

THE7STARS

MEASURING SUCCESS OF GOOGLE'S DEMAND GEN:

*A WHITEPAPER ON GEO-TESTED INCREMENTALITY &
BEST PRACTICE GUIDE* 

CONTENTS

INTRODUCTION

06

EXPERIMENTATION & MEASUREMENT

08

RESULTS

12

WHAT'S NEXT

24

SUMMARY & BEST PRACTICE GUIDE

26

INTRODUCTION

1

In an ever-evolving digital advertising landscape, brands need fresh, impactful ad formats that not only reach audiences but drive meaningful, incremental business results. As an agency committed to pioneering effective advertising strategies, we've had the opportunity to dive deep into Google's Demand Gen format — a tool in the paid media landscape designed to reach the right users across YouTube, Google Discover, and Gmail. This whitepaper shares the results of our rigorous geo-testing, the cross-functional expertise that made it possible, and our insights into what Demand Gen means for our clients' growth.

Our approach to testing new formats like Demand Gen ads is rooted in a robust framework that leverages our agency's specialised teams: the Activation team drives flawless execution, our Insights and Effectiveness team ensures rigorous test design and analysis, and our in-house creative arm, the7stars creative studio, crafts compelling, fit-for-purpose assets, designed to give our advertising strategies the best chance of effective performance for our clients' businesses. Each team's role is

integral as we aim to validate the true incremental value driven by Demand Gen, beyond metrics of reach or engagement alone. We ran five regional experiments and supported our findings through wider campaigns across our portfolio of clients throughout 2024.

This whitepaper will walk you through the methodology we employed to isolate geo-based incrementality effects, the test results that highlight Demand Gen's strengths, and the nuanced learnings our teams discovered along the way. We will also look ahead at the exciting possibilities for optimising Demand Gen campaigns and explore how the format can be strategically deployed to support brands as they grow their digital presence.

By examining the collaborative power behind our testing approach, we hope to showcase not only the potential of Demand Gen but also the best practices in evaluating and scaling new ad formats in a fast-paced digital world.



EXPERIMENTATION & MEASUREMENT

2

EMPLOYING REGIONAL EXPERIMENTATION TO MEASURE INCREMENTALITY

To measure the incrementality of Demand Gen we designed five regional UK-based experiments across a broad range of sectors including travel, financial services and online retailer brands.

Regional experiments are the ‘gold-standard’ of incrementality measurement, answering key marketing hypotheses as a part of a brand’s learning agenda roadmap. Regional experiments are controlled campaigns executed in specific geographical areas.

In order to evaluate the effectiveness of specific strategies or tactics relative to the non-exposed control regions. The primary goal of a regional experiment is to deliver a learning objective, distinct from an effectiveness objective – i.e. we are risking some campaign outcomes today in order to ensure that there is a better evidence base for campaign planning tomorrow.

Each Demand Gen test was carefully designed to maximise the possibility of a successful statistically significant read on Demand Gen incrementality and, equally, minimise the chance for false positives or negatives.

This includes:

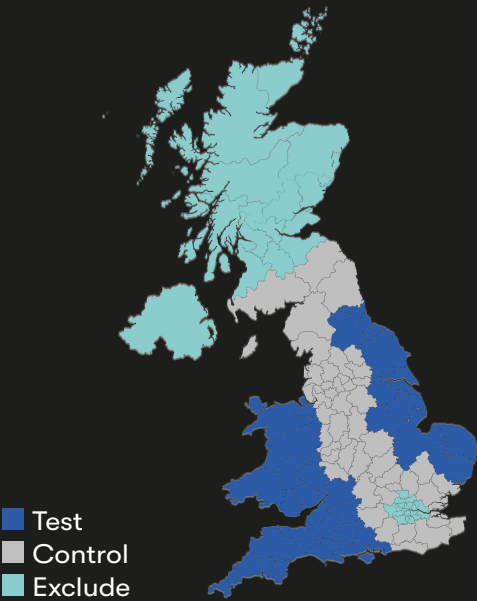
- Ensuring the test cell is nationally representative in volume and audience penetration relative to the control cell.
- Clustering regions to mitigate commuter bleed in and out of each region.
- Establishing high correlation between the test and control cell so we can confidently attribute any uplift in the test cell during the campaign back to the test activity itself.



