship and intent between different words and phrases. Advertisers can now use Google Ads to expand further into the relevant search term universe. Broad match is the only match type to use landing page content for additional bidding signals.

How do we set up for success?
Whilst the algorithms behind broad match are incredibly powerful, pairing them with one of Google's smart bidding strategies helps to take performance to the next level, by providing the system with clear direction in terms of what on-site actions are most important.


Matt Shenton
Biddable Associate Director

In Q4 2023 holiday season, Croud's clients invested more than 40% of their Google ad budget into broad match keywords, with many seeing record breaking results.

See how Croud and Skillshare used broad match to scale performance and increase conversions by **135%** in this case study – winner of the US Search Awards 2022: Best PPC Campaign.
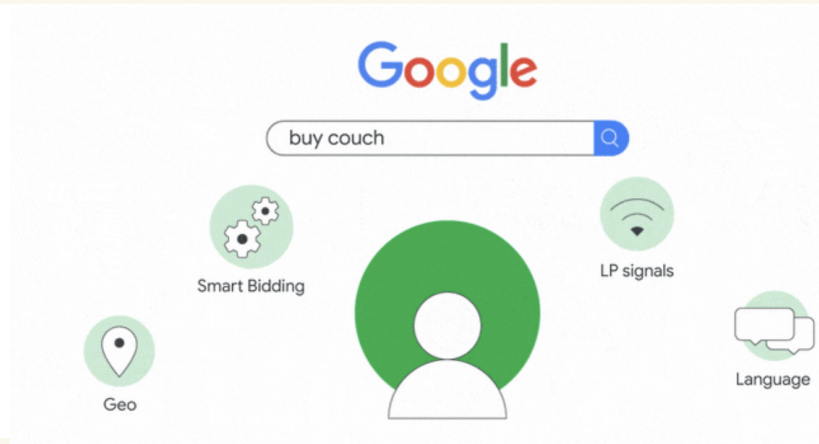
Croud top tips for success

- Always pair broad match keywords with smart bidding strategies to ensure you're combining the best of what Google AI has to offer.
- When transitioning to broad match, put guard rails in place to help control spend and efficiency:
  - For smaller advertisers in niche categories, this means being selective about the broad match keywords you choose to start with, avoiding any ambiguous and single word keywords.
  - For larger advertisers ensure appropriate budget caps and bid strategy limits.
- Avoid over use of negative keywords. The system works best when it has full liquidity and this applies to multiple areas, including matching freedom. The meaning behind a search term is often hard to know at face value.
- The approach to campaign and ad group structure should still rely on grouping similar themed keywords together. Broad match is the only match type to use landing page contextual data, so segmenting based on landing page categories or themes is a popular strategy.

Performance Max

Performance max (Pmax) optimises inventory, creative and bidding at scale on autopilot – but human guidance is essential to ensure it hones in on the target faster and better.

What is it?
A campaign type which accesses a wide variety of Google's ad inventory (including YouTube, Display, Search, Discover, Gmail and Maps) in a highly automated way to effectively capture the right audience across different stages of the user journey.

How is AI used?
Pmax represents modern AI development. Firstly, it optimises where and when your ads show up across a range of Google surfaces/inventory for the optimal output. Secondly, it automates creative assets to find the most effective combinations. It also continues to learn while capturing more data signals to self-improve towards business objectives. Pmax takes the attribution, budget, and bidding conditions all into consideration to a level of complexity that surpasses human ability.

How do we set up for success?
We can guide the algorithm by providing the right set up, clear business objectives and audience signals including search themes and first-party data. This is vital to ensure the machine focuses on the most relevant signals in finding the best performing combinations effectively and efficiently, thus saving precious ad budget.
Pmax can be seen as a blackbox, and cannibalisation is often a challenge. There are ways we can manage this however, such as brand exclusions set up and clever reporting/scripts.

Jin Huang
PPC Account Director

In Q4 2023 holiday season, Croud's retail clients invested more than 55% of their Google ad budget through AI supported Pmax and shopping campaigns with many record breaking results!

See here how Croud's PPC team increased conversions by 37% using Pmax for luxury brand, Orlebar Brown.

YouTube   Display   Search   Discover   Gmail   Maps

Google Ads
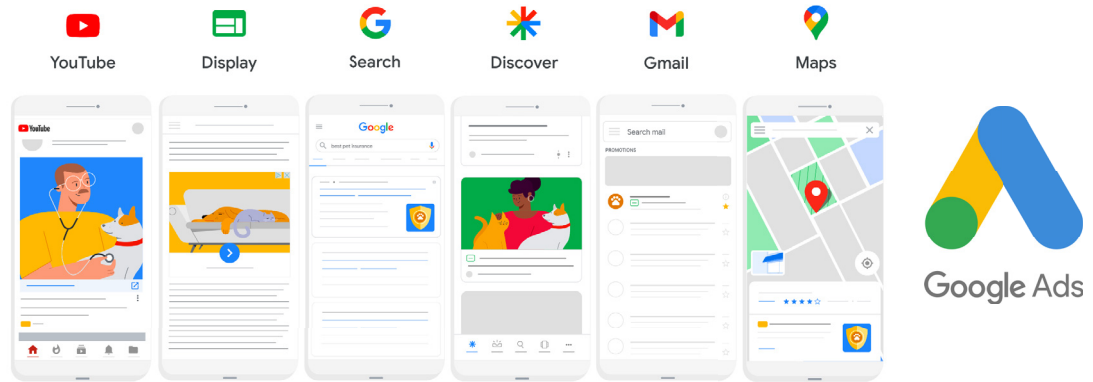
Croud top tips for success

- To reduce brand cannibalisation and overlap with other campaigns we can rely on the brand exclusions feature and funnel brand searches through an additional standard shopping campaign.
- For quality control, it's better to regularly review search themes, expanded URLs, placement reports, and AI generated assets, and negate whichever you find irrelevant.
- Instead of opting in URL expansion, it's possible to use Page Feeds to provide a list of URLs for Pmax to choose from, to stop irrelevant landing pages being served.
- Using seasonality adjustments during major promotions/sales periods is key to ensuring automated bid adjusts as quickly as possible in any event where a sudden change in CVR is expected.
- Be smart with the campaign structure. Sometimes a performance–focused structure can work well versus a product–focused one. E.g., if the profitability is key for clients, separate campaigns to target low and high margin products with more aggressive return on ad spend (ROAS) targets on the latter.

Demand Gen

AI-powered Demand Gen is used to reach targeted audiences, boost engagement, and accelerate conversions with various ad formats (video, carousel, and single image)

What is it?
This campaign type caters to social platform advertisers, empowering them to reach and convert prospects with captivating, data-driven visuals that resonate at crucial moments.

How is AI used?
Demand Gen uses AI to supercharge ad creation and targeting, saving time and maximising impact. AI analyses video content to create variations for short-form formats, which grabs attention and sparks interest. It also personalises the message and ensures it reaches the most receptive audience.

- **Creative optimisation:** From your assets, AI automatically crafts dynamic, attention-grabbing combinations, finding the perfect mix for your audience.

- **Lookalike audience expansion:** AI uses first-party data to target new prospects with similar traits to your existing customers. This helps to uncover qualified leads ready to connect.

- **Enhanced efficiency:** Automate time-consuming tasks like ad creation and audience targeting, allowing you to focus on strategic planning and analysis.

How do we set up for success?
Choose 'Website traffic' or 'Product & brand consideration' to leverage AI in audience reach and engagement. Provide the AI with a rich customer data (CRM, website interactions, etc.). The more data you provide, the more insightful the AI becomes. Clearly defined goals, high-quality assets, and ongoing optimisation are the cornerstones of success.
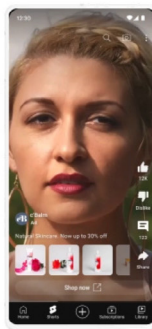
Marco Al Issa
PPC Account Manager

Data-driven success: Croud's Demand Gen strategy delivers cost savings & engagement boost
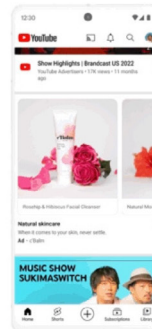
Croud's Demand Gen expertise helped our client to strengthen their lower funnel: Clicks increased by **854%** while cost per click (CPC) reduced by **64%**. This translated to an estimated reduction of **$41,266** in media wastage.
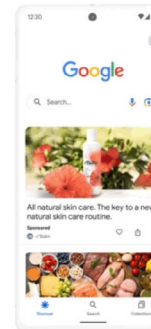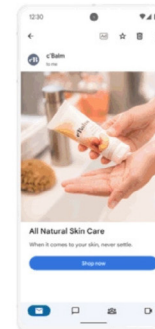

YouTube Shorts   YouTube in-stream   YouTube in-feed   Discover   Gmail

Croud top tips for success

- Set clear conversion goals (e.g., website leads, demos, purchases) and use elea Google's Smart Bidding strategies to optimise campaigns for achieving those goals.
- Consider firmographics and behavioral data to create truly targeted Demand Gen campaigns. Analyse website behavior, purchase history, and social media engagement to paint a complete picture of the ideal customer.
- Segment your audience based on where they are in the buyer's journey. Use AI to tailor messaging and visuals to resonate with each stage, whether it's awareness, consideration, or decision.
- Don't just rely on static images. Make use of all three ad formats - video, single image and carousel - to capture attention and drive engagement.
- With AI handling the heavy lifting, you can focus on developing high-level campaign strategies, analysing results, and making informed decisions.

CREATIVE EXCELLENCE

Creative excellence: RSAs, DSAs and more

Use these AI-powered and dynamic ad features in combination with Smart Bidding to increase visibility, relevance and performance.

Responsive Search Ads (RSAs) are an ad format that allows advertisers to provide multiple headlines and descriptions for a single ad. Google's ML algorithms dynamically test different combinations of these headlines and descriptions to determine the most effective and relevant ad for each user.

Dynamic Search Ads (DSAs) are a type of ad campaign (or ad group) that automatically generates ad headlines and landing pages based on the content of your website. Instead of selecting specific keywords for targeting, DSAs rely on Google's crawling technology to dynamically match user queries with the content on your website.

Ad Strength is a metric provided by Google Ads to assess the quality and relevance of your RSAs, measured on a scale from 'Poor' to 'Excellent.'

Customised Ads
RSAs can be customised with dynamic text to further enhance the relevance of your ad. The following dynamic features are possible within RSAs:

- Dynamic Keyword Insertion (DKI) – inserting the matching keyword in your ad
- Location Insertion – tailor your ad to your user's location
- Ad Customisers – refine your ad copy at scale down to the campaign, ad group or keyword level
- Countdown Ads – create a sense of urgency and encourage a click by using a dynamic countdown within your ad copy

Sophie Hughes

PPC Account Director

Good to know: Croud's large Google advertisers (Known as LCS) are rated as best in class by Google using their Creative Excellence scorecard.
Data benchmarked versus other UK agency groups using data from January 2024.

After rolling Dynamic Keyword Insertion, RSAs and DSAs in tangent with broad match keywords and Smart Bidding for a retail client, Croud delivered **+37%** revenue and **+15%** sessions in the US Year on Year.

1

Page crawl

Google crawls the page to discover keywords

2

User search

The user makes a search in Google's browser

3

Page/search match

Google matches the search to the crawled page

4

Ad is created

Google creates Dynamic Search Ad with automatically

Croud top tips for success

- **Don't obsess over ad strength** – use it as a guide. Test different copy and pinning headlines or descriptions and stick with what works best for your performance goals.
- **If you use DKIs, check your keyword list** – ensure that your keywords work syntactically with your ad copy (e.g. you don't want an ad to read "Buy leather trousers sale", and don't use DKIs alongside competitor keywords!
- **Use Ad Customisers to scale ad copy changes** – if you're managing a large inventory of ads, centralise ad copy updates across your ads by using ad customisers. These are especially useful for implementing frequent promotions, or updating pricing information.
- **Consider an Ad Customiser Feed** – sync a Google Sheet to your Google Ads account to update ad customisers at campaign, ad group or keyword level.
- **Use DSA in combination with a page feed** – this can be activated through Performance Max and, if you're an ecommerce advertiser, this can supplement your GMC Performance Max campaigns.

BIDDING

Smart bidding

These algorithms are trained using a huge amount of data signals. This enables more accurate predictions about how different bidding conditions impact conversion outcomes, during each and every auction.

What is it?

Smart bidding is Google AI which uses ML to make auction time bidding decisions, based on a large number of signals that indicate how likely a user is to drive value to a business.

By analysing far more data signals than we are able to manually, it chooses the right auctions to enter, with the right bid to achieve your set KPIs. Time of day, location, OS, language, device & creative factors help the bidder to capture the unique context of every search query and bid accordingly.
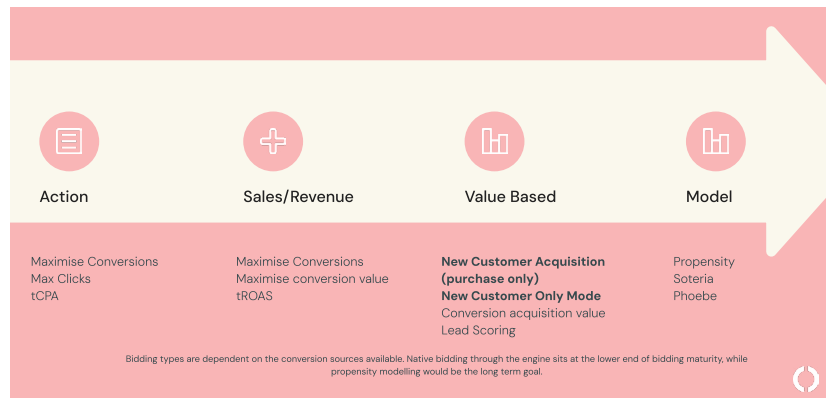
Paige Bowen
PPC Account Director

New Customer Acquisition:

Grow new customers via customer acquisition goals through smart bidding across search, performance max and beyond; either bidding higher for new customers or bidding to drive only new customers. Add customer acquisition value to inform the bidder how valuable that new customer is.

Bidding Maturity Scale rated by Croud:

Conversion sources drive the capabilities in regards to bidding and the level of maturity. Native smart bidding through the engine sits at the lower end of bidding maturity, while propensity modelling would sit higher.

Action	Sales/Revenue	Value Based	Model
Maximise Conversions	Maximise Conversions	**New Customer Acquisition (purchase only)**	Propensity
Max Clicks	Maximise conversion value	**New Customer Only Mode**	Soteria
tCPA	tROAS	Conversion acquisition value	Phoebe
		Lead Scoring	

Bidding types are dependent on the conversion sources available. Native bidding through the engine sits at the lower end of bidding maturity, while propensity modelling would be the long term goal.

Smart Bidding drove **38%** uplift in conversions and a **26%** reduction in cost per acquisition (CPA) for our client.

−26%
CPA vs pre-test

+38%
Conversions vs pre-test

Croud top tips for success

- Data & Smart Bidding go hand in hand
  - **Accuracy** is paramount to ensure the success of smart bidding.
  - **Quality & consistency of the data** is even more important to achieve success with value based bidding.
  - **Volume of data** will change the efficacy – the more you feed into Smart Bidding, the more the bidder will learn to make effective decisions.
- **Let it learn** –give smart bidding the space to pull in all the data and calibrate before measuring success or making any changes.
- **Value is king** – every advertiser should be focused on tying value of conversions or sales back to their bidding.
- **Conversion delay** is a key consideration when assessing the success of smart bidding. Ensure you account for this delay and look at a wider date range.

Croud are experts on getting the best out of advertisers' data, from concept to input and to model building, such as propensity.

Value/propensity based bidding

Using online and first-party data to train a ML model that predicts the likelihood and/or conversion value ahead of a click, powering high-value outcomes.

Ruby Young
PPC Strategy Director

What is it?
Propensity modelling is the most strategic approach to value based bidding. It uses online and offline first-party signals to train a model that predicts the likelihood and/or value of a conversion, before the conversion has happened. It's fundamentally, AI enabled intelligent bidding.

It allows us to control the factors that drive decision making and plugs directly into the bidding process used within PPC teams.

The solution is particularly effective when there are many signals behind a conversion and its value. Additionally, it supports bidding toward value where there are delays in conversion/value data being naturally passed back to bidding algorithms.
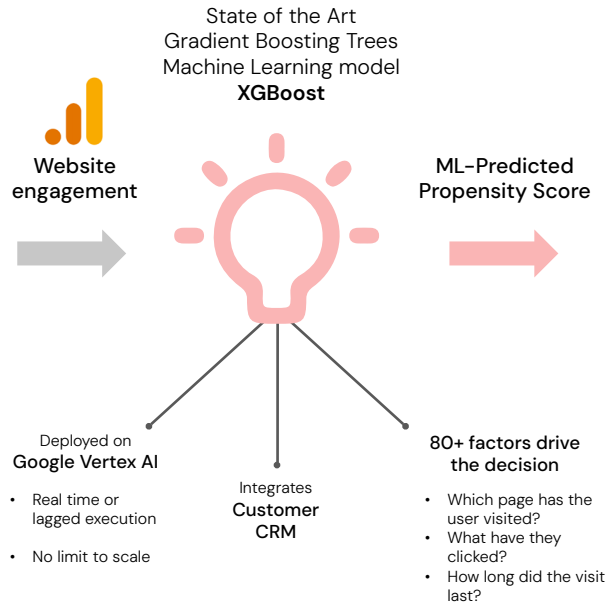
How is AI used?
Engagement signals (from online and first-party data sources) are ingested and ML transforms this into a probability score, or a value based on learned behaviours. This value is then directly fed into the bidding vehicle (SA360, Google).

