

2019 ACQUISIO TURING™ MACHINE LEARNING PERFORMANCE REPORT

Setting New SEM Standards for Marketing Agencies

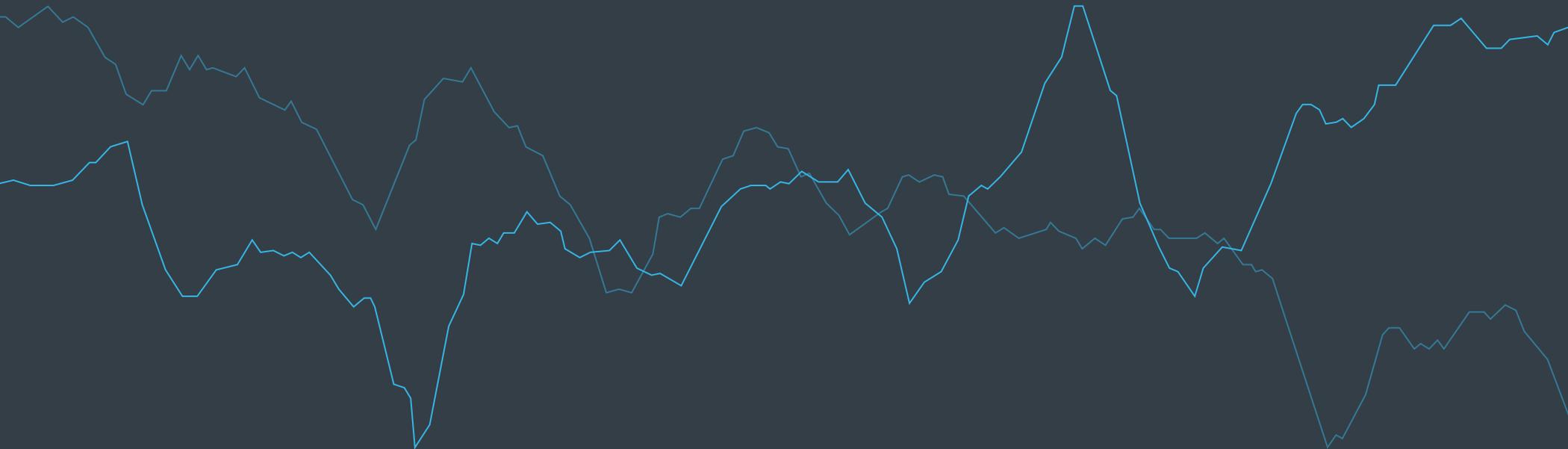


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EXECUTIVE SUMMARY

INTRODUCTION

Machine learning (ML) and artificial intelligence (AI) have redefined marketing and advertising, being able to solve more complex problems and scenarios with greater precision while using more data, faster than ever before. Acquisio has been delivering unprecedented results in the SEM industry by leveraging our suite of machine learning tools known as **Acquisio Turing**.

Acquisio Turing is a suite of AI self-improving algorithms that advertisers, resellers and marketplaces use to optimize bid and budget allocation at scale, easily. Agencies and SMB resellers have achieved extraordinary results with our suite of machine learning algorithms. The future of the SEM industry is here at Acquisio.

“ We’re not waiting for the future of martech, we’re building it.

— Marc Poirier, CEO

The following report provides a comprehensive and transparent overview of how Acquisio’s machine learning elevates advertising performance in paid search marketing. The purpose of the report is to analyze the overall performance of Acquisio Turing across our entire client base and share the results with the SEM industry.

ACQUISIO’S CLIENT BASE

Aligned with the variety of business types that use Acquisio to manage their paid search advertising, the results included in this report stem from our diverse SEM client base. The context of our client base allows advertisers to interpret the results of this report with greater accuracy. Currently **37%** of our clients are considered digital marketing agencies. **58%** of our client base is made up of marketing organizations servicing local markets, with a large portion of them focusing on the automotive sector. The remaining fraction of our clients are made up of local franchises and mid-size brand advertisers. The variety of business types that use Acquisio and make up the results presented in this report demonstrates how Acquisio’s machine learning technology can deliver results across a broad range of industries, business types and budget sizes.

Knowing the performance of our client’s accounts is the true measure of our machine learning technology. Since this report uncovers data at the account level of our clients, the context of our client’s customer base is also important to set the stage and provide necessary context to interpret the results.

Currently **27%** of our clients advertise on behalf of personal or professional services ranging from tattoo and nail salons to electricians and plumbers. Automotive is the second largest sector that our client’s accounts represent, including auto dealers as well as body shop repair and even trailers, followed by retailers. *Figure 1* fully describes the percentage of business categories currently in use by our clients.

Client Account Business Categories by Spend and Number of Accounts

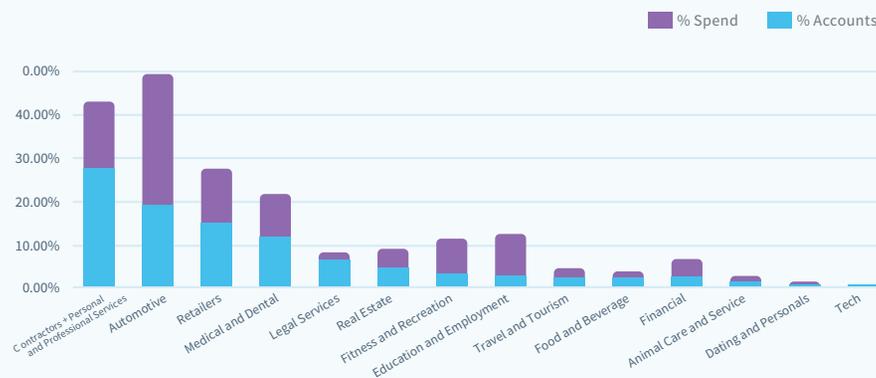


Figure 1

In addition to the plethora of business types that Acquisio Turing services, the results of this performance report are truly global. Most of the accounts that our clients have created are displaying ads in North America. **50%** of the accounts show ads to the United States region, with another **12%** showing ads in Canada. Oceania is the next largest region displaying ads on behalf of our client’s customers, with **28%** in Australia. The rest of the advertising accounts created by our clients represent small fractions across the rest of the world including Europe, Asia and South America.

THE RESULTS

Across all business types and budget sizes globally, the accounts using Acquisio’s machine learning technology are outcompeting those that aren’t, giving advertisers an advantage. In terms of account performance over time, at least **two-thirds** saw a reduction in CPC, while **61%** saw an increase in clicks. Of the accounts who were tracking conversions, an average increase of **63%** was observed.

Advertisers have an advantage with Acquisio Turing

When we compared accounts using machine learning with those that weren’t, we found that accounts on Google Ads (formerly known as Adwords) were on average **2 times** more likely to pace and spend their budget as intended than accounts that were not using machine learning. On Microsoft Advertising (formerly known as Bing Ads) these accounts were **9 times** more likely to attain their budget. The accounts using machine learning technology lived at least **four months** longer than those that weren’t.

PARAMETERS OF THE STUDY

The data included in this report was extracted by Acquisio's Lead Research Scientist, from a comprehensive analysis of **32,616** SEM client accounts between January 1, 2018 and December 31, 2018.

The customer data analysis focuses on two main areas: machine learning performance over time & machine learning vs non-machine learning account performance.

MACHINE LEARNING PERFORMANCE OVER TIME

The accounts used in the Performance Over Time analysis were filtered to compare only accounts with similar ad spend (off by no more than **20%**), leaving a total of **13,446** accounts. It was important to compare accounts with similar structure and spend to ensure the integrity of the results and impartiality of the comparison.

The results of this analysis were generated by comparing month 1 to month 3, with month 1 as the initial performance benchmark. Outliers were removed prior to calculating the averages by treating the scores as **log-normal distribution** and using the **Median Absolute Deviation** method.

The data reported from this section of the analysis includes both median and average results.