EMPLOYING REGIONAL EXPERIMENTATION TO MEASURE INCREMENTALITY

We used the7stars’ proprietary Experiment tool to design each Demand Gen test, which adheres to those design philosophies and maps out an optimal set of test and control regions. This is achieved by firstly ingesting each advertiser’s first party KPI data, matching back to open source geographical

APIs and Google’s regional targeting dimensions. Secondly, a hill-climbing algorithm is employed to ensure the test design parameters are valid and to the highest statistical confidence level, before proceeding with recommended test regions and Demand Gen investment.



> **60-70%**
CONTROL REGIONS COVERED 60-70%
OF TOTAL UK SALES VOLUME

> **30-40%**
TEST REGIONS COVERED -30-40%
OF TOTAL UK SALES VOLUME

For each brand, we initialised a Demand Gen geo-experiment which satisfied our best-practice parameters and were also equitable in design so we could compare the results in parallel. Each test followed a similar test design format:

- Control Regions covered ~60-70% of total UK sales volume, in which no Demand Gen activity was running and only BAU campaigns were live.
- Test Regions covered ~30-40% of total UK sales volume, in which Demand Gen was regionally activated in addition to BAU activity.
- Excluded Regions, for some brands we removed certain regions from the analysis, as they violated one or more of the design parameters, for example London is typically excluded due to the higher propensity to travel between regions.

| Total UK Audience | | | |
|-------------------------------|--|---|--|
| 1. Demand Gen Test Design | Test group (~20% of UK regions, measured in sales volume) | Control Group (~60% of UK regions, measured in sales volume) | Exclude Group (~20% of UK regions, measured in sales volume) |
| 2. Demand Gen Test Live | Demand Gen + BAU Media In Test Regions | BAU Media Only Rest of the UK | |
| 3. Demand Gen Test Evaluation | Test Sales Index Weekly Sales Indexed relative to pre-test | Control Sales Index Weekly Sales Indexed relative to pre-test | Exclude from Analysis |

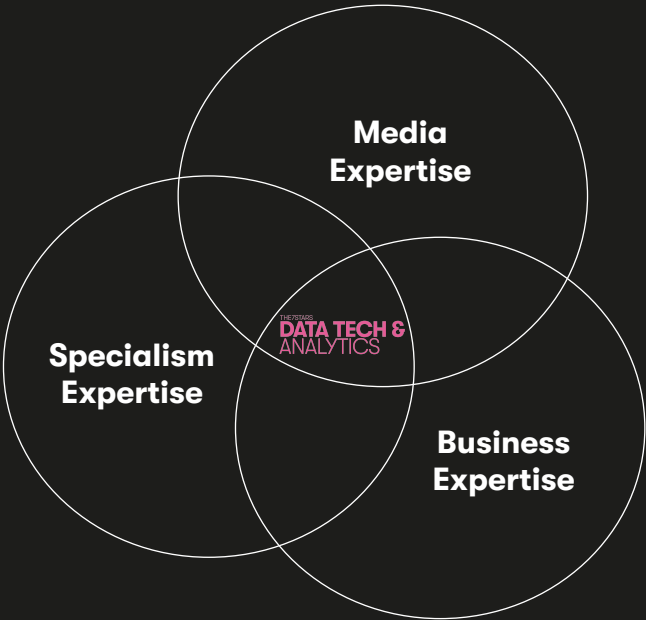
Test Sales Index – Control Sales Index = Demand Gen Incremental Sales Uplift

After each Demand Gen campaign, we evaluated the indexed incremental lift in web traffic, conversions and total sales within the test regions after subtracting the control



DATA TECH & ANALYTICS

Data tech & analytics is the7stars in-house team of insights, analytics, and data specialists dedicated to empowering t7s clients with marketing effectiveness learnings and optimisations to achieve their brand and business objectives. Leveraging proprietary tools and solutions, Data tech & analytics evaluates the effectiveness of client's campaigns and transforms those insights into specific changes to media plans, driving growth and efficiency. T7s have been accredited with IPA's effectiveness award since initiation in 2021, validating the culture of effectiveness fostered within the team and collaboratively across the the7stars. The team's experts merge media with rigorous data analysis, providing brands the edge to drive stronger marketing effectiveness outcomes.



THE 7STARS
**DATA TECH &
ANALYTICS**

RESULTS

3

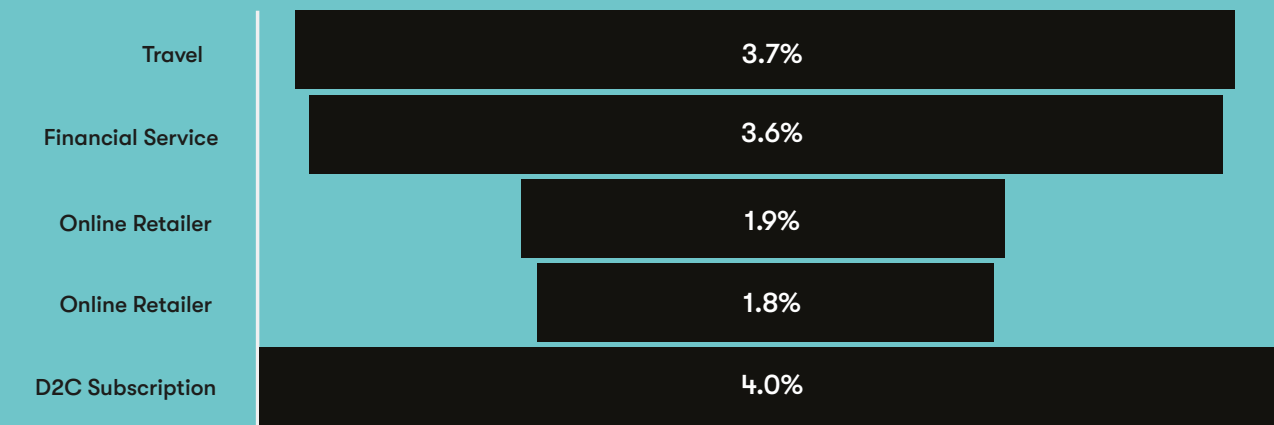


1. OVERALL INCREMENTALITY

The 5 experiments all demonstrated the positive incremental impact of Demand Gen on business-relevant conversions and therefore the value of activating Demand Gen on top of existing media channels.

An uplift in sessions was delivered across all advertisers with a range of 2-4%, with the upper end of that scale occurring in 60% of advertisers tested. That shows that Demand Gen is a consistent channel for effective traffic-driving.

% Uplift Sessions

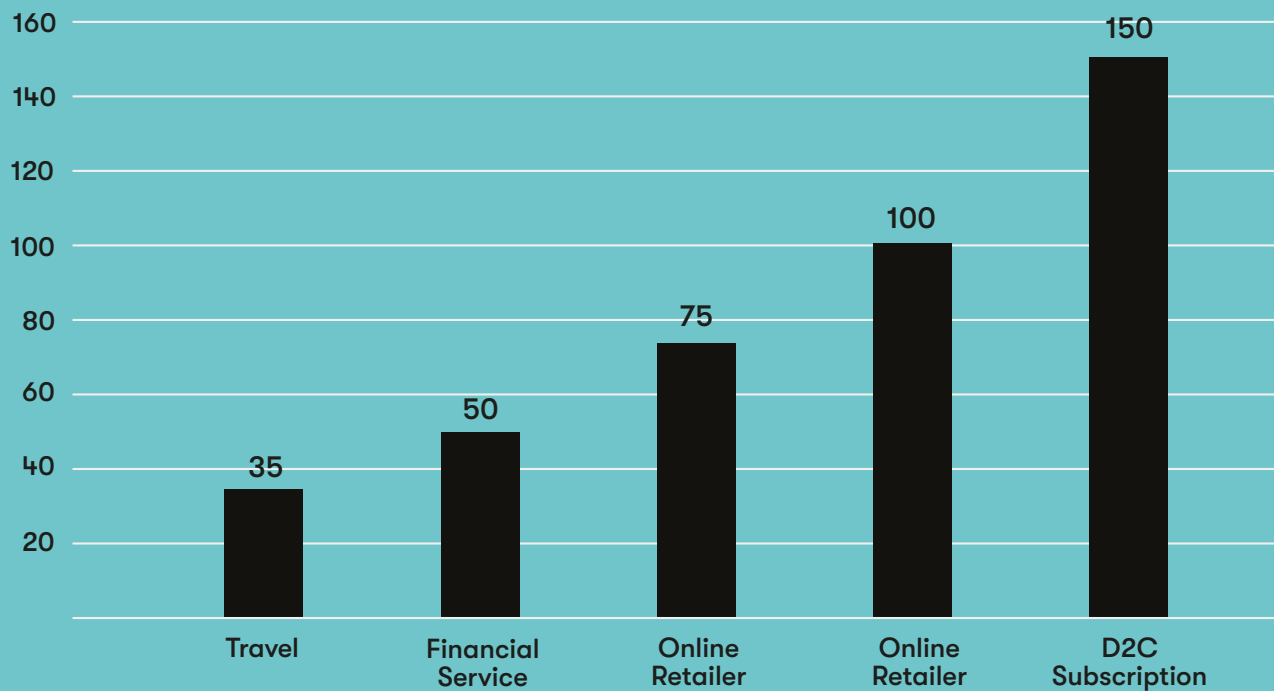



Demand Gen campaigns delivered incremental conversions in every test. We also found that more considered purchases like travel and finance delivered fewer incremental conversions, whereas purchases with a lower barrier delivered more incremental conversions through Demand Gen.

These findings across verticals shows that Demand Gen is a valuable addition to any media plan as it delivers incremental Sessions and Conversions across all 5 advertisers on which we tested.

Moreover, the Incremental Conversions were higher than in-platform reported Conversions in every instance. Therefore showing that Demand Gen has a halo impact beyond the measurement we were able to see in Google Ads and SA360. Although our testing found a point of incrementality and allows us to apply a ratio between that and in-platform efficiency, there is still further testing to be done to establish a curve of diminishing returns.


Indexed Incremental Conversions





2-4%

AN UPLIFT IN SESSIONS WAS DELIVERED ACROSS ALL ADVERTISERS WITH A RANGE OF 2-4%



60%

WITH THE UPPER END OF THAT SCALE OCCURRING IN 60% OF ADVERTISERS TESTED



2. HOW DOES IT PLAY WITH PMAx?

Demand Gen



Performance Max



Both Demand Gen and PMax are eligible to serve across Google Display, Video and Discover placements, with Demand Gen also including Gmail and YouTube Shorts compared with PMax's Search, Shopping and Maps. The crossover in available inventory between the two begs the question how the two work together.

Across the five accounts tested via geo-experiments, all had existing PMax campaigns live. We saw incremental business performance by running Demand Gen in conjunction with PMax, proving the compatibility of the two campaign types.

Alongside the geo-experiments, when running Demand Gen alongside PMax for other clients, we found that less than 5% of PMax spend goes towards display and video placements, whilst PMax

with shopping feed averages at even less with less than 3%. This highlights the importance of Demand Gen in addition to PMax to ensure we reach users at all stages of the funnel and across all inventory.

Although the two ad formats are complementary, their setup and measurement should be tailored to their intended purpose. Demand Gen should target a soft, higher volume conversion point (add to basket, lead form early step etc.) and measurement should focus on that conversion metric, alongside other tools such as geo-experiments and Search Lift studies to demonstrate the halo impact of the mid-funnel campaign type. PMax should target hard conversions (purchase, lead submission etc.) and be judged more similarly to Search campaigns because it is a lower-funnel product.

3. BID STRATEGY SETUP AND IMPACT

The conversion goals picked for the setup of Demand Gen should be carefully considered with a focus on the objective advertisers have for said campaign. Failure to do so, might lead to unsatisfactory results.

For some of our clients for whom we targeted harder conversion goals only, we were unable to get conclusive results and findings because the campaign didn't serve across enough video placements. This demonstrates the need to really understand where Demand Gen sits in advertisers media plans.

Therefore, in most cases - and in line with Google's recommendation - to ensure a high volume of conversion signal data, where we used hard goals, they were in conjunction with softer ones for maximum effectiveness.

We found that the most effective conversion action to use for clients with transactional websites were conversions linearly linked to end purchase - i.e.

a user cannot complete a checkout without first adding to basket and therefore the two conversion actions are linear. That gave the required volume of conversion for automated bid strategies whilst representing clear business value.

For clients where Google Ads conversions were not available, we also tested 'maximise click' strategies. Our finding was that bid strategy does what it says on the tin and drives a high volume of clicks to site at a -89% lower CPC than it's conversion-focussed counterpart, however, the quality of session on site when reviewed using Google Analytics was typically of shorter dwell-time and lower engagement. This reinforces the importance of using the correct bid strategy for your campaign goals as Demand Gen is very capable of driving a high volume of cheap clicks if that is the campaign objective, but there is no guarantee that will translate into increased conversions unless you pick the dedicated conversion-focussed bid strategies.