AI enabled Intelligent Bidding

State of the Art
Gradient Boosting Trees
Machine Learning model
XGBoost

Website
engagement

ML-Predicted
Propensity Score

Deployed on
Google Vertex AI

- Real time or
  lagged execution

- No limit to scale

Integrates
**Customer
CRM**

**80+ factors drive
the decision**

- Which page has the
  user visited?
- What have they
  clicked?
- How long did the visit
  last?

User	Propensity Score	Intelligent Bid	Actual Customer Value
John	1%	$0.01	$0
Gill	3%	$0.20	$0
Sarah	**90%**	**$3.50**	**$4,950**
Jerry	20%	$0.70	$0

Croud uses state of the art, proprietary solutions that automate the infrastructure of deploying models, reporting, and enables A/B testing.

Opportunities & Deals

Significant uplift

We saw a **significant rise** in both opportunities and deals.

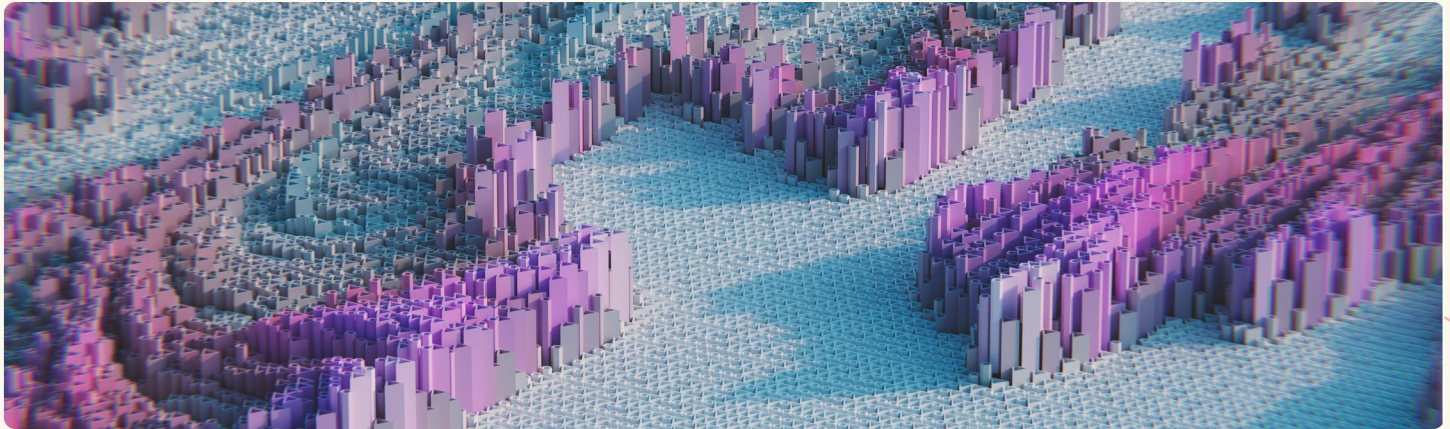### Opportunities

+18.2%
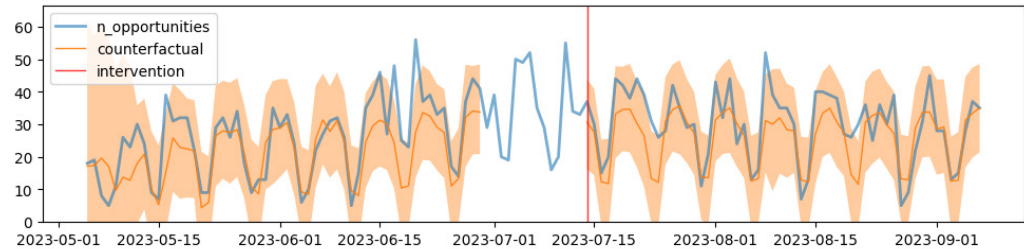
Deals

+24.5%
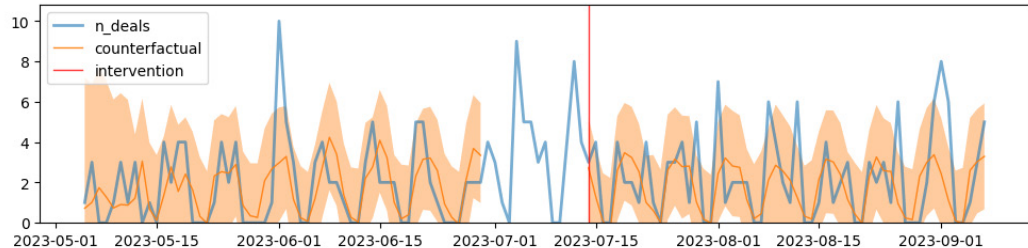
Croud used Propensity to drive **+24.5%** more conversions vs bidding toward online conversions.

Croud top tips for success

The Model

- The model can be deployed on any Cloud Infrastructure (AWS, GCP via Vertex AI etc).
- It integrates as many variables as available and merges offline with online data.
- Croud can control how aggressive/conservative models are based on risk, and to what extent we want to act upon predictive values. This works well based on our functionality to A/B test.

Activation

- When first activating, bid using a low ROAS target to allow for effective learning periods. Bring in efficiencies post-learning by increasing ROAS targets.
- Avoid using minimum CPCs.
- Monitor your predicted outcomes with your actual outcome to gauge how effective ML is at finding more value.