Understanding Median Versus Average

When looking at performance changes over time (CPC, clicks, CPA, conversions) the distribution can be somewhat lopsided. The worst an account can do is **-100%**, meaning all its conversions/clicks are gone. The best an account can do is **infinite**, for example going from **10** clicks to **100** is a **900%** gain. This means that very large gains can dominate the average. If for example there are 4 cases with **-100%**, **40%**, **40%**, and **180%** change, the average of these would be **40%** with the median of **40%**. But suppose the top is not **180%** but **420%** - that would push the average up to **100%** while the median remains at **40%**. The median is less susceptible to the impact of outliers and since reporting only the average can be at times misleading, we chose to report on both.

MACHINE LEARNING VERSUS NON-MACHINE LEARNING ACCOUNT PERFORMANCE

The accounts used in this analysis were filtered to compare those using the same publisher, either Google Ads or Microsoft Advertising, whether they used Acquisio Turing or not.

The breakdown by publisher of the **32,616** accounts analyzed is shown in *Figure 2*.

Machine Learning Versus Non-Machine Learning Accounts by Publisher

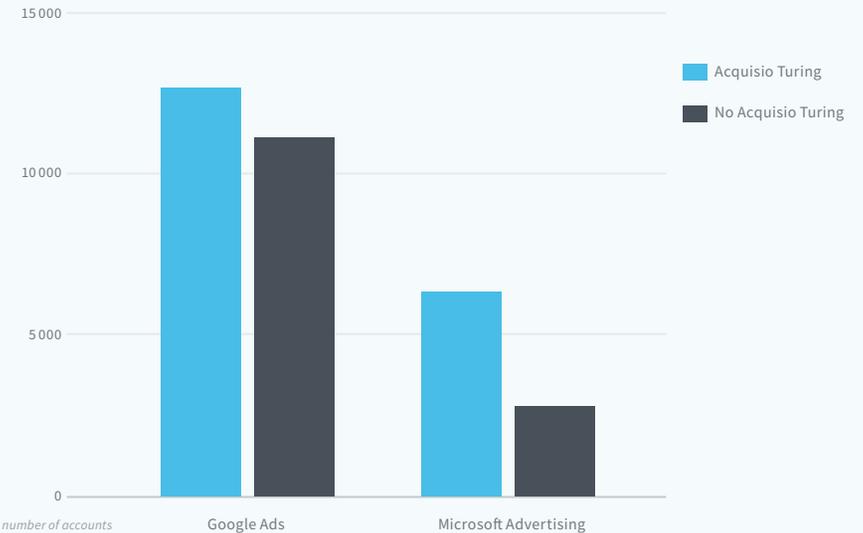


Figure 2

This part of the analysis determined the **budget attainment** and the **lifetime value (LTV)** of the accounts. Budget attainment measures how precisely a budget is spent in an account over one month. LTV compares the in-platform lifetime of accounts using our machine learning technology with those that are not.

Note

Regardless of technology, the success of any PPC campaign depends on a number of factors out of our control and therefore this should be taken into consideration while interpreting the results included in this report.

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MACHINE LEARNING PERFORMANCE OVER TIME

PPC Marketers tend to report on a few key performance indicators (KPIs), including **CPC**, **CPA** and total **conversions**. The Performance Over Time portion of this analysis puts these metrics under a microscope. The following results from our analysis are separated by KPI.

COST PER CLICK (CPC)

The CPC metric determines how much an advertiser will pay every time a person clicks on their ad. The average CPC can vary by industry, but the goal of every digital advertiser is to reduce their CPC as much as possible.

Advertisers can reduce their CPC by improving the quality of their ads and their landing pages, by using different match types, restructuring campaigns and even simply by reducing bids. The main concern with any of these strategies however is that results will suffer if not executed properly. Ideally anyone working in PPC marketing would like to see costs go down and clicks or conversions go up. **This is the performance that Acquisio Turing is delivering.**

Accounts using Acquisio's suite of machine learning algorithms decreased their CPC by **9%** on average. The median CPC change was a decrease of **11%** and approximately **two-thirds** of the accounts saw a reduction in CPC.



