

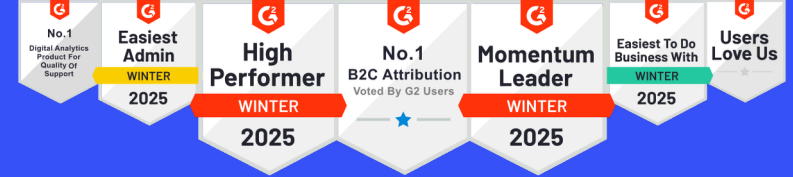


Performance Max and Paid Search Playbook

Cultivate cross-channel synergies, reduce wasted ad spend and maximize blended performance

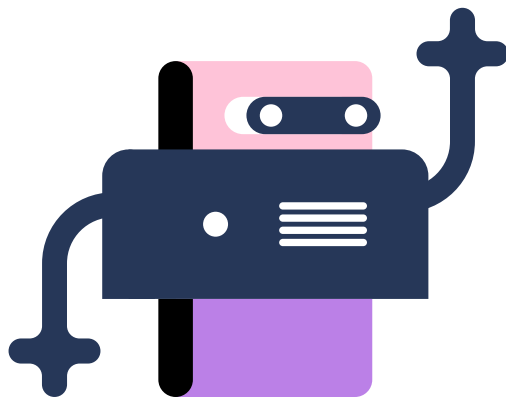
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Performance Max and Paid Search Playbook

Cultivate cross-channel synergies, reduce wasted ad spend and maximize blended performance



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Introduction

Google Ads remains a dominant force in online advertising, offering a suite of solutions to reach and convert customers. At the heart of this arsenal are two particularly powerful Demand Capture tools: **Performance Max (PMAX)** and **Paid Search campaigns**.

The Search landscape continues to evolve rapidly, with AI transforming both user behavior and platform capabilities. These advancements have significant implications for how brands should approach their Demand Capture strategies across Google's ecosystem.

This playbook serves as your guide to understanding, implementing, and optimizing both PMAX and Generic Paid Search to drive exceptional results. Drawing on data from 142 Retail brands, we explore the unique strengths of each tool, how they complement each other, and how to leverage them effectively within a holistic Google Ads strategy.

While our focus here is on these Demand Capture tools, it's important to recognize that Demand Gen plays a critical role in a full-funnel Google approach. This playbook is part of a series—watch this space for upcoming guides covering the entire Google arsenal, including strategies for maximizing upper-funnel performance.

Performance Max (PMAX) leverages Google's advanced machine learning and AI capabilities to combine multiple advertising strategies into a single, all-encompassing campaign. It is designed to complement your keyword-based Search campaigns to help you find more converting customers across all of Google's channels like YouTube, Display, Search, Discover, Gmail, and Maps.

Paid Search (Generic) empowers advertisers to customize their Search ads, allowing you to select your desired ad placement, and tailor your strategies to specific goals and audiences. It offers greater control and flexibility compared to Performance Max.

This report will feature insights from **January Digital**, a leading marketing leadership agency with deep expertise in Google's ecosystem.

Nick Drabicky,
SVP & GM:



“Performance Max and Search unlock Google's full potential—combining broad reach with high-intent targeting. Together, they create a scalable, profitable growth strategy.”



What is Fospha?

Fospha is leading the change in marketing measurement.

For over 10 years we've been pioneering privacy-safe marketing measurement. Our evolved measurement approach restores the visibility lost due to data changes resulting from the GDPR/CCPA & iOS14 whilst complying with privacy regulation globally.

With the granularity of attribution and the predictive power of MMM, our measurement solution offers full-funnel measurement and forecasting. Because we're full-funnel our clients can both generate and capture demand sustainably.

Fospha has tools for all marketing teams, creating a shared source of truth towards smarter, more confident budget decisions.

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The true cost of Last Click attribution

Misattribution across high-value channels

Our analysis reveals the extent to which Last Click misattributes channel performance. Performance Max represents approximately 24% of the average brand's total marketing wallet, while Paid Search accounts for roughly 9%. Particularly given PMAX's scale, undervaluing its impact by a huge 33% can have a significant detrimental impact on performance, with Last Click optimized brands making decisions based on misguided signals.

The Last Click trap

Last Click attribution leads to systematic under-investment in upper-funnel channels and strategies. By overprioritizing bottom-of-funnel activities while neglecting upper-funnel demand generation, marketers create unsustainable growth patterns. Eventually, existing audience pools become exhausted, CACs spike, and acquisition slows.

Beyond bottom-of-funnel measurement

Many will find it surprising that Last Click fails even when measuring bottom-of-funnel impact. This disconnect stems from both inherent measurement limitations and accelerating cookie loss. While bottom-of-funnel channels receive proportionally more credit than upper-funnel activities, Last Click still fails to capture their absolute contribution to revenue.

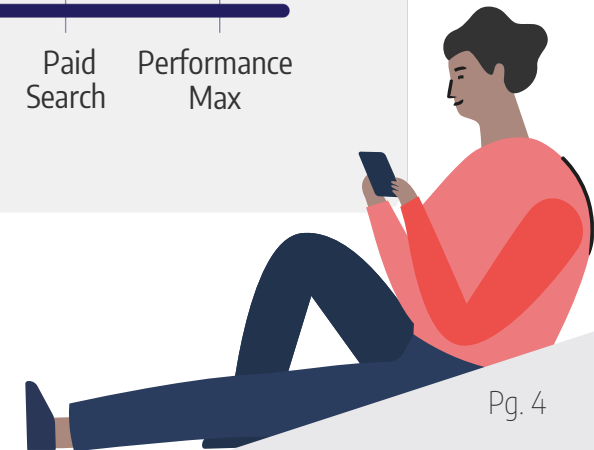
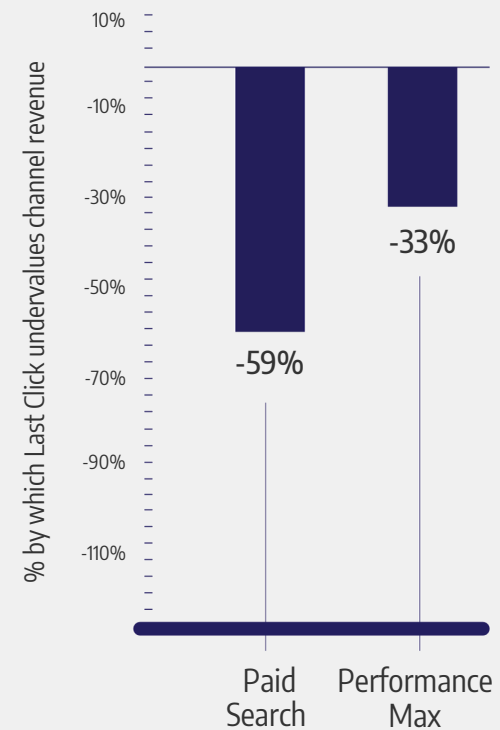
The AI search revolution

The measurement challenge is intensifying with AI's impact on Search. Google AI summaries now provide answers without requiring users to click through to websites. As click volumes naturally decrease, impression measurement becomes more critical than ever - further highlighting Last Click's obsolescence as a measurement framework.

Brands need full-funnel measurement solutions to effectively understand channel performance, make informed budget decisions, and drive profitable growth long-term.



Last Click significantly undervalues PMAX & Paid Search revenue



Finding the right balance between Performance Max and Paid Search

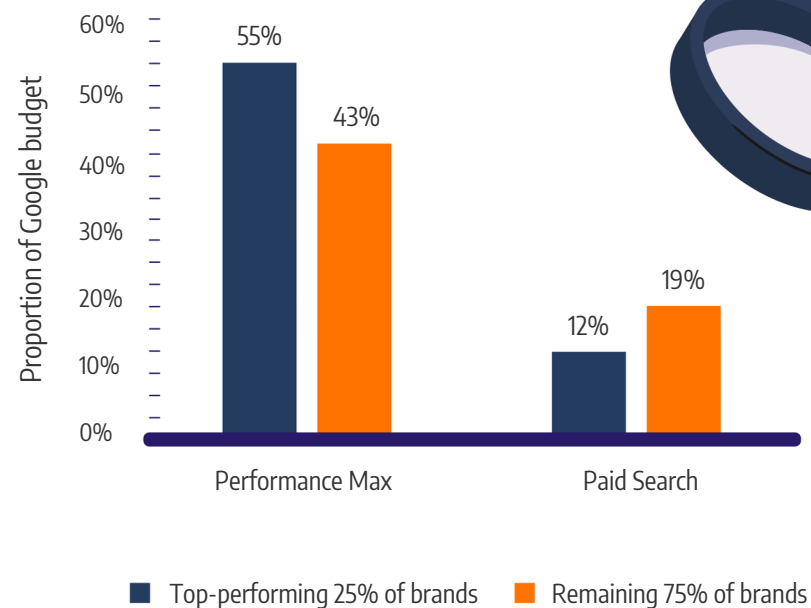
To understand the strategies of top-performing brands, we segmented for the top 25% of brands by blended ROAS. Our analysis revealed that these high-performing brands allocate their Google budget in a strategic balance, with **55% invested in PMAX** and **12% devoted to Paid Search**.

Note that this study included only Retailers, where we would expect the distribution of investment to be skewed towards PMAX, through which Shopping inventory is managed.

This data highlights an important evolution in digital marketing: effective brands are finding value in leveraging AI-powered campaign types like PMAX, which can enhance efficiency by reducing campaign management time. Meanwhile, maintaining spend in Paid Search enables precision targeting that provides essential visibility in high-intent moments.

These complementary approaches work together, creating performance synergies that boost blended metrics.

Most effective Google budget allocation: 55% to PMAX, 12% to Paid Search*



*Total Google budget = 100%

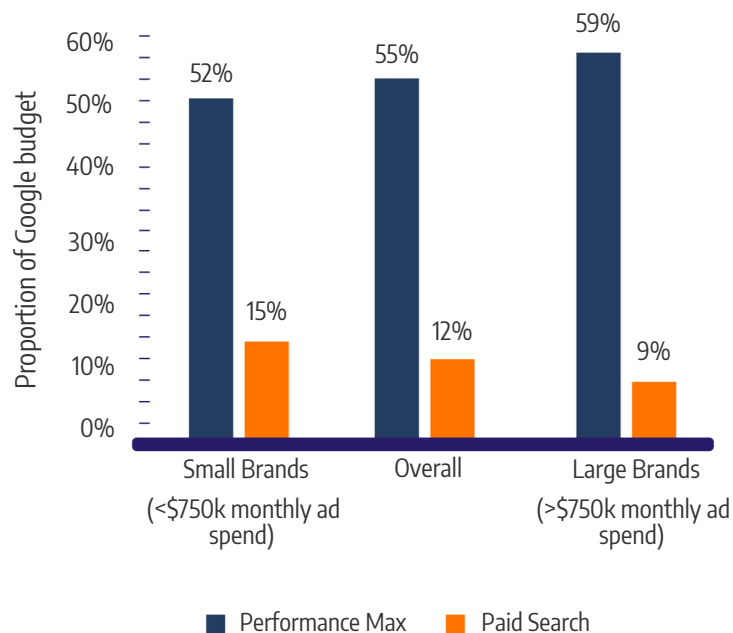
Strategic Google budget allocation by size and industry



However, it's crucial to note that there isn't a single optimal solution. The best approach varies based on industry, business goals, customer journey complexity, and available creative assets. We conducted a more granular deep dive based on brand size and industry, to extract a deeper view of the most effective budget allocation within Google.

How the top-performing 25% of Retail brands allocate Google spend

By brand size



Brand size insights

- Top-performing large brands (>\$750k monthly ad spend) opt for a **59%/9%** split between PMAX and Paid Search.

With more extensive product catalogs and diverse customer segments, large brands can leverage PMAX's AI-driven optimization to reach customers across multiple channels. This would be highly labor-intensive to manage individually through pure Paid Search.

- Top-performing small brands (<\$750k/month ad spend) opt for a **52%/15%** split between PMAX and Paid Search.

With limited budgets, smaller brands benefit from the precision targeting of Paid Search to capture high-intent traffic while still leveraging PMAX for efficiency. This strategy provides greater control over limited marketing dollars and enables direct competition with larger players in targeted search terms, creating valuable market entry points that might otherwise be difficult to secure.



Industry-specific patterns

- Top-performing Consumer goods brands allocate **28%** of their Google budget to Paid Search, significantly more than Cosmetics (**15%**) and Fashion (**13%**) brands.

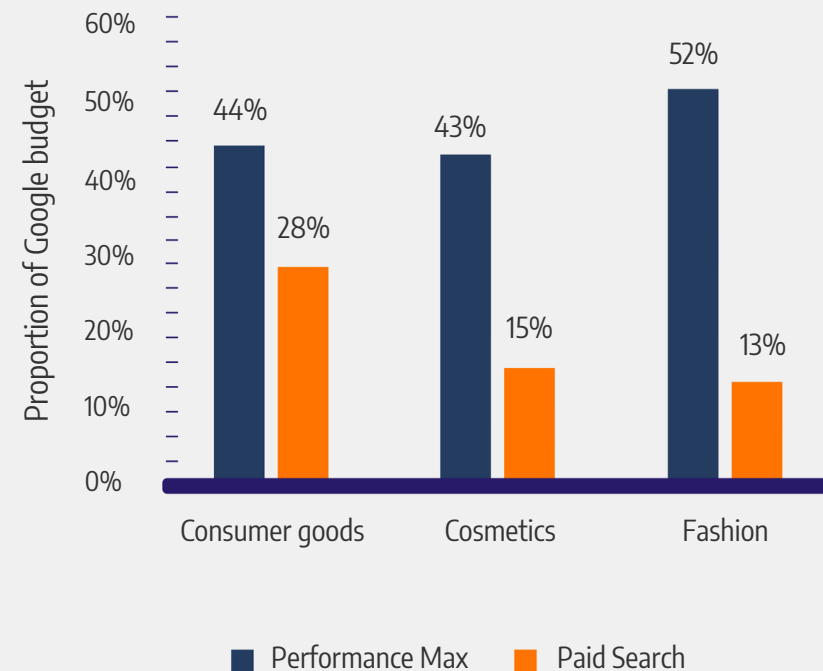
Consumer goods brands rely heavily on Paid Search because their products often address specific functional needs that consumers actively search to solve. A Search-focused strategy allows consumer goods brands to capture these customers in research mode.

Fashion brands, by contrast, sell products through visual storytelling and emotional appeal. PMAX's multi-format approach - particularly its integration with YouTube and Display - allows Fashion retailers to showcase products in aspirational contexts across multiple touchpoints.



How the top-performing 25% of Retail brands allocate Google spend

By industry vertical



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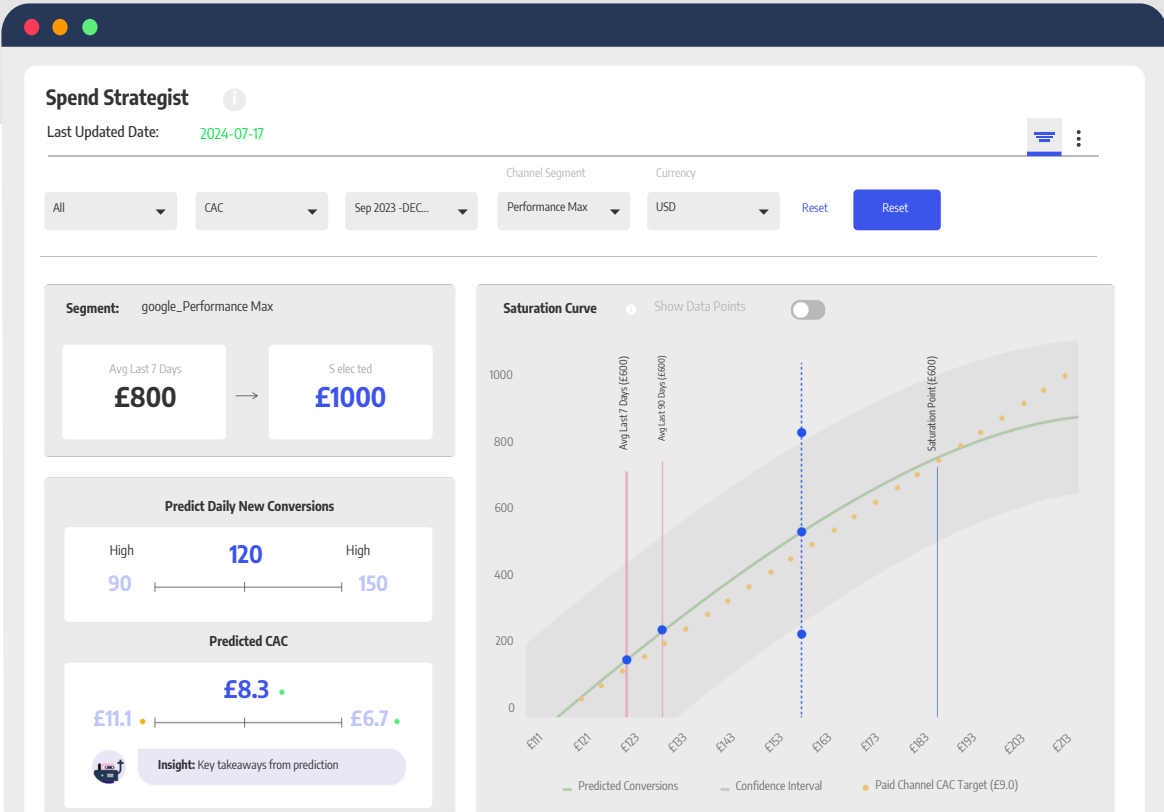


61% growth potential remaining across Performance Max & Paid Search

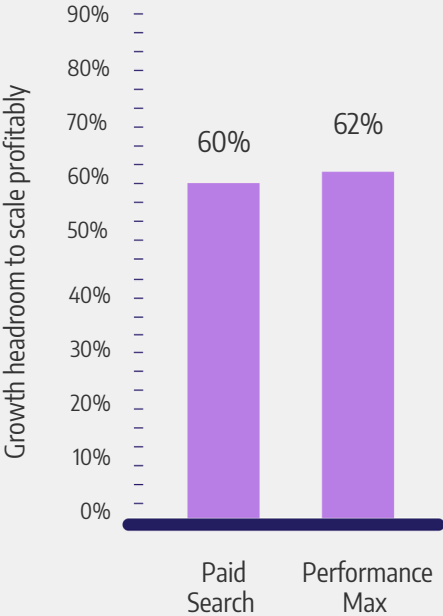
To understand the extent to which you can scale PMAX and Paid Search, utilizing forecasting technology is a huge advantage.

Fospha's Spend Strategist tool can be a game-changer when it comes to forecasting your budget. By analyzing the performance of your campaigns, you can create more accurate predictions of budget allocation and expected outcomes.

Spend Strategist allows you to model different budget scenarios and forecast how changes to spend will affect your sales and overall marketing ROI. Analysis using this technology reveals that brands see huge scalability in Performance Max and Paid Search, with **brands on average having an additional 61% headroom to scale spend in these channels profitably.**



61% profitable growth potential remaining across Performance Max and Search



4 creative strategies for Performance Max



PMAX is a game-changing tool – but while Google's AI is powerful, it's only as good as the creative assets you feed it. The more relevant high-quality assets you add, the higher the likelihood of your ad being eligible to serve everywhere across Google networks.