-89%

MAX CLICKS BID STRATEGIES DELIVERS
-89% LOWER CPC THAN CONVERSION-
FOCUSED BID STRATEGIES



4. CREATIVE PERFORMANCE & DELIVERY

For Demand Gen campaigns that optimised towards a maximise Clicks bid strategy and used all 3 ad types – video, static image and carousel – 90% of clicks were driven through the static image placements. Given the campaigns’ click-driven goal, it is understandable that video placements are deprioritised by the automated bid strategy as they typically drive a much lower CTR. More surprisingly, carousel ads delivered such a low portion of clicks as they do not hold the same natural disadvantage as video. Although some clients in our testing were optimising towards clicks, the best practice is to pick a soft conversion goal as previously mentioned.

Optimising towards conversions (maximise Conversions or tCPA) means a more balanced delivery across ad types with 29% of impressions through video placements, which on average delivered a higher CVR than the static image and carousel ads. Despite improvements to visibility of carousels, static image ads still take priority delivering 60% of impressions.

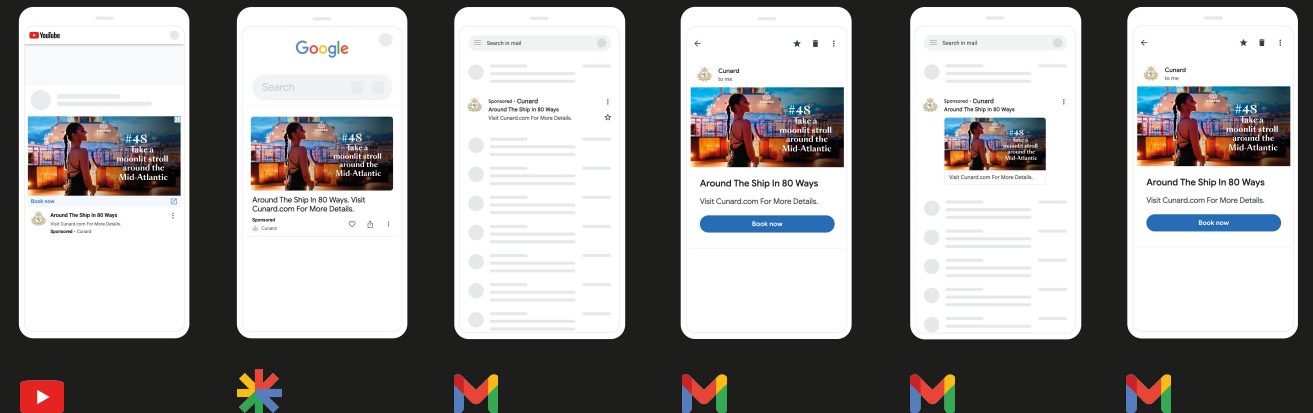
Advertisers without the full suite of ad types still see image ads with the majority of ad delivery, but again in the case of conversion optimisation, video placements see a marginally higher CVR.

When it comes to asset creation it’s therefore important to create a robust set of single image assets with the full mix of ratios in order to capitalise on the reach of these placements. Similarly, videos, with their potential to create stronger purchase intent through storytelling need to prioritise messaging that conveys exactly why a user should convert.

We saw the strongest results across campaigns which used bespoke creative assets specifically designed for Demand Gen, in partnership with the7stars creative studio.

THE7STARS CREATIVE STUDIO

the7stars creative studio is the7stars in-house creative, production, content and partnerships team available to all t7s clients. the7stars creative studio has been awarded accreditation as an official Google Ads Creative partner. Meaning we can use our expertise to help our clients create and optimise their ads for maximum impact. We work as lead creative agency and alongside other agencies and in-house teams alike. The team are specialists in pulling media and creative thinking together, making ideas a reality and offering brands more of what they need to make the impact they want.



THE7STARS
**CREATIVE
STUDIO**



5. IS DEMAND GEN A SUITABLE REPLACEMENT FOR VAC?

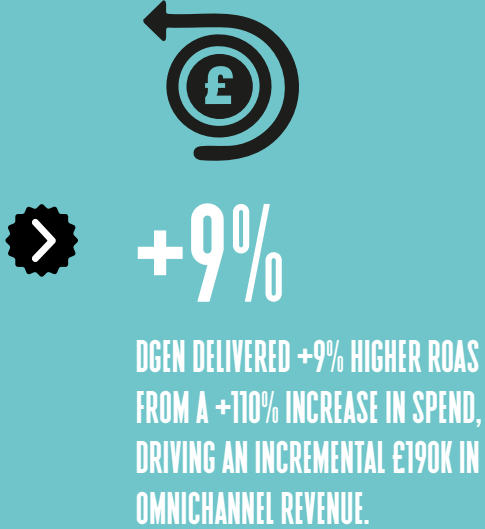
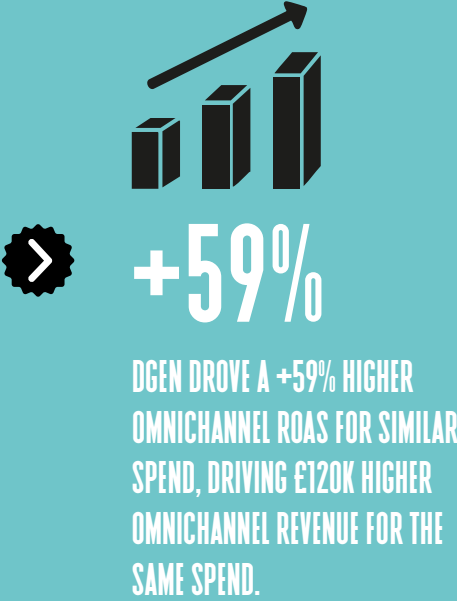
With YouTube Video Action campaigns (VAC) being enveloped into Demand Gen in Q1 2025, we also tested the impact of moving to Demand Gen for retail clients who have historically used VAC. For one, the aim was testing efficiency (ROAS increase with a consistent spend) and the other the aim was growth (consistent ROAS at increased spend).

Across both clients, creative strategy was consistent across video assets to ensure a fair comparison. Campaign lengths were also kept consistent, reducing the number of variables which may have influenced results.

When efficiency increase was the target, Demand Gen drove a +59% higher omnichannel ROAS for

similar spend. For the client focussed on growth, Demand Gen delivered +9% higher ROAS from a +110% increase in spend, driving an incremental £190k in omnichannel revenue.

In both instances, Demand Gen drove a higher ROAS than VAC, showing the power of the format to drive efficiency at scale. Also, across both clients, the conversion action targeted was online sales, with online ROAS delivering a more significant increase: +27% on client A and +96% on client B. That proves that although measuring omnichannel was important, the online conversion point the campaigns targeted had the most impressive increase in efficiency.



ROAS Percentage Increase (DGen vs. VAC)

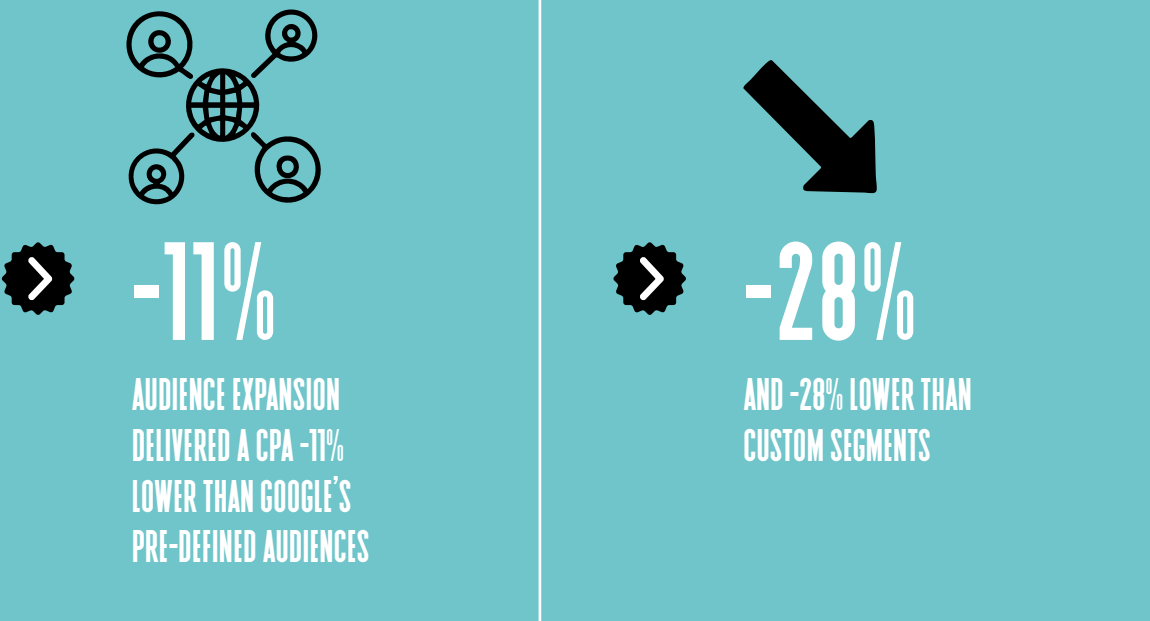


6. WHAT AUDIENCE TYPES PERFORMED BEST?

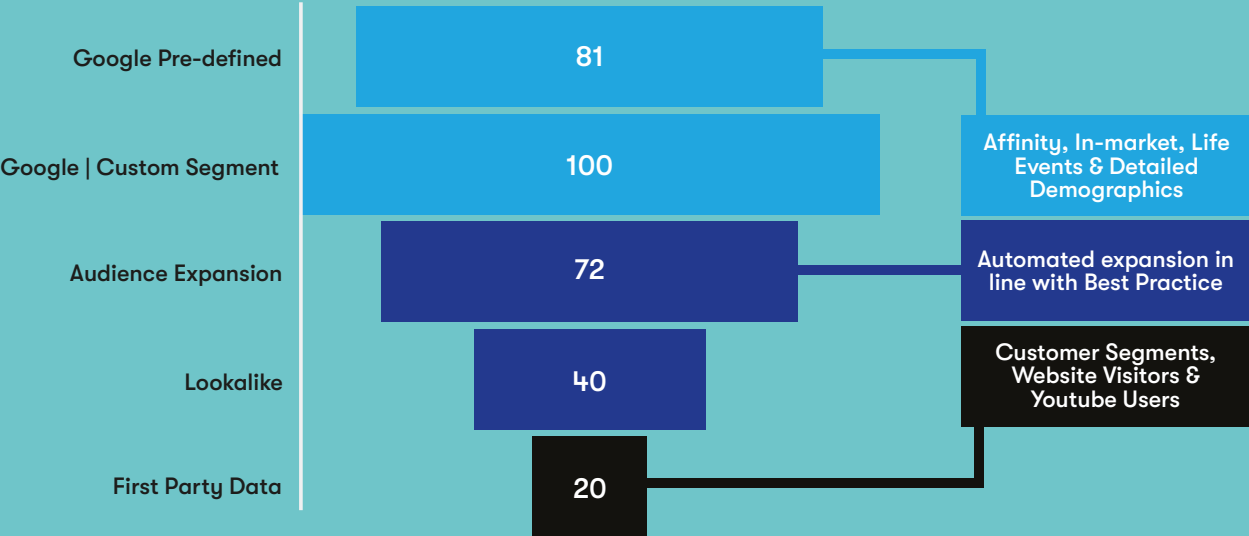
Across the eleven advertisers for whom we ran Demand Gen campaigns using the full suite of audience types, it was clear to see the efficiency driven by audiences powered by advertiser first party data (FPD audiences and lookalikes) as they drove a CPA >50% lower than Google audiences like Affinity and In-market. Although not surprising that using FPD for remarketing drives efficient CPAs, the results of lookalikes are important. Demand Gen is now the only Google campaign type to use lookalike audiences since they were revamped to mirror the Meta-style of narrow (2.5%), balanced (5%) and broad (10%) and it has therefore been a big selling point of the ad format. Sure

enough, lookalikes drove the lowest CPA outside of remarketing with an indexed CPA of 49/100 vs. the next-best audience type of audience expansion at 89/100.

Audience expansion is another important audience type as it leans on Google AI to deliver more conversions at a similar CPA. In our testing, audience expansion delivered a CPA -11% lower than Google’s pre-defined audiences and -28% lower than custom segments, both of which sit as more upper-funnel consideration audiences.



Indexed CPA by Audience type



WHAT'S NEXT?

4

WHAT'S NEXT?

As with everything we do at the7stars, our test and learn approach never ends. Trusting in a consistent measurement approach allows us to determine what investment levels will drive what results, with a long term aim of understanding the relative diminishing marginal returns per industry. This becomes an important part of placing Demand Gen onto our holistic channel plans to ensure we are spending each £1 of our clients' money in the areas which are going to deliver the highest volume, and quality, of traffic to their website.

The brilliant findings from the geo-tests and the wider supporting Demand Gen campaigns run across the course of 2024 have confirmed the incremental business results, but simultaneously sparked a number of follow up questions and tests we'll be delving into going into 2025 and beyond. Below are some of the key questions we'll be looking to answer as we continue to develop our approach to Demand Gen.

- Can we verify in-platform incrementality products and lift studies offered by Google using third party tools?
- How does the incrementality of Demand Gen compare to similar formats and platforms in the digital space?
- How do the results stand up against MMM?
- Does the impact of Demand Gen vary depending on the salience of the brands we are advertising? Initial results say they do. Utilising the brand lift studies alongside our testing and measurement framework to understand the relationship between existing brand awareness and business impact.
- What are the use cases for running Demand Gen via Google Ads vs. DV360 and how can we utilise our multi-channel expertise to strategically plan and buy via both platforms?
- Could overlaid geo-contextual targeting, defined via our Gravity Connect tool, deliver stronger results for clients by identifying high index locations?



SUMMARY & BEST PRACTICE GUIDE

5

KEY FINDINGS

Our geo-experiments confirm that **Google's Demand Gen is a valuable addition to any media strategy**, consistently delivering incremental uplifts in traffic and conversions across industries. While lower-barrier purchases (e.g., retail) saw the highest conversion gains, higher-consideration categories (e.g., finance, travel) benefited from improved mid-funnel engagement.

Key takeaways:

- Demand Gen is complementary to Performance Max, filling critical gaps in mid-funnel reach across YouTube, Gmail, and Google Discover.
- Bid strategy matters — conversion-based bidding delivers stronger performance than click-focused strategies.
- Creative quality drives impact — bespoke, fit-for-purpose assets significantly improve engagement and conversion rates.
- Audience selection is crucial — first-party data and lookalike audiences outperform broader Google-defined segments although all audiences have their place.
- As YouTube Video Action Campaigns transition into Demand Gen in Q1 2025, early testing suggests higher ROAS and efficiency gains with the format.



BEST PRACTICE GUIDE

6

A BEST PRACTICE GUIDE WITH THE KEY ELEMENTS FOR SUCCESS.

Across the campaigns within the study, it was vital that we ensured best practice set up and activation. Our team of specialists worked closely with Google in order to review all campaigns prior to the live date. Learnings from the study have helped to reinforce and define the7stars' best practice approach to ensure you get the most out of Demand Gen.



SUCCESS CRITERIA AND MEASUREMENT:

- Having the right measurement framework in place to measure the true impact remains our number one recommendation.
- Employ geo-experiments to identify incremental opportunities to drive growth.
- Geo-experiments' largest hurdle is in the design phase. Ensure there is sufficient, representative volume within the test cell, mitigate commuter bleed between cells and avoid any non-test regional activity.



CREATIVE STRATEGY

Creative is key. We know across social formats, 56% of performance is driven by creative, and this is consistent with findings across our Demand Gen tests.

- Ensure full asset coverage, we saw 14% better performance when campaigns had full coverage.
- Think mobile-first when selecting assets (creative + text).
- All aspect ratios (for image and video) should be used to enable full placement availability and coverage.
- Use <100 characters in your ad and have text overlay occupy <20% of images.
- Ensure fit-for-purpose image assets and especially video assets are used. Try to avoid purely using TV assets and incorporate brand/logos in initial frames plus clear CTAs.
- Video is the biggest point of difference between Demand Gen and the previous Discovery campaign type.



AUDIENCE

- Utilise a combination of predefined Google audiences and strong first party audiences (lookalikes where appropriate).
- Segmentation of audiences and tailored creative.
- Understanding your 1PD and most valuable customers.
- Utilise lookalike audiences.



BIDDING

- Prioritise “softer” conversion points for best results - think add to basket, site engagement, earlier stages of the conversion journey.
- Conversion based bidding will ensure a broader placement mix and enable strong presence across video formats. We’ve seen stronger CVRs here - so worth identifying the right conversion points rather than focussing on traffic.



THE7STARS

Since 2005, we've grown year-on-year to become the UK's largest independent media agency, with over £500 million in billings and a track record of award-winning work. With accolades like an IPA Effectiveness Award and Independent Media Agency of the Year 2022, we've built a reputation for innovation, delivering exceptional results, and creating a culture where people thrive.

We're here to inspire the exceptional and defeat the boring. Media is full of exciting opportunities, and we pride ourselves on delivering innovative, results-driven work that stands out. We prioritise transparency, accountability, and creativity—delivering outstanding value for any budget.

Our approach is powered by over 300 of the industry's best talent, including over 150 Activation specialists working seamlessly with our insight and effectiveness team, Data tech & analytics, and creative team, the7stars creative studio. Together, we deliver a unique approach that integrates robust measurement to uncover the true business impact of media tactics, bespoke strategic planning, brilliant implementational execution and best-in-class creative - to bring differentiation to all clients.

Find out more about the7stars:
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