Average CPC decrease



Median CPC decrease



Decreased their CPC

Case Study: Sensis Using Acquisio Turing to Reduce CPC and Increase Clicks

The graph above shows the performance of **Sensis**, an Australian marketing services provider for SMBs. Using Acquisio Turing for bid and budget management on ad campaigns launched on Microsoft Advertising, **Sensis reduced their CPC by 16%**.

COST PER ACQUISITION (CPA)

The CPA metric determines how much an advertiser will pay for each conversion. The average CPA can vary depending on each industry, since the cost per keyword can vary drastically per industry. As with the CPC metric, advertisers would like to reduce their CPA to produce the most profitable campaigns possible.

Advertisers can reduce their CPA using similar techniques as with CPC, including testing audiences and landing pages with the best ad copy messaging, improving quality score and reducing bids strategically. Yet again, while it's nice for the cost of the lead to go down, it's important that the leads continue to come in.

*Overall, **64%** of all accounts using Acquisio Turing saw a reduction in CPA*

The average CPA of accounts using Acquisio Turing remained steady. The median CPA decreased by **15%**, which means that **half** of the population had a decrease of **15%** or better. Overall just under two-thirds of the population saw a reduction in CPA.



Reduced their CPA



Median CPA decrease



Decreased CPA by more than 15%

INCREASE IN CLICKS

While some accounts optimize for conversions, each conversion starts with a click and therefore every PPC campaign would like as many clicks (that convert) as possible. The art of getting more clicks is often achieved by adjusting ad copy, bidding higher for better ad placement or even by making sure ads show at key times of day, among other techniques. However, there are so many factors that can affect ad and campaign performance that increasing clicks isn't always straightforward and campaign results can stagnate as a result.

Accounts using Acquisio's suite of machine learning algorithms increased their number of clicks by **17%** between month 1 and month 3. The median was **8%**, meaning that **half** of the population had an increase in clicks of **8%** or better. Overall **61%** of the population saw an increase in clicks.



Average increase in clicks



Median increase in clicks



Increased their clicks

continued ▶

CONVERSIONS

The ultimate goal of any marketing campaign is to get as many conversions as possible. A conversion can be a sale on an eCommerce website, a newsletter signup or an in-store purchase for example - it is the intended action of a marketing campaign. To achieve the maximum number of conversions, marketers have to make sure campaigns are as optimized as possible.

Accounts using Acquisio Turing machine learning technology increased conversions by 63% on average

Given the importance of conversions, it was surprising to observe that only a fraction of accounts were keeping track. In *Figure 4* the breakdown of accounts tracking conversions demonstrates that the Performance Over Time analysis includes a limited data sample.

Accounts with Similar Spend by Presence of Conversion Tracking



Figure 4

Accounts using Acquisio's machine learning algorithms increased their conversions by **63%** on average. The median conversion change was **18%**, meaning that half of the population had a conversion increase of **18%** or better. Overall **60%** of the population saw an increase in the number of conversions.



Average **increase** in conversions



Median **increase** in conversions



Increased their conversions

PERFORMANCE OVER TIME RESULTS

Accounts using our suite of AI algorithms were found to outperform those that weren't, across all metrics analyzed. The Acquisio Turing accounts decreased their cost per click (CPC) as well as their (CPA) while increasing the number of clicks and conversions their campaigns were generating.

Accounts using Acquisio Turing achieved the following results:

CPC

- CPC decrease of 9% on average
- Median CPC change decreased by 11%
- Two-thirds of the accounts saw a reduction in CPC

CPA

- Median CPA decreased by 15%
- Half of the population had a decrease of 15% or better
- 62% of the population saw a reduction in CPA

Clicks

- 17% increase in the number of clicks between month one and month three
- Median increase of 8%
- At least half of the population had an increase in clicks of 8% or better
- 61% of the population saw an increase in clicks

Conversions

- 63% increase in the average number of conversions between month one and month three
- Median increase of 18%
- Half of the population had a conversion increase of 18% or better
- 60% of the population saw an increase in the number of conversions

The Acquisio Turing accounts decreased their CPC as well as their CPA while increasing the number of clicks and conversions their campaigns were generating

MACHINE LEARNING VS NON-MACHINE LEARNING

The second portion of our analysis compared accounts using Acquisio Turing with those that were not, focusing on their ability to achieve their budget target and the overall lifetime of the accounts. The following results are split into two sections, *Budget Attainment* and *Lifetime Value (LTV)*.

BUDGET ATTAINMENT

Budget attainment is rarely a metric used by PPC advertisers, despite how important it is. Our team previously [discussed](#) the budget attainment dilemma, explaining that:

“If the PPC marketer overspends the budget, it’s a problem for obvious reasons. Even if overspending meant achieving another important KPI like conversions, the client simply may not have the extra money; hence, allocating a budget in the first place. If the PPC marketer underspends the budget, the client will ask why they didn’t put all the resources they were given into getting maximum results.

Meanwhile, no one can consistently measure a return on investment if the investment is different every month, and therefore there’s also data integrity at risk. Ultimately, if PPC marketers can’t spend budget accurately and consistently, the client will want to spend their money with someone who can.”

Similarly agencies who sell PPC often tie income to ad spend and therefore budget attainment becomes more critical under this business model.

Acquisio Turing takes a set budget and tries to squeeze as many clicks or conversions out of it while obeying the price constraints of a campaign. Budget unspent is lost advertising opportunity, lost leads and lost conversions, which is why budget attainment is so important.

Budget attainment can only be compared between accounts using the same publisher. The following results are broken down by accounts using either Google Ads or Microsoft Advertising for search engine marketing.

Google Ads Budget Attainment



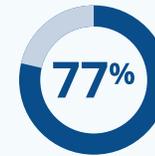
Figure 5

Google is the [most popular search engine](#) worldwide with **over 74%** of the global market share. Advertisers often prefer to launch campaigns on Google Ads, Google’s paid search advertising network, over other search engines given the increasing opportunity it represents.

Accounts using Acquisio’s machine learning suite for advertising campaigns on Google were found to achieve budget targets more often than accounts that were not:



Google Ads accounts are **2.2X** more likely to spend the monthly budget with Acquisio Turing than without.



Accounts without machine learning are only hitting their targets 34% of the time, compared to **77%** with Acquisio Turing.

Microsoft Advertising Budget Attainment

While Google is the most popular search engine worldwide, Bing is growing. In 2017, Bing was the second largest search engine worldwide and currently owns nearly a third of the market share in the US, more than 20% in the UK, and at least 10% in five other global markets. Today it’s still number three worldwide. Our team [discussed](#) the instant opportunity this provides advertisers beyond search ads, explaining that Microsoft Advertising is partnered with a handful of major websites and tools, like Amazon, Yahoo, Kindle and AOL. Microsoft Advertising is also the default search engine on Edge and Internet Explorer, which is preloaded on all Microsoft computers. Acquisio customers turn to Microsoft Advertising to increase their client’s results and their revenue.

Accounts using Acquisio’s machine learning suite for advertising campaigns on Microsoft Advertising were found to achieve budget targets more often than accounts that were not:



Microsoft Advertising accounts are **8.9X** more likely to spend the monthly budget with Acquisio Turing than without.



Accounts without machine learning are only hitting their targets 6% of the time, compared to **57%** with Acquisio Turing.

ANALYZING PERFORMANCE BY LOW BUDGET SPEND

To develop a more in-depth understanding of our Budget Attainment results, we split the accounts into three tiers of budget spend:

TIER 1 — Accounts with \$1500+ Monthly Ad Spend

Defined as greater than \$1,500 in monthly ad spend, this cohort is made up of accounts on either Google Ads or Microsoft Advertising, separated by those using our machine learning technology and those that are not, as displayed in Figure 6.

Tier 1 Machine Learning VS Non Machine Learning Accounts by Publisher

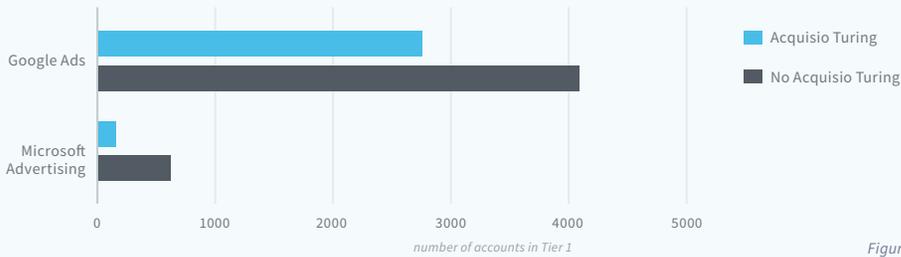


Figure 6

Google Ads:

73% of the accounts pace to budget target with Acquisio Turing versus 23.5% without, making it at least **3 times** more likely to spend the monthly budget with our machine learning technology than without.

Microsoft Advertising:

67% of the accounts pace to budget target with Acquisio Turing versus 4% without, making it approximately **15x times** more likely to spend the monthly budget with our machine learning technology than without.

TIER 2 — Accounts with \$500 to \$1500 Monthly Ad Spend

Defined as between \$500 and \$1,500 in monthly ad spend, this cohort is made up of accounts on either Google Ads or Microsoft Advertising, separated by those using our machine learning technology and those that are not, as displayed in Figure 7.

Tier 2 Machine Learning VS Non Machine Learning Accounts by Publisher

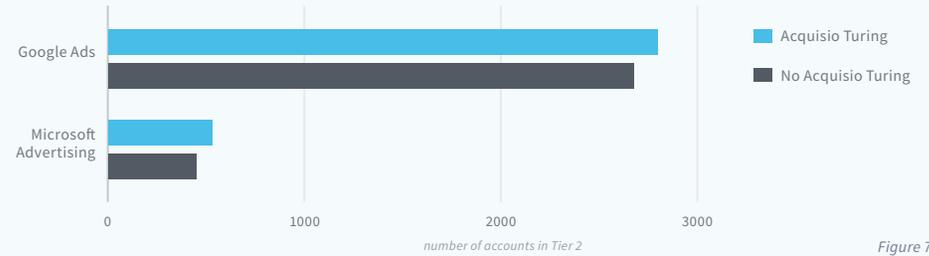


Figure 7

Google Ads:

75% of the accounts pace to budget target versus 47% without Acquisio Turing, making it nearly **2 times** more likely to spend the monthly budget with our machine learning technology than without.

Microsoft Advertising:

75% of the accounts pace to budget target versus 9% without Acquisio Turing, making it almost **8 times** more likely to spend the monthly budget with our machine learning than without.

TIER 3 — Accounts with Less than \$500 Monthly Ad Spend

Defined as less than \$500 in monthly ad spend, this cohort is made up of accounts on either Google Ads or Microsoft Advertising, separated by those using our machine learning technology and those that are not, as displayed in Figure 8.

Tier 3 Machine Learning VS Non Machine Learning Accounts by Publisher

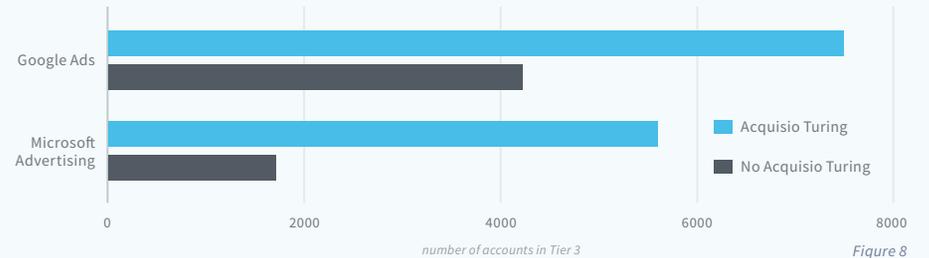


Figure 8

Google Ads:

79% of the accounts pace to budget target versus 36% without Acquisio Turing, making it at least **2 times** more likely to spend the monthly budget with our machine learning technology than without.

Microsoft Advertising:

55% of the accounts pace to budget target vs 6% without Acquisio Turing, making it almost **9 times** more likely to spend the monthly budget with our machine learning technology than without.

LIFETIME VALUE (LTV)

In PPC marketing, campaigns can come and go based on their performance among many other factors. For example, a campaign could be seasonal or a certain product may have been discontinued. Therefore the length of campaigns can be in part influenced by other factors aside from campaign performance results. That said, if a campaign is making a lot of money, marketers and business owners are less likely to pause these campaigns.

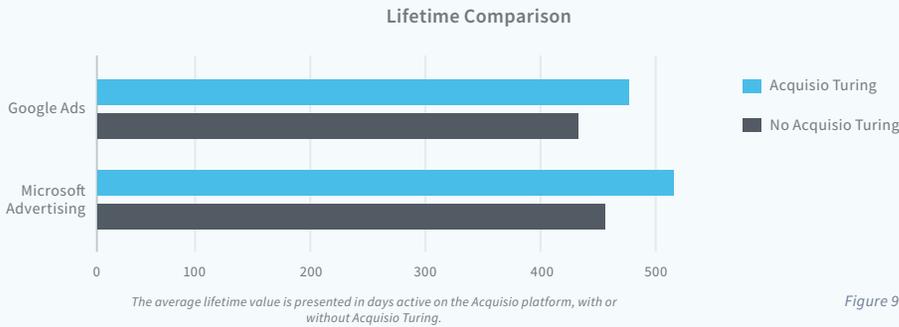


Figure 9

The lifetime of each account contributes to any business' bottom line. The longer an account stays the more revenue they provide. For large SEM resellers with thousands of SMB accounts, an extra month of business across all those customers represents significant annual revenue.

Accounts using Acquisio Turing on either Google Ads or Microsoft Advertising lived longer on the Acquisio platform than those that did not use our machine learning technology as presented in Figure 10 below

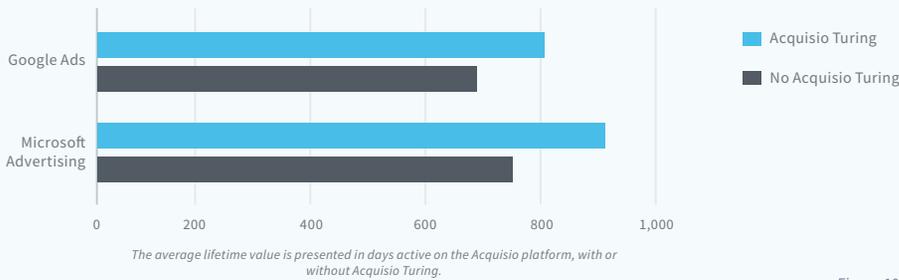


Figure 10

The difference in Google Ads performance represents campaigns that ran almost **four months longer** on the platform. The difference in Microsoft Advertising performance represents campaigns that ran just over **five months longer** on the platform.

Big Machines, Little Budgets

Businesses with the lowest spend actually had the highest success in terms of lifetime value. The cohort with the lowest budget was less than \$500 per month in ad spend, as shown previously in Figure 8.

Accounts with the lowest ad spend that used Acquisio Turing lived longer on the Acquisio platform than those that did not use our machine learning technology as presented in Figure 11.

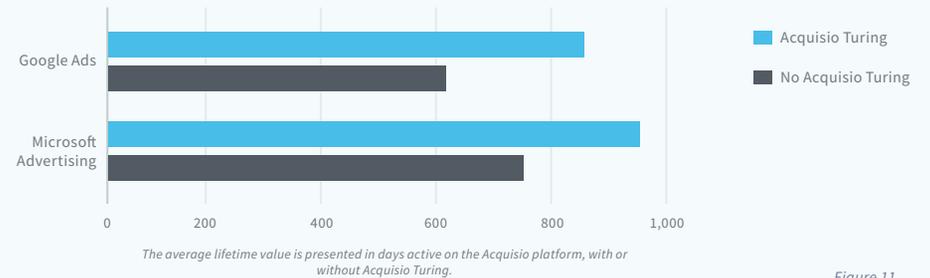


Figure 11

The difference in Google Ads performance represents campaigns that ran almost **eight months longer** on the platform. The difference in Microsoft Advertising performance represents campaigns that ran just over **six months longer** on the platform.

MACHINE LEARNING VERSUS NON-MACHINE LEARNING PERFORMANCE RESULTS

Campaigns are most likely to meet client's budget targets and pace spend while optimizing performance using Acquisio's machine learning technology. Plus, agencies and resellers are likely to extend the life of their client's campaigns and make more money as a result. Even when the monthly ad spend is less than \$500, accounts using Acquisio Turing have the best performance in terms of LTV.

CONCLUSION

Advertisers, especially those servicing small budgets, have an advantage with Acquisio Turing. When cross publisher machine learning optimization is paired with proper campaign setup, Acquisio is a tool that delivers SEM results automagically.

Advertisers can benefit from significant cost savings on each and every PPC campaign they run using the Acquisio platform, especially when using our machine learning technology. CPC and CPA go down, while clicks and conversions increase, with the help of Acquisio Turing. By reducing the cost of running campaigns while simultaneously increasing the returns they provide, accounts using our suite of AI algorithms provide the best ROI. Advertisers also benefit from running campaigns for a longer period of time with the help of machine learning. When successful campaigns live an extra few months with their marketing organization, everyone makes more money. Multiplied across potentially hundreds of client accounts, a longer account lifespan represents significant annual revenue.

Small budgets find success using Acquisio Turing as we reported positive results across three tiers of budget spend. Before Acquisio's machine learning technology, small budget optimization and success in paid search was a challenge that hadn't yet been solved. More than just small budget results, the lowest tier of spend, which was \$500 or less, actually had better results using Acquisio Turing than any other when it came to budget attainment and LTV. The same tier of accounts were proven to live more than five months longer with the agencies and resellers that serve them when using our machine learning suite.

“Acquisio Turing is changing the future of paid search marketing, outperforming even the smartest humans.

— Marc Poirier, CEO

Automating account performance using self-improving machine learning algorithms can actually increase the control that advertisers have over the success of their campaigns. By using Acquisio Turing for bid and budget management, advertisers ensure precise budget spend month after month. Without accurate budget attainment, it's impossible for advertisers to consistently measure or report their client results or their return on investment. Using Acquisio's machine learning technology, advertisers benefit from precise cross publisher budget attainment, optimization and success. Overall the accounts using Acquisio's suite of machine learning algorithms are healthy and outperforming those that are not, giving advertisers a huge advantage.

WORKING WITH THIS DATA

Inside Acquisio

Current clients can and should use the data included in this report as benchmarks when launching and monitoring campaigns using our machine learning technology. Depending on the other aspects of your campaigns, the results can and will vary; however, you should speak to an account analyst if you're observing significant performance discrepancies.

Outside Acquisio

The data contained in this report is the property of Acquisio but should absolutely be reproduced without permission. This study was put together with the intention of being completely transparent with our audience and with the industry. With that in mind, we ask that you include any necessary parameters to explain the data as we have in this report to ensure the integrity of the results. We also ask that you use the trademark symbol with every mention of Acquisio Turing™ (like we did just there). Lastly, if you would like to use any of this data, kindly attribute credit to Acquisio in one way or another.

ABOUT ACQUISIO

Acquisio is used extensively by digital agencies, brand marketers, and local SEM resellers to help them deliver meaningful results in search, social, and display advertising, using AI. Based out of Montreal, a globally recognized hub for artificial intelligence, Acquisio provides software that enables marketers to do advertising campaigns at scale.

Recognized at one time as one of the fastest-growing companies in North America, winning the **Deloitte Tech Fast 500 and Fast 50 awards** for four consecutive years, Acquisio knows what matters to marketers. With a mission to help businesses thrive in the digital economy, Acquisio continues to invest in machine learning R&D as well as product innovations, shaping the future of online advertising. Acquisio has its headquarters in Montreal, and has offices in Seattle and London.

For more information, visit www.acquisio.com

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