1. Build a power-packed asset library

HOW: Create a comprehensive asset mix including multiple video orientations (horizontal, vertical, square), diverse image formats, and varied text lengths. Prioritize professional-quality video assets and authentic imagery that works at any scale.

BENEFIT: Up to 20% more conversions on YouTube alone, plus maximum eligibility across all Google networks.

2. Structure for success

HOW: Organize asset groups around distinct product categories or customer segments (e.g., "Luxury Skincare," "Active Wear"). Ensure each group has a complete set of assets tailored to its specific audience and value proposition.

BENEFIT: Creates hyper-relevant ad experiences that resonate with specific customer segments, improving engagement and conversion rates.

Nick Drabicky, SVP & GM

JANUARY
DIGITAL

“With Performance Max, creative variety matters. Use 20 images, 5 short videos, and 10 sitelinks for maximum reach. Pair top-performing creative with profitable product sets, and leverage custom scripts for faster optimizations.”

3. Tell a cohesive brand story

HOW: Maintain consistent visual identity and messaging across all assets. Use sentence case for authentic feel, and ensure every creative element reinforces your unique selling propositions.

BENEFIT: Builds stronger brand recognition and trust, leading to higher engagement and customer lifetime value.

4. Embrace AI-powered optimization

HOW: Leverage Google's AI tools for asset creation and testing. This includes:

- **AI-generated assets**
- **Text-to-image & editing:** Transform text prompts into custom assets or modify existing images with new backgrounds.
- **Video Enhancement:** Automatically adapt videos to different formats and create shorter versions for improved performance.
- **Advanced models:** Access Veo and Imagen 3 for sophisticated image-to-video and text-to-image generation.

BENEFIT: Continuously improving performance through data-driven iteration while maintaining campaign freshness

Effective bidding strategies for Performance Max

Performance Max leverages Google's advanced machine learning and AI capabilities to optimize bids and targets. Understanding its nuances is crucial for driving exceptional results.

Choosing the right strategy

Performance Max offers two primary bidding strategies:

- **Maximize conversions:** This strategy prioritizes generating the highest volume of conversions possible within your budget. Ideal for increasing conversion volume when the budget is limited.
- **Maximize conversion value:** This strategy focuses on maximizing the total revenue generated by your conversions. Recommended when your primary goal is to increase revenue and your budget is not limited.

Understanding the timeframe for optimization

Performance Max optimizes bids over time. When you adjust your strategy, allow 1-2 conversion cycles for consistent achievement of the new target.

Adjusting for peak periods

Anticipate changes in conversion rates during peak periods like holidays. Adjust CPA or ROAS targets 4-6 weeks prior to allow Smart Bidding to optimize.

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Best practices

- **Avoid frequent changes:** Don't disrupt the algorithm with daily target or budget changes.
- **Strategic seasonality:** Use seasonality adjustments for short-term events, not to "fix" performance.
- **Data integrity:** Avoid manipulating data to influence the algorithm.



Key takeaways

1. Choose the strategy that matches your primary goal, whether it's maximizing conversions or revenue.
2. Allow sufficient time for Performance Max to learn and optimize towards your new targets.
3. Leverage Fospha's measurement capabilities to gain effective insights into conversion value and optimize for maximum profitability.



Effective campaign structures for Performance Max

Performance Max's effectiveness depends on a well-defined campaign structure. This allows for better organization, management, and optimization.

Structure for clarity & control

Organize your Performance Max campaigns by goal, theme, or audience. This allows for easier management and improved performance.

- Goal-based structure: Create separate campaigns for each goal, such as lead generation or sales.
- Theme-based structure: Group products or services with similar themes into separate campaigns.
- Audience-based structure: Segment campaigns based on customer segments or behavior.

Asset group organization

Within each campaign, create asset groups that align with your structure. This ensures relevant and cohesive ad experiences. Remember to opt into Final URL expansion, Text Customization and Video Enhancement.

Listing groups for eCommerce

Use listing groups to control which products are advertised in each campaign. This ensures relevance and avoids wasted spend.

Monitor and adjust

Regularly monitor your campaign structures and adjust as needed. This ensures optimal performance and alignment with your goals.

Key takeaways

1. Organize campaigns by goal, theme, or audience for clarity and control.
2. Align asset groups with campaign structure for relevant ad experiences.
3. Utilize listing groups in eCommerce to manage product ads and avoid wasted spend.



Samsonite & naYan: Harnessing PMAx's power through testing with Fospha

Despite initial challenges with Performance Max, luggage leader Samsonite and eCommerce partner naYan transformed PMAx into a key growth driver through strategic persistence:



Strategy:

① **Iterative testing & data refinement:** Rather than abandoning PMAx after underwhelming initial results, they conducted a second test with improved data inputs. This revealed PMAx's superior performance over traditional Shopping campaigns, prompting strategic budget reallocation.

② **Strategic creative optimization:**

- Enhanced product feed quality and update frequency
- Deployed scripts to boost low-visibility products while reducing spend on underperformers
- Created dedicated campaigns for hero products
- Implemented feed-based automation tools
- Developed category-specific assets with multiformat videos
- Prioritized lifestyle imagery over product shots

After strategically optimizing Performance Max, Samsonite launched new creative. Here are some of the top performers:



Samsonite & naYan: Harnessing PMAx's power through testing with Fospha



- ③ **Fospha partnership revealed true value:** From joining Fospha in February 2024, Samsonite uncovered that traditional attribution significantly undervalued PMAx's contribution.

With this newfound visibility, Samsonite adjusted their strategy, increasing their investment in PMAx to better align with its proven performance. This strategic shift ultimately resulted in significant growth for the channel, confirming the value of continuous testing, learning, and data-driven decision-making.

Results:

PMAx now represents a large share of Samsonite's marketing spend and consistently delivers value, significantly outperforming their paid ROAS target in January 2025.

4 creative strategies for Paid Search



Winning at Paid Search isn't just about outbidding competitors – it's about outsmarting them. While PMAX campaigns grab headlines, mastering Paid Search remains a crucial differentiator for brands seeking granular control and predictable growth.

1. Master your first impression

HOW: Craft ultra-specific ad copy that mirrors user search intent, featuring clear pricing, promos, and concrete benefits. Supercharge with strategic ad extensions that showcase your unique value properties.

BENEFIT: Higher Quality Scores and lower CPCs, giving you more bang for your marketing buck.

2. Dominate the full funnel

HOW: Create distinct campaigns for awareness, consideration, and decision stages. Tailor keywords, messaging, and bidding strategies to each stage of the journey, from broad educational terms to specific purchase-intent phrases.

BENEFIT: Captures and nurtures potential customers at every stage, building a robust pipeline of future conversions while maximizing immediate sales opportunities.

3. Perfect the post-click experience

HOW: Design lightning-fast landing pages that maintain message match with your ads, featuring prominent CTAs and mobile-first design principles. Ensure each landing page aligns with the user's funnel stage.

BENEFIT: Higher conversion rates and reduced bounce rates, turning expensive clicks into valuable customers.

4. Let data drive your decisions

HOW: Implement granular tracking of device, location, and time-of-day performance, using these insights to fine-tune your automated bidding strategies and keyword targeting.

BENEFIT: Optimized spend allocation that automatically adjusts to capture your highest-value opportunities across the entire funnel.

Nick Drabicky, SVP & GM:



“ Boost Search performance by adapting high-engagement content and using CTAs that drive urgency. Test messaging, combine broad keywords with audience signals, and retarget high-intent users while excluding recent buyers for maximum efficiency. ”

END Clothing: PMAX & Search optimization for 84% blended revenue increase YoY

END., a high-end streetwear retailer, relied on Performance Max and Paid Search for traffic and revenue but struggled to measure their individual and combined impact.

They needed:

- Executive buy-in: Prove Google Ads' value to justify increased investment.
- Smarter budget allocation: Optimize spend across Google Ads, Paid Social, and Affiliates.
- Holistic measurement: Understand cross-channel interactions and brand-building vs. direct-response efforts.

Results:

Proven Google Ads ROI – END finally validated PMAX's high ROAS and Paid Search's role in brand discovery.

Scaled investment – END then more than 2X'd PMAX and Paid Search spend in 2024, with this change contributing to a huge 84% uplift in blended revenue YoY.

Operational efficiency – Freed up time for strategy and market expansion.

Solution:

END. adopted **Fospha** for full-funnel measurement, gaining:

- 1 **Granular insights** – Clear attribution of PMAX and Paid Search performance.
- 2 **Optimized spend** – Reallocated budget to high-performing campaigns, markets, and channels.
- 3 **Automated reporting** – Reduced manual effort, enabling a more strategic focus.

Jamie Degiorgio, Head of Performance Marketing:

END.

“Introducing an impartial, full-funnel tool to come in and 'mark Google's homework' really helped us justify our increased investment in PMAX & Paid Search. We report on Fospha numbers weekly in our exec meetings now.”

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Recommendations

The strategic interplay between PMAX and Paid Search creates powerful business outcomes when properly optimized and measured. PMAX's broad reach and AI-powered optimization works alongside Paid Search's precision targeting for high-intent moments. While this playbook focuses on these critical components, Demand Gen (YouTube, Discovery, and Display) remains another vital element in a comprehensive Google strategy - to be explored in an upcoming playbook.

1. Embrace PMAX for efficient scale:

While there's no single optimal approach to Google budget allocation, the top-performing brands adopt a 55%/ 12% PMAX/ Paid Search split. We recommend leveraging Performance Max's AI-powered automation to efficiently scale your campaigns across all of Google's channels. Utilize a variety of creative assets to fuel PMAX's automation and allow the algorithm to optimize for the best-performing combinations. Continuously optimize bids, ad copy, and landing pages to improve performance.

2. Maintain Paid Search for precision targeting:


Allocate a portion of your budget to Paid Search (generic, non-brand) to complement PMAX's broader reach. Utilize this channel to capture high-intent users actively searching for similar products. Focus on long-tail keywords and granular targeting to reach specific customer segments.

3. Transition to full-funnel measurement:

Move away from Last Click attribution models, which undervalues even bottom-of-funnel channels like PMAX and Paid Search - which are undervalued by up to 59%. Leverage tools like Fospha to gain effective insights into channel performance and optimize budget allocation.

4. Forecast and optimize for growth:

Utilize predictive forecasting tools like Fospha's Spend Strategist to identify growth opportunities and scale your campaigns effectively. Continuously analyze performance data, test new creative approaches, and adapt your strategies based on insights to stay ahead of the curve and maintain peak performance.

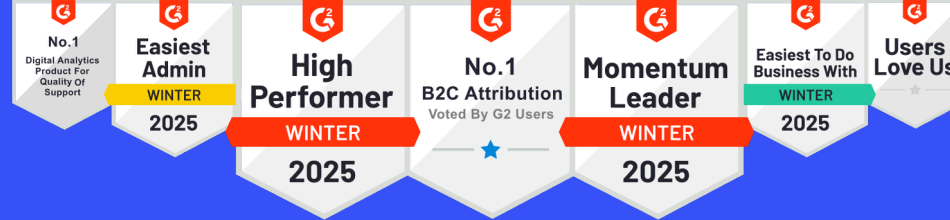


Nick Drabicky,
SVP & GM:

“Winning brands know Performance Max and Search work best together. Success comes from using creative insights across channels, aligning campaigns with audience behavior, and focusing on profitability. Test, learn, and scale what works—because smart, data-driven strategies drive sustainable growth in today’s competitive market.”

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Snezhina
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