INSIGHTS

Peeking inside the box
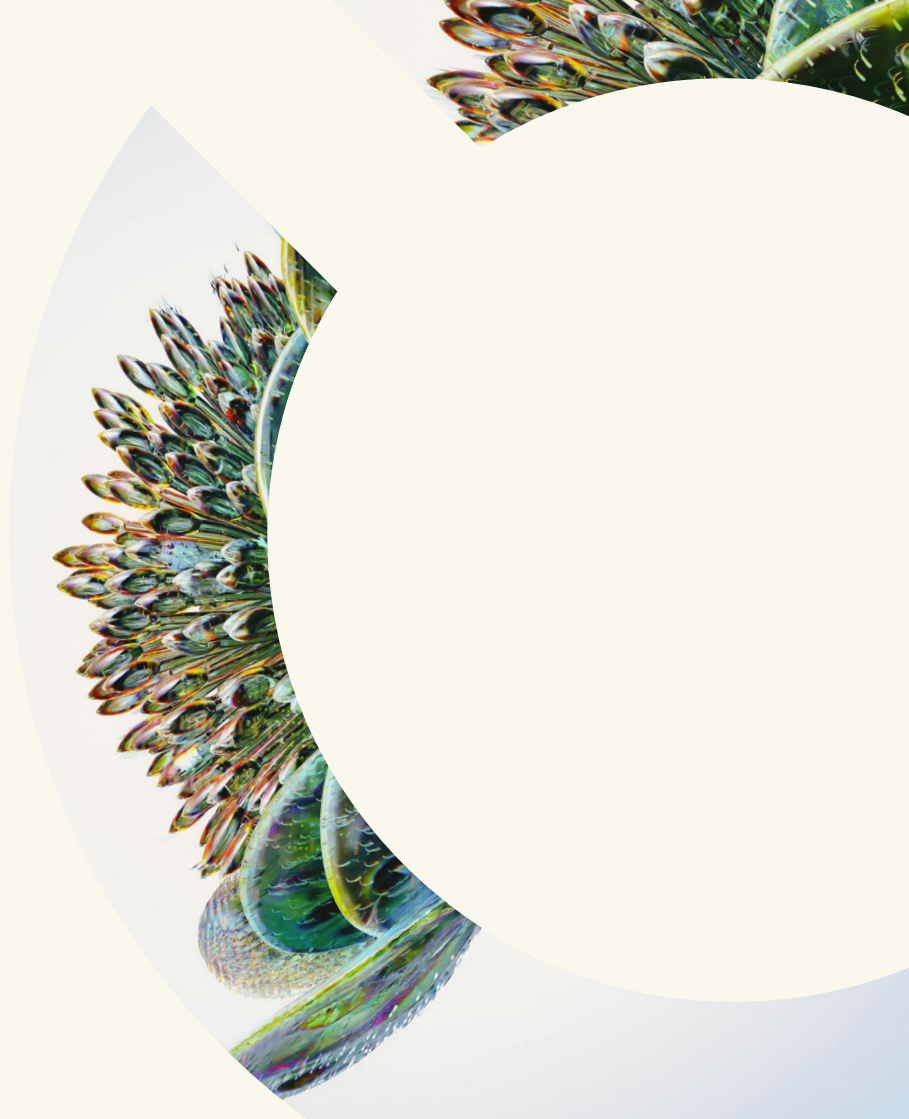
WhiteBox

Google's AI marketing tools, including Performance Max, are powerful in driving performance but often operate as a 'black box,' leaving marketers with limited visibility into the factors influencing results. Enter: WhiteBox.

Google Ads has become more AI-led since 2017. Whilst this evolution has improved performance, it's led to a decrease in the data available to us. This makes it harder to unpick where Google is wasting spend or where there is an opportunity to win more conversions.

The solution
WhiteBox serves as a transparency enabler, lifting the lid on the 'black box' that is Performance Max. It provides marketers with insights into the 'why' behind the results, and understand the contributing factors and intricacies of the AI-driven performance.

By focusing on the inputs we provide to Google and the outputs we receive, we can gain deeper insight into how Google's AI is performing and course-correct it where required. It focuses on three key areas, providing insights on:
- how your products are performing across Google Shopping
- how your competitors are pricing for products and what products are in demand across Google
- where Performance Max is investing your budget

WhiteBox empowers marketers to make informed decisions, optimise campaigns, and drive superior performance in the ever-evolving digital landscape.

Ben Jackson
PPC Strategy Director

WhiteBox was the catalyst of fueling a Performance Max restructure that led to a 120% increase in ROAS for a British luxury retail client.

Top Performing Products

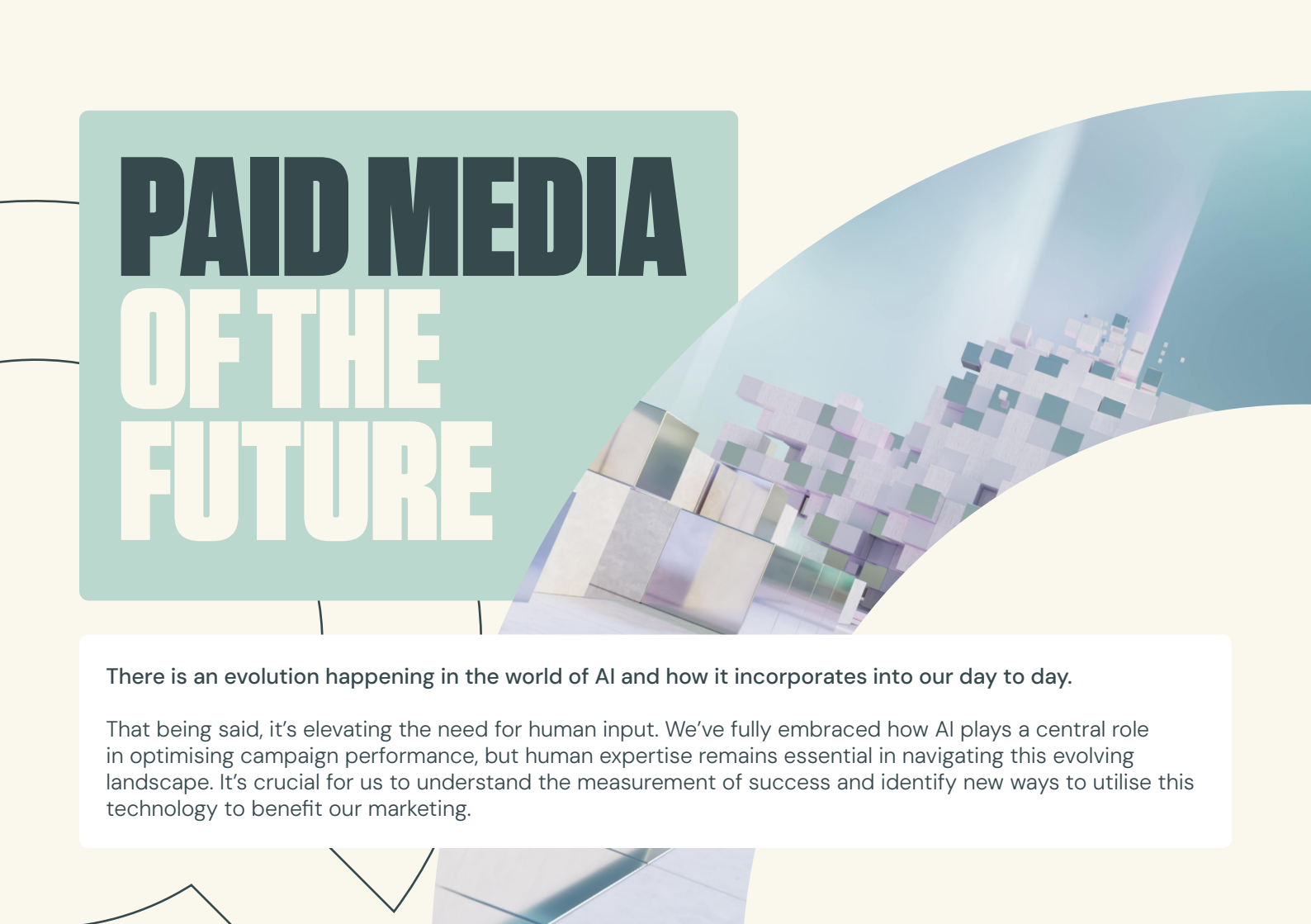|	Image	Clicks (Google Ads)	Spend	Revenue ▼	% of Total Rev	ROAS	Product ROAS vs Account ROAS	Price Competitiveness
1.		x	£	£	%	x	%	%
2.		x	£	£	%	x	%	%
3.		x	£	£	%	x	%	%
4.		x	£	£	%	x	%	%
5.		x	£	£	%	x	%	%

Product performance insights

Where is Pmax driving value?

What popular products competitors are selling?

Croud top tips for success

- Use Custom Labels! How can you make sure that these are used in conjunction with your client's KPI or overarching goal?

- Take advantage of WhiteBox competitor insight. Can you uncover a pricing strategy that can help your client in a more holistic way? Could this dictate your search ad copy? Or help unpick why a category underperformed during a sale period?

- Question the spend by inventory. Does your Performance Max campaign have a high percentage of spend within the Search Inventory? Why isn't this being picked up by your search campaign?

PAID MEDIA
OF THE
FUTURE

There is an evolution happening in the world of AI and how it incorporates into our day to day.

That being said, it's elevating the need for human input. We've fully embraced how AI plays a central role in optimising campaign performance, but human expertise remains essential in navigating this evolving landscape. It's crucial for us to understand the measurement of success and identify new ways to utilise this technology to benefit our marketing.

What makes good Paid Media of the future?

As paid media marketers, we stand at the forefront of a transformative era where AI and ML are reshaping our strategies and tactics. Having covered Croud's best practices for this new era, here's some final food for thought.

It's clear that the gap between Search and Social advertising is closing. Media platforms are increasingly empowering us to execute holistic, full-funnel strategies seamlessly from one place– and this integration signifies a fundamental shift in our approach.

The role of creative is critical in driving success in paid media. Compelling and tailored ad creatives are becoming more important in capturing attention and inspiring action across various touchpoints in the customer journey.

Central to effective paid media is the pursuit of value–driven campaigns. Advertisers should be focused on driving business success by giving success metrics directly to platforms

And lastly, advertisers who have a clear plan and structure in place for privacy changes, enhanced conversions and first-party data, will be prepared to thrive in a cookie-less future. These are the building blocks of all your paid media activation.

Emily Griffiths
Head of PPC

About Croud

Croud is a global, full-service digital agency that helps businesses drive sustainable growth in the new world of marketing. With a rich heritage in performance, we apply that mindset to everything we do; brand planning, strategy, integrated media, social, creative, and data.

Founded in 2011 with the mission to reinvent the agency model, we combine 500+ in-house digital experts with a global, on-demand network of marketing specialists. This agile, scalable model gives us more time to really understand our clients' businesses, and deliver truly incremental growth.

Part of the Croud Group, which also includes luxury specialists VERB Brands and social-first agency Born Social, Croud is proud to partner with leading global brands, including Audible, Vans, IWG, and AllSaints.

www.croud.com   020 8017 7723

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