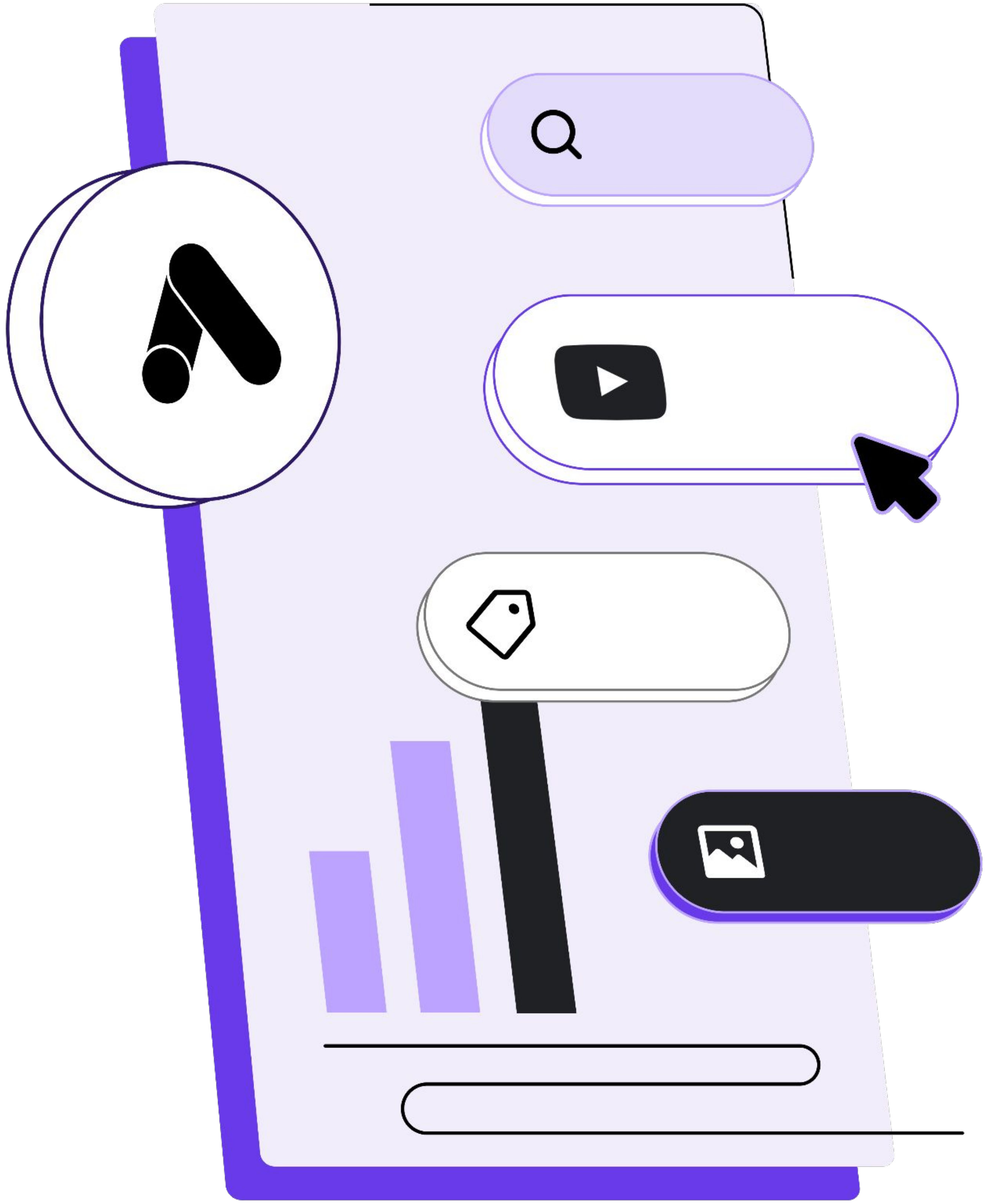
WorkMagic

The 2026 Google Ads Report

An incrementality-based look at the adoption, efficiency, and performance of each ad type.



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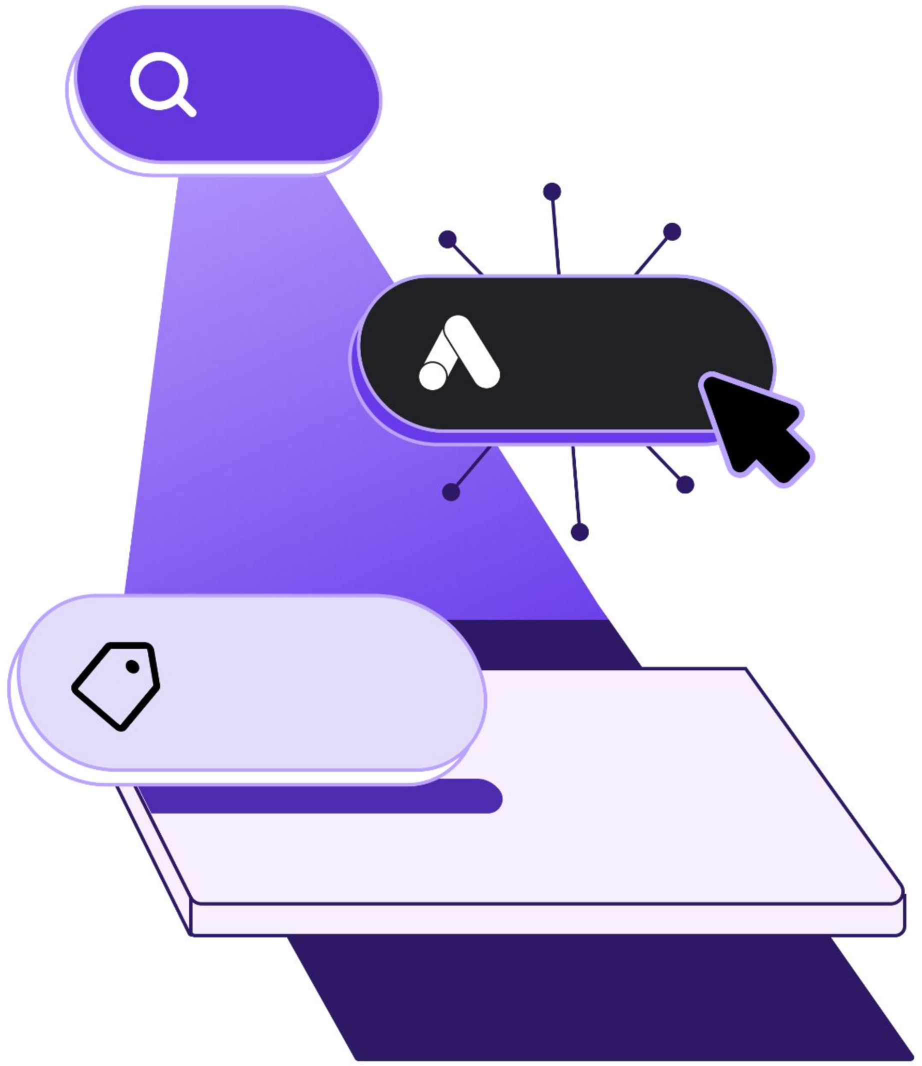
About this report



With Google accounting for over one-quarter of total US digital ad spend [1], this report analyzes Google media spend and WorkMagic incrementality test results from **100+ retail and eCommerce brands**.

Instead of treating Google as one big bucket, we break performance down by Search, Performance Max (PMax), Demand Gen, Display, Shopping, and YouTube.

Here's what you'll learn:

- Which Google ad type drives the highest incremental revenue
- Where Google creates halo impact beyond the platform
- How different industries actually allocate Google budgets
- Why incrementality changes how Google performance should be judged

Where each ad type excels

Google Search

➔ Read more on page 15

Largest halo effect (~50%), highest CTR, and highest payback ratio of all Google ad types.

Google Demand Gen

➔ Read more on page 13

Lowest CPM, making it one of the most cost-effective ways to buy impressions across all ad channels. Growing adoption (+16pp).

Google PMax

➔ Read more on page 9

Automation that drives results, ranking among the top 3 ad types for both halo effect size and new customer iROAS.

Google Video

➔ Read more on page 17

An all-rounder, with one of the highest new customer AOV results, and cost-effective CPMs.

Google Shopping

➔ Read more on page 11

Highest iROAS (2.1×) and CVR among all Google ad types — prioritize for efficient, profitable growth.

Google Display

➔ Read more on page 14

A strong support ad type, with the lowest CPC and CPMs. Pair with high CVR ad types like PMax and validate with lift testing.

Adoption

Google commands almost universal adoption at 91%

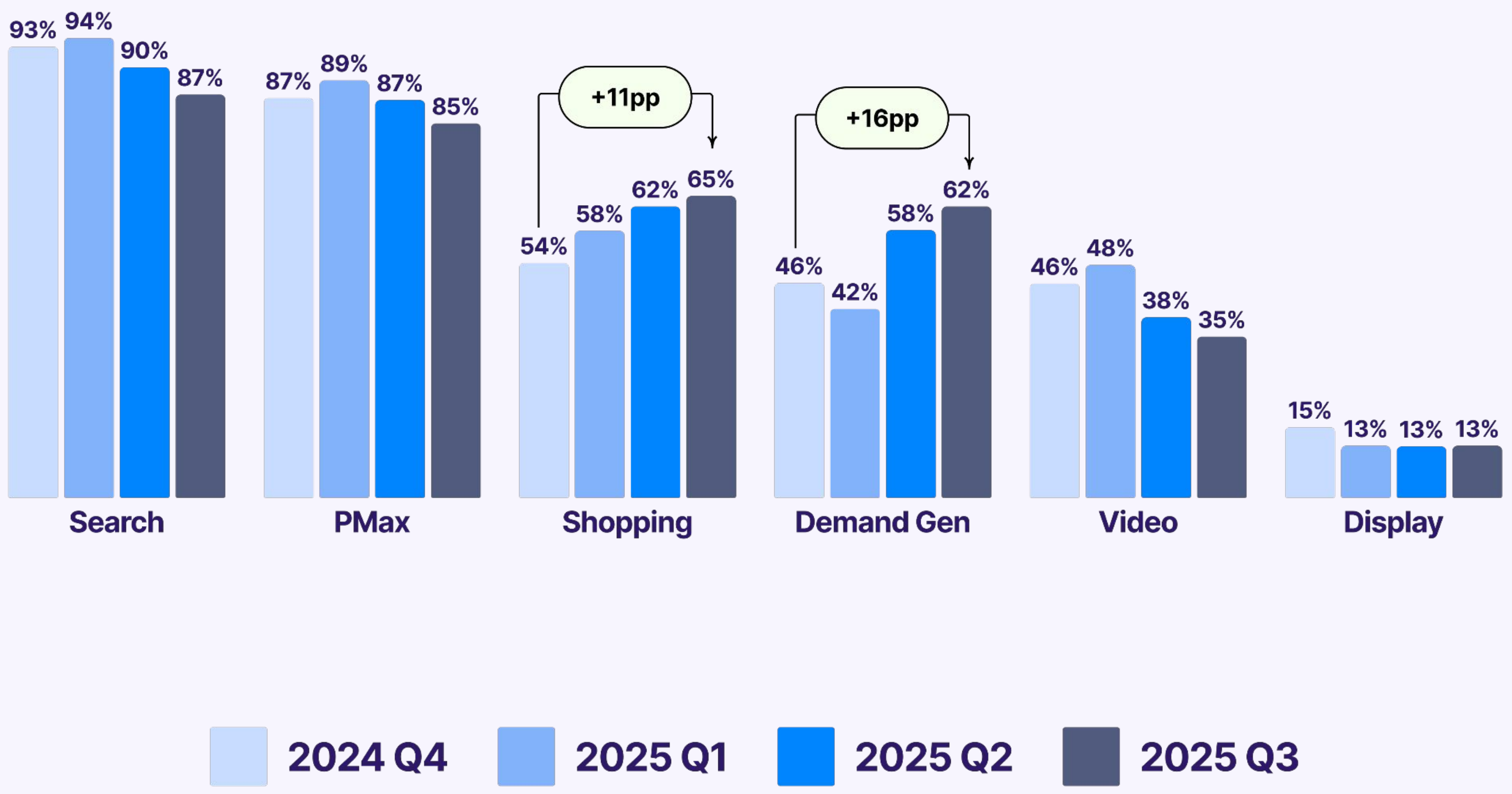
At 91% adoption, Google has near-universal penetration amongst WorkMagic brands and advertisers, making it the most widely adopted ad platform in our dataset.

Adoption alone doesn't create advantage. Within Google:

- **Search (87%) and PMax (85%)** are now nearly universal
- **Shopping (+11pp) and Demand Gen (+16pp)** are growing fast
- **Video (-13pp)** usage has declined as budgets shift toward other formats

With the rise of AI-optimized advertising solutions, brands will likely reallocate budgets based on their objectives. In the "Efficiency" section of this report, we look at how well each ad type achieves their stated objectives.

Percentage of Adoption by WorkMagic Clients by Ad Type



n > 100, WorkMagic brands that have advertised on Google in the last 12 months

Budgets

More than 1-in-5 DTC ad dollars are spent on Google

Over the past four quarters, brands allocated 22.4% of their ad budgets to Google. That spend drove:

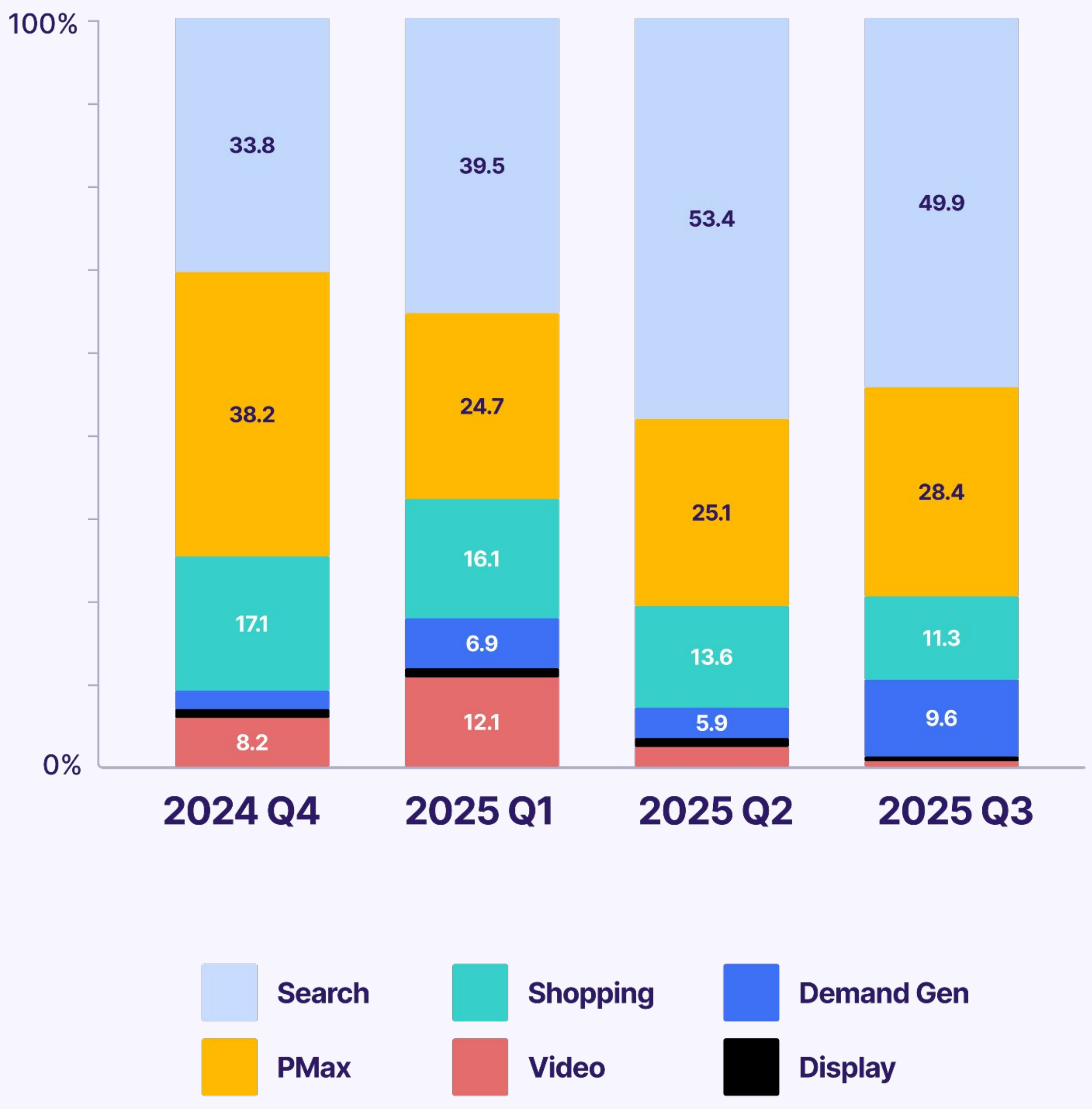
- **35.9% of total GMV**
- **30.4% of new customer orders**

This makes Google one of the most economically productive channels in the mix.

Search continues to increase in its share of budgets as brands prioritize capturing conversions in the lower end of the funnel.

PMax holds steady in second place as brands continue to adopt automated ad types.

How Advertisers Distribute their Google Ad Spend



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Vertical

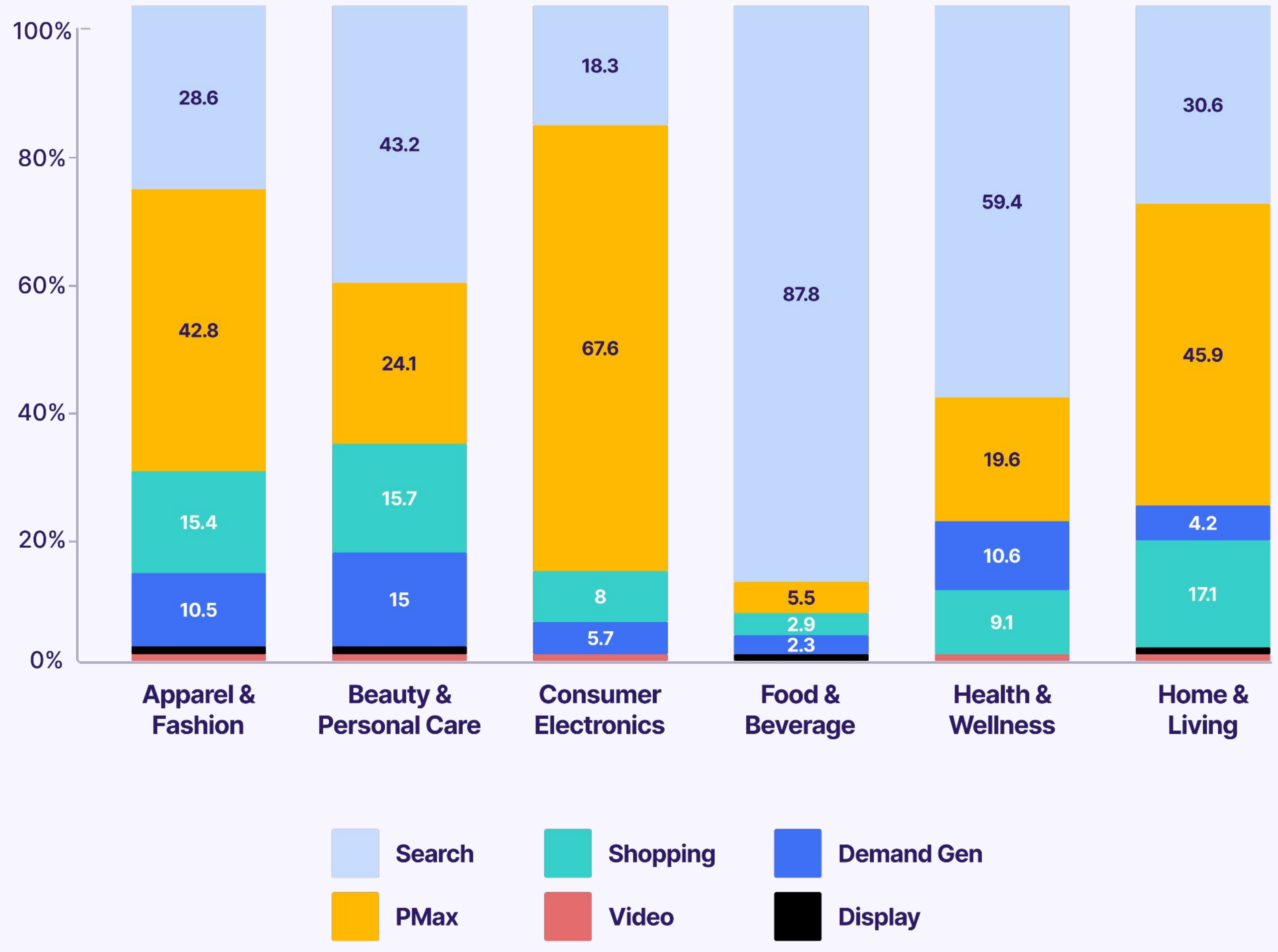
Your category shapes your Google mix

While Google Search is the anchor for most industries, how brands use Google varies dramatically by category.

- **Apparel, Beauty, and Home:** Balanced mix across Search, PMax, and Shopping
- **Consumer Electronics:** Heavy reliance on PMax automation
- **Food & Beverage:** Strong focus on Search-driven intent capture
- **Health & Wellness:** Still highly Search-led, but gradually diversifying

There is no universal "right" Google mix, but industry buying behavior dictates strategy.

Breakdown of Google Budgets by Industry (%)



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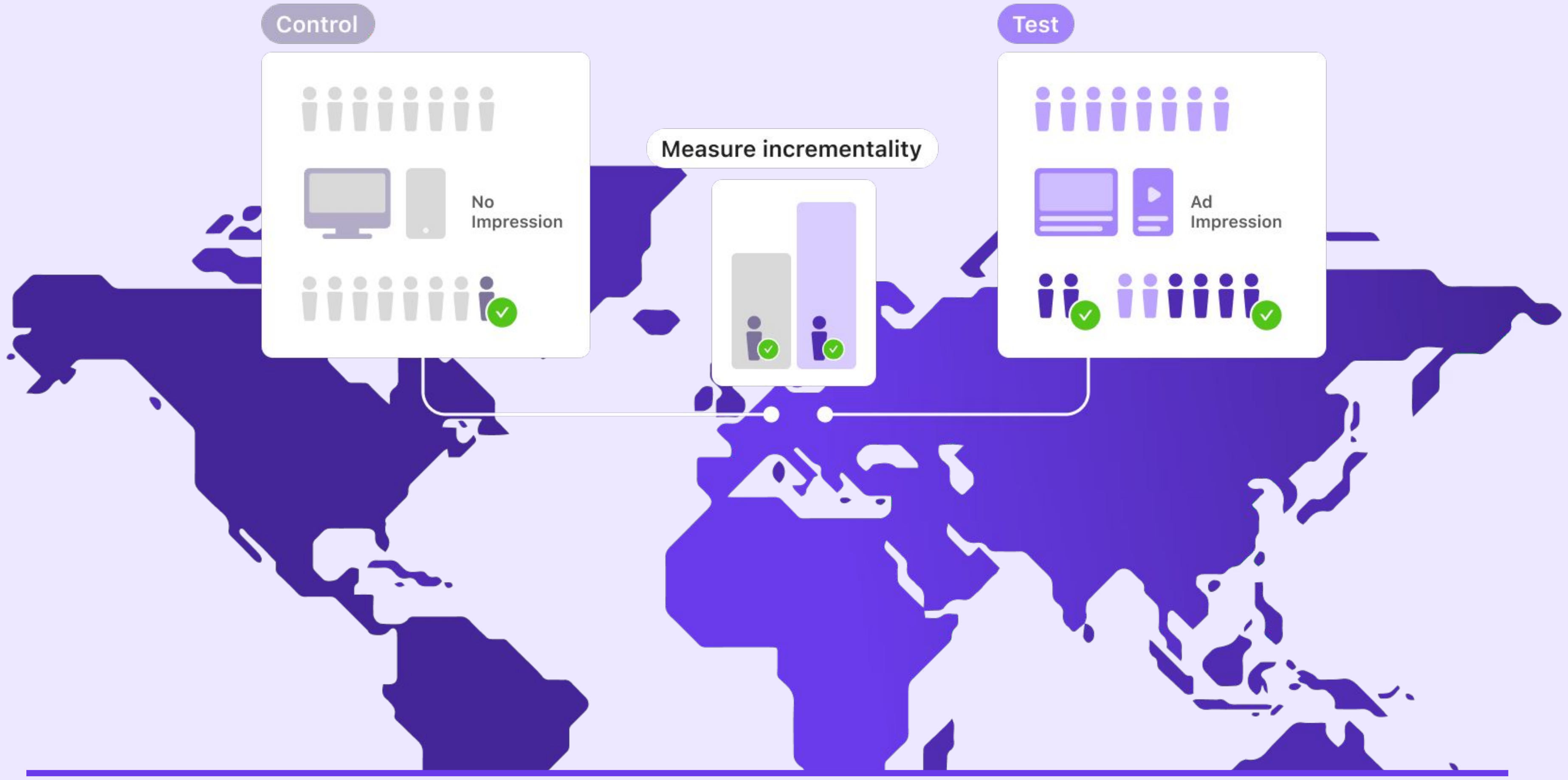
Our Approach
Incrementality testing

Incrementality testing measures **true ad lift**: sales caused by advertising versus what would have happened anyway.

Incrementality test results can then be used to calibrate attribution and MMM models, enabling smarter budget planning and performance optimization.

In this section, we use **incrementality-adjusted metrics** to accurately measure the performance of each Google ad type, based on 50+ Google lift tests we ran in 2025.

Each lift test ran for an **average of 27 days**, and the results were then used to guide ad spend strategy and optimization.



Attribution

Measuring the accuracy of click-based attribution per ad type

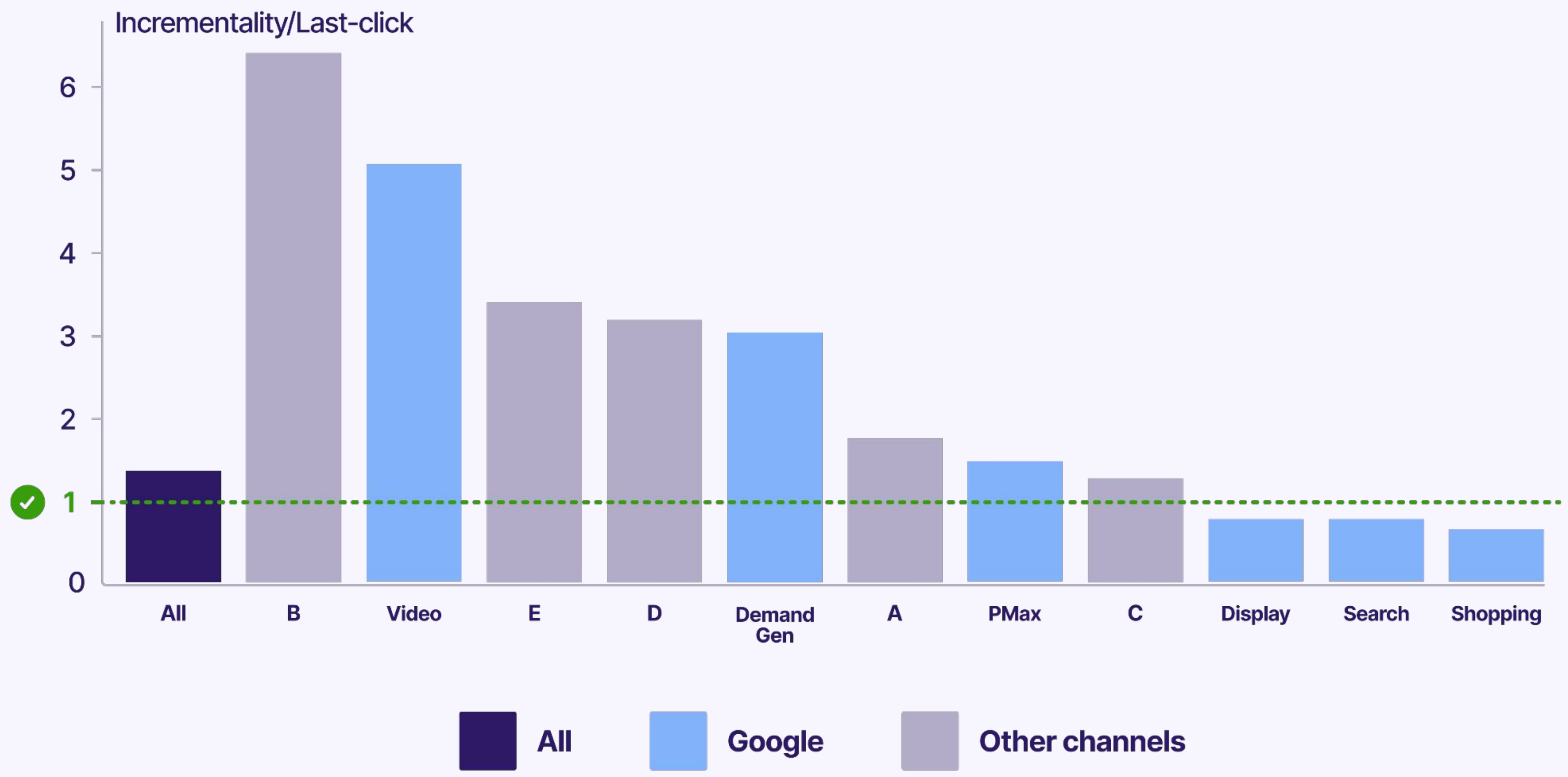
“Awareness doesn’t show up in attribution” is a common complaint in DTC circles.

With incrementality testing, we’ve been able to quantify how much of the impact is missing with click-based attribution.

To do this, we compared the ratio of ROAS for incrementality and last-click attribution. A ratio above 1.0 means last-click attribution undervalues the channel’s true incremental impact.

What we see: **upper-funnel formats like Video and Demand Gen** show large gaps between last-click reported performance and actual incremental impact, which means **they’re often undervalued, not underperforming.**

Accuracy of Attribution: How Incrementality and Last-click Compare



n > 100, WorkMagic brands that have advertised on Google in the last 12 months. Other ad channels have been anonymized and presented as Channels A to E.

Halo Effect

33% of Google's impact happens outside the primary channel

The halo effect is the impact ads have on secondary sales channels like offline retail stores, Amazon, and TikTok Shop.

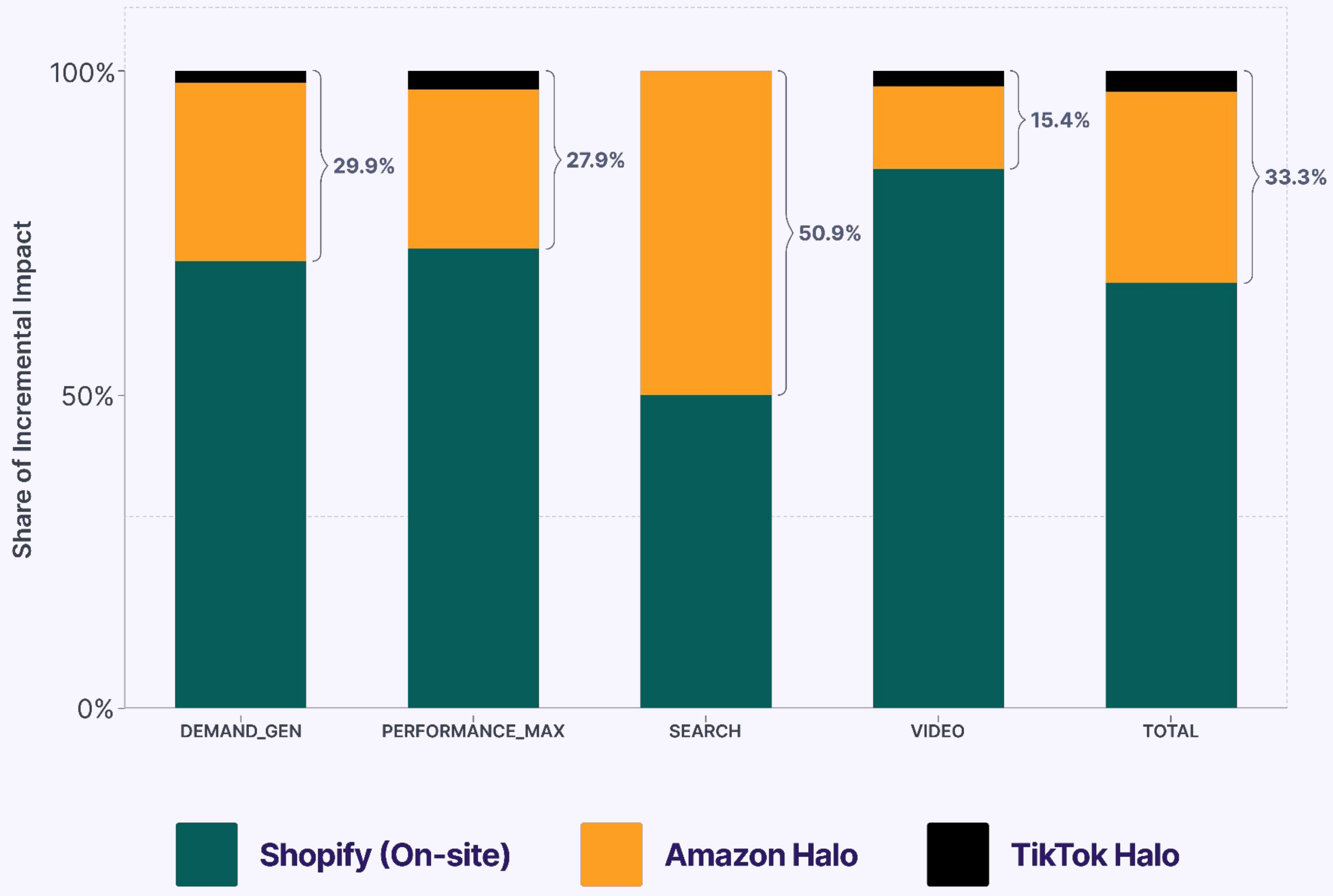
We've detected halo effects across all Google ad types, with an average online halo effect size of 33%.

Google Search showed the largest average halo effect at 50.9% across more than a dozen tests. Other ad types showed:

- Demand Gen: 29.9%
- PMax: 27.9%
- Video 15.4%

If you don't measure halo, you are underestimating Google's value.

Incremental Impact Split by Destination
(Halo = Amazon + TikTok)



n > 50, WorkMagic brands that have run Google lift tests with measurable halo effects in the last 12 months. Retail halo effects excluded for uniformity.

Efficiency

iROAS

Shopping is the profit engine for DTC

By using incrementality to adjust common spend metrics like ROAS, we've been able to put together a clearer picture of the performance of each Google ad type.

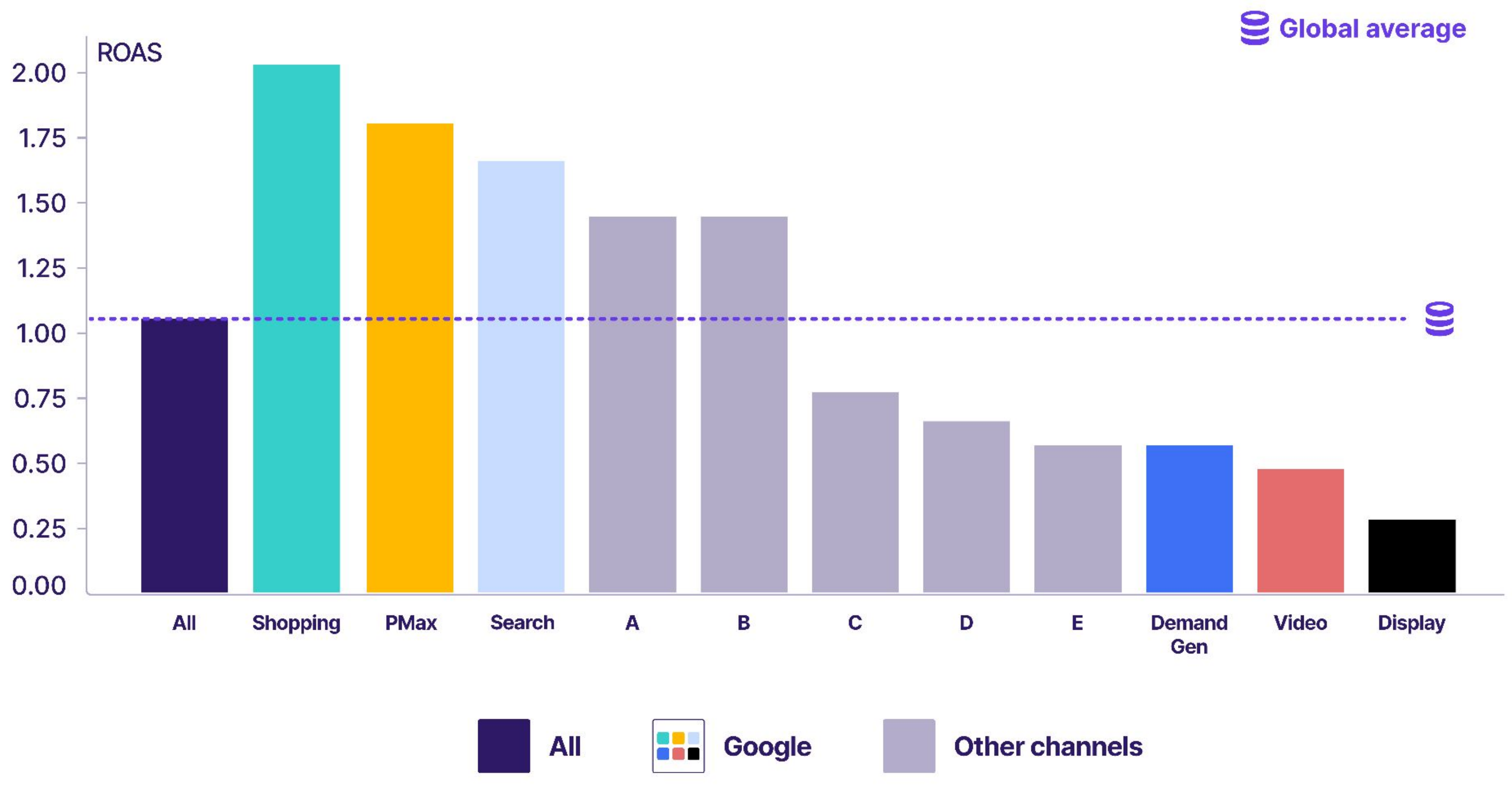
If your goal is incremental profit, not just reported conversion volume, these are the budgets to protect and scale first.

- Google Shopping: 2.1×
- Google PMax: 1.8×
- Google Search: 1.7×

"We're seeing the industry shift to focus on profit, instead of growth at all costs. That's where VCs and companies are focused on and why we started working with WorkMagic."

— Robert Varon, Director of Marketing at Jordan Craig

iROAS by Platform/Google Ad Type



n > 100, WorkMagic brands

Conversion Rate

Shopping, PMax, and Search

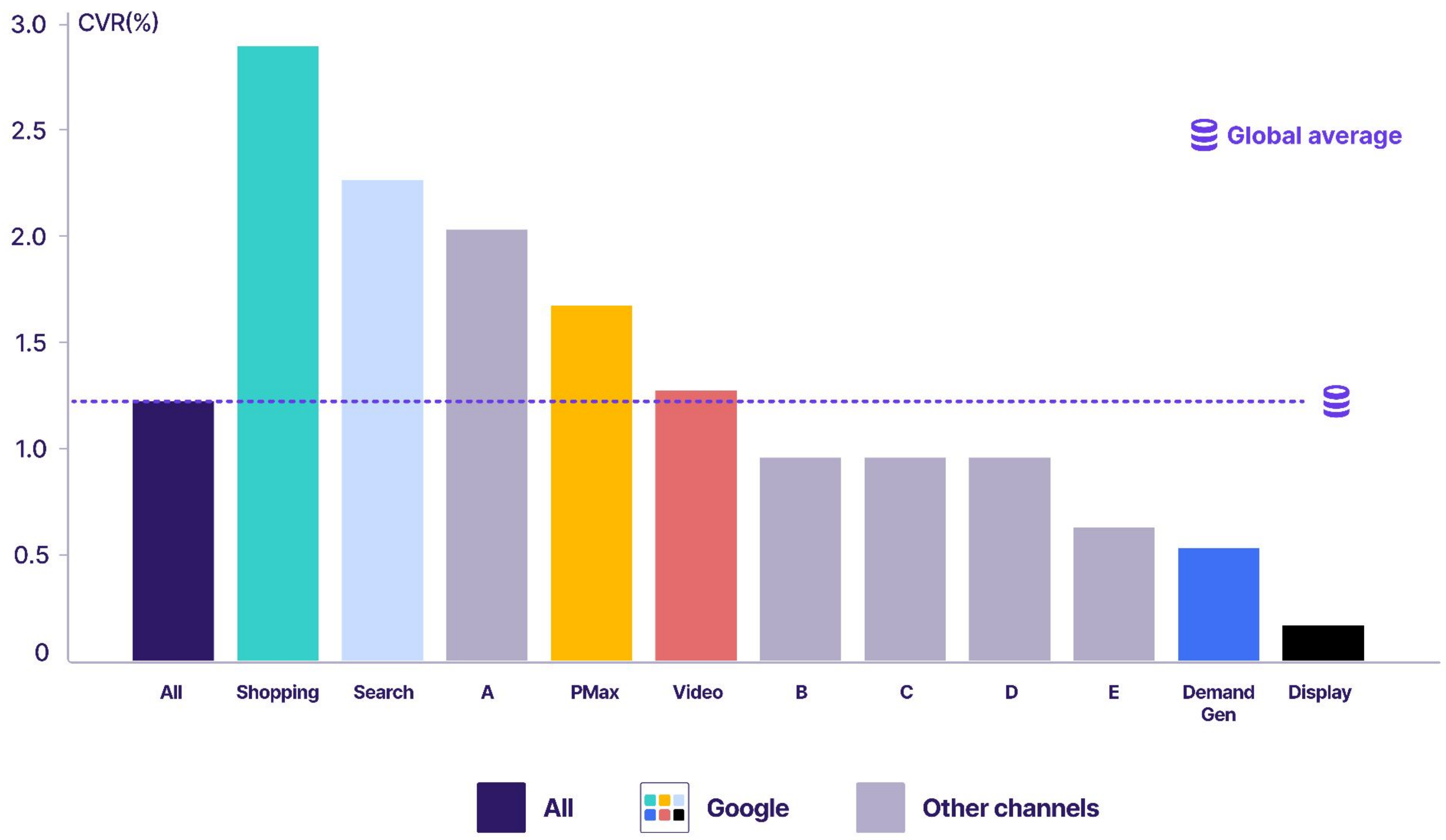
Starting 2026, Campaign total budgets will be available in open beta for Search, Performance Max and Shopping campaigns, allowing advertisers to set the budget over a specific period of time [2].

These three ad formats are highest-performing in terms of Conversion Rate (CVR):

- Google Shopping: 2.86%
- Google Search: 2.24%
- Google PMax: 1.64%

This makes sense: Shopping ads show users the product, price, and retailer upfront, reducing friction and speeding up decisions. It's one of the most efficient ways to convert existing demand into incremental revenue.

CVR by Platform/Google Ad Type



n > 100, WorkMagic brands

CPM

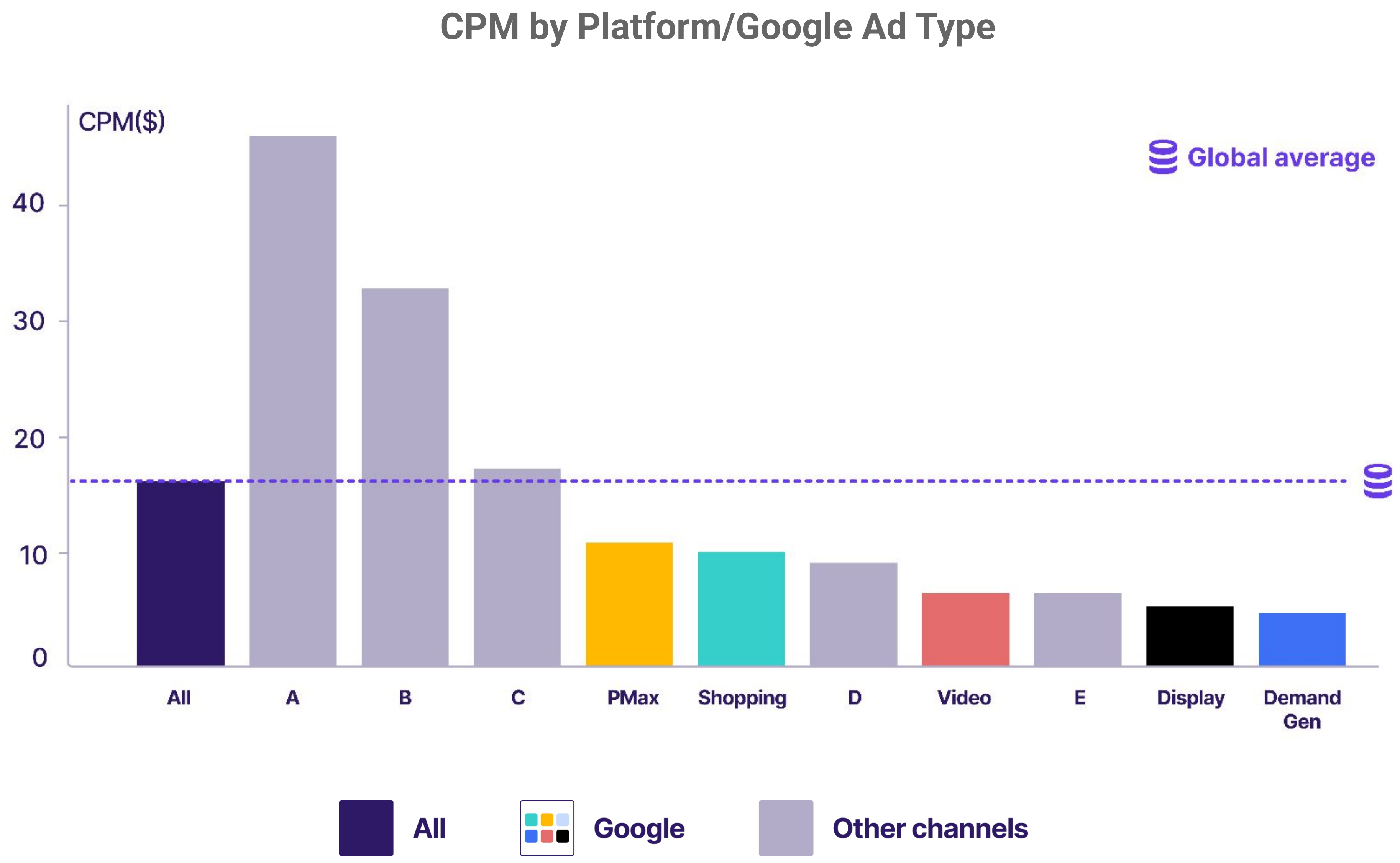
Demand Gen, Video, and Display Ads

Google's upper-funnel formats provide some of the lowest-cost reach in the media mix:

Demand Gen, Video, and Display deliver CPMs between $5.30–$6.70. That's ~65% lower than the global average.

These campaigns shouldn't be judged on last-click ROAS. Their role is to build demand before users are actively searching and to feed future conversion channels.

As AI is increasingly used to generate and tailor headlines, images, and video variations, lower CPMs become even more valuable, giving brands more room to test creative, reach new audiences, and scale awareness efficiently.



n > 100, WorkMagic brands. Google Search excluded from CPM data to better showcase comparisons with other channels

CPC

Display, Demand Gen, and PMax

Google's mid-funnel formats are some of the most efficient traffic drivers in the mix.

Display ($0.68), Demand Gen ($0.87), and PMax ($1.03) all generate clicks below the $1.10 global average.

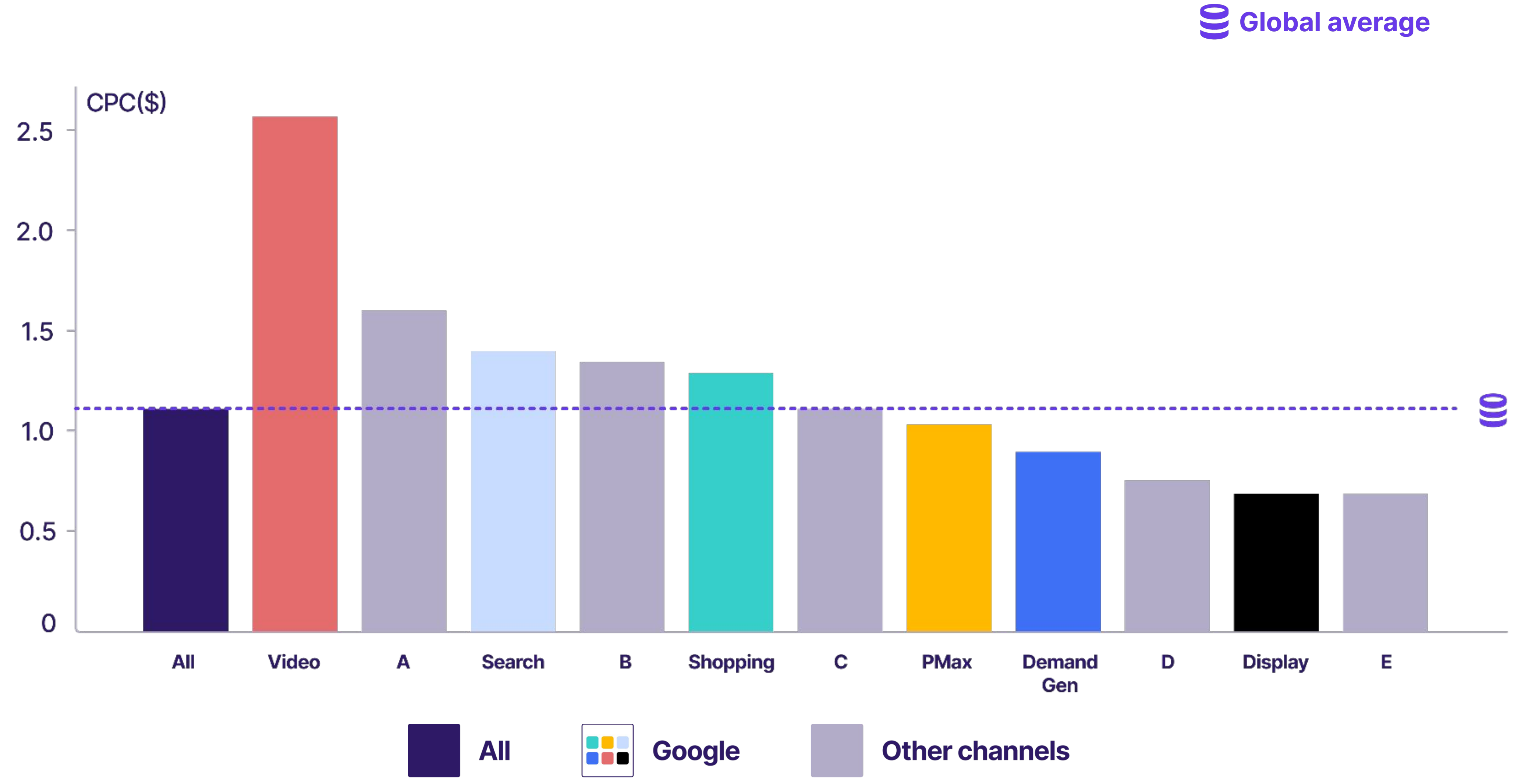
Display stands out in particular, delivering CPCs roughly 39% lower than average.

Increasingly, these clicks are not random exposure responses but algorithmically predicted interactions.

Google's machine-learning delivery systems prioritize users who show early exploration signals: browsing, comparing, or returning to related categories.

The result is that mid-funnel formats route ads toward people most likely to engage, turning awareness into measurable interactions.

CPC by Platform/Google Ad Type



n > 100, WorkMagic brands.

CTR

Google Search is a clear favorite

Google Search stands apart as the primary action channel at the bottom of the funnel.

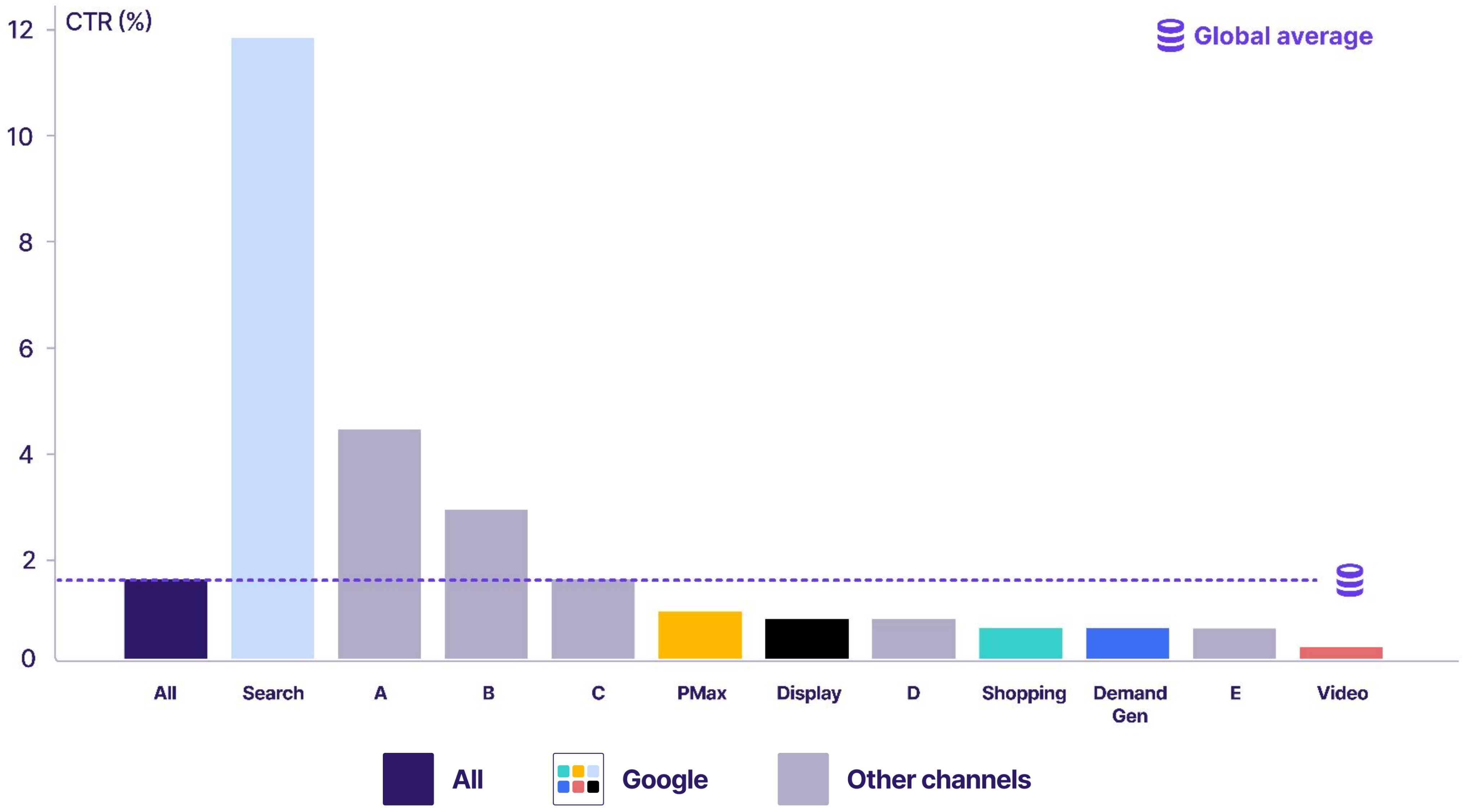
With an 11.9% CTR, Search outperforms every other format by a wide margin — **nearly 8× higher than the 1.51% average.**

The next closest Google formats are Performance Max (0.98%) and Shopping (0.79%).

This gap reflects user intent, with CTR becoming a proxy for demand capture.

Unlike other formats, Search is not persuading users to engage; it is intercepting users who have chosen to engage and are now deciding *where* to engage.

CTR by Platform/Google Ad Type



n > 100, WorkMagic brands.

New Customers

New Customers

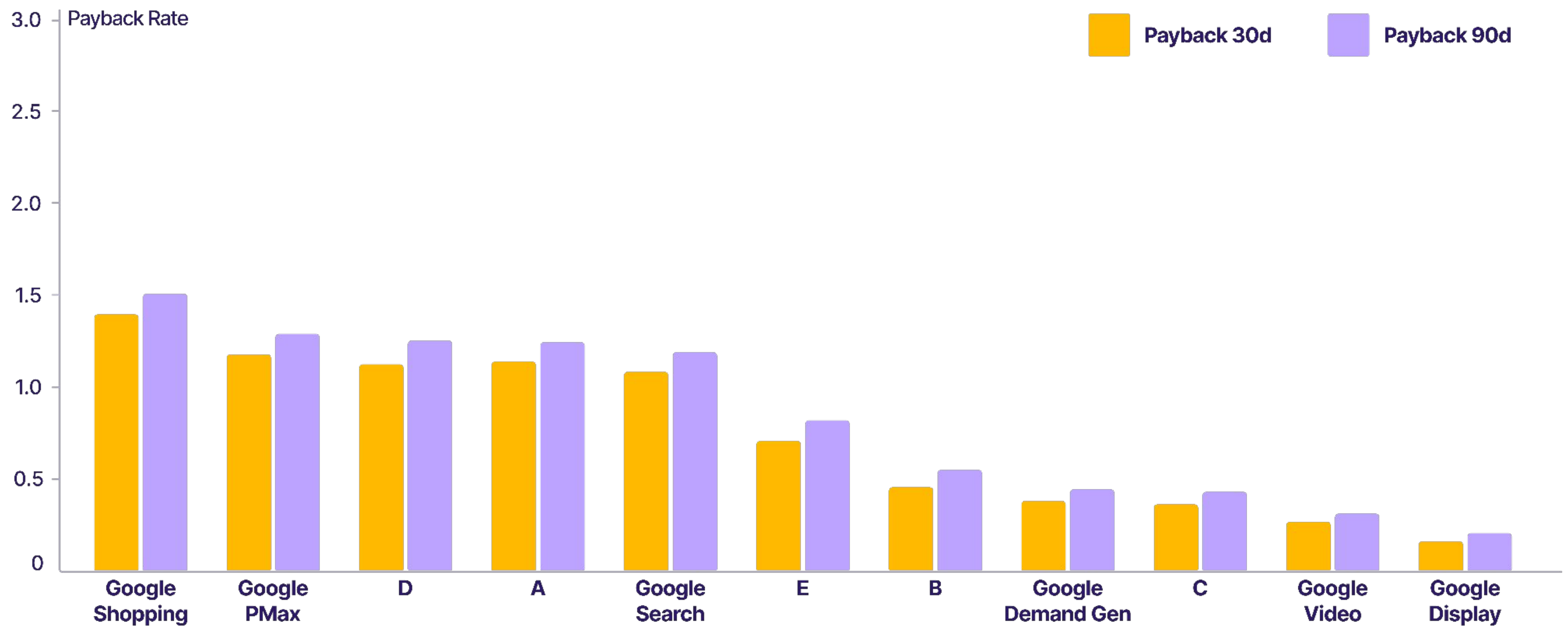
Google brings back higher-quality customers over time

When we look beyond immediate ROAS and measure the payback ratio (LTV/CAC), Google ad types perform strongly.

Shopping, PMax, and Search all rank among the highest payback ratios, thanks to relatively efficient acquisition costs.

- Google Shopping: 1.52×
- PMax: 1.30×
- Search: 1.21×

Payback Ratios by Platform/Google Ad Type



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AOV

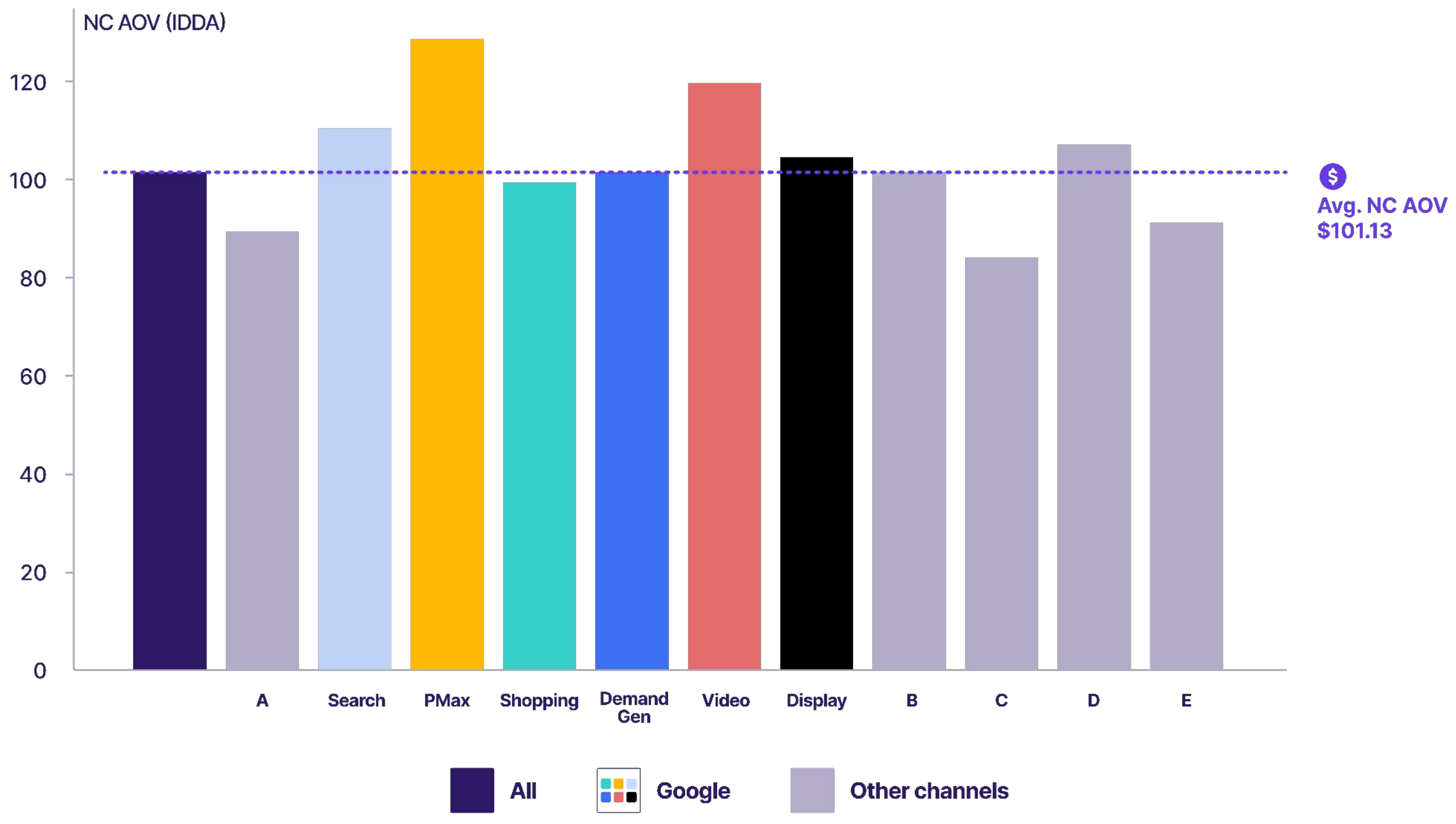
Google-driven customers spend significantly more

The average order size (AOV) is another important indicator of the quality of new customers.

Across all channels, new customers acquired through Google ads tend to have higher-than-average order values.

- 5 out of 6 of Google's ad types perform better than the average
- PMax ($129.17) and Video ($120.02) both exceed this benchmark significantly

New Customer AOV by Platform/Google Ad Type



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Our Clients' Success Stories with Google Ads

Case Study

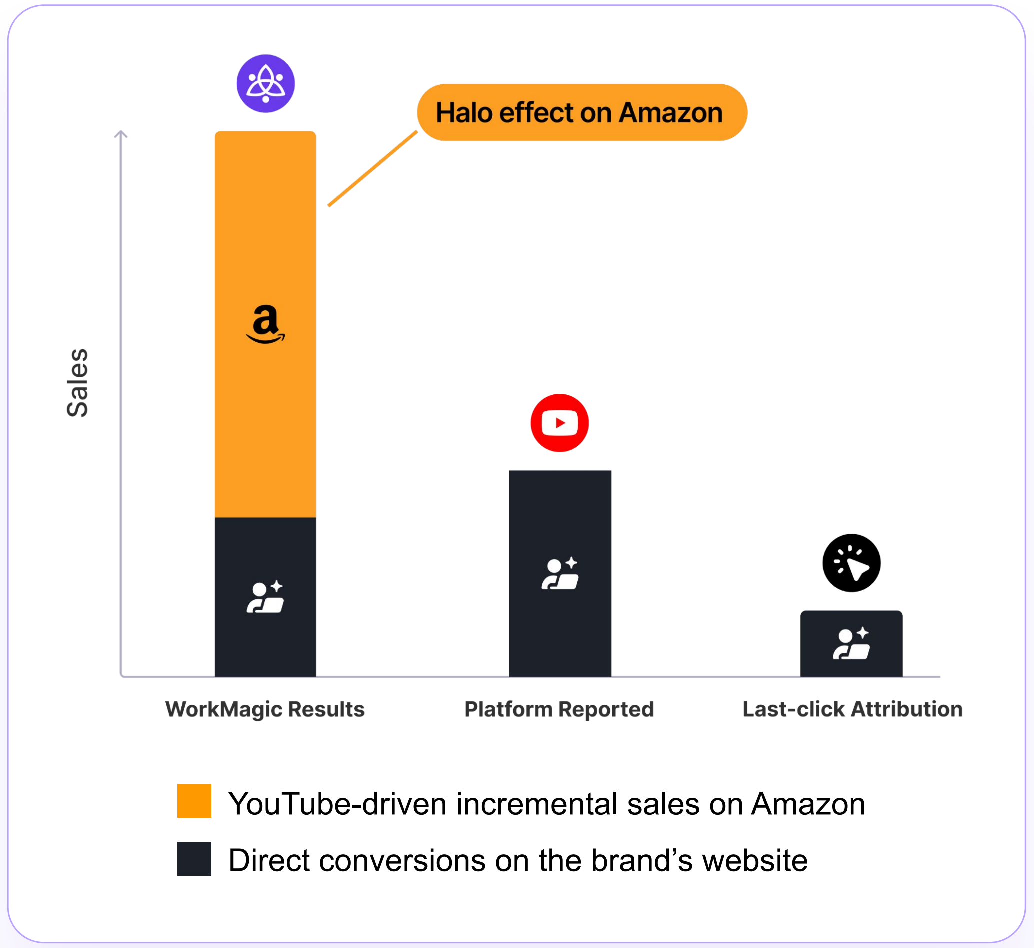
67% halo effect from YouTube Ads to Amazon

Salt & Stone is a premium bodycare brand with the #1 deodorant on Amazon. They wanted to measure how YouTube exposure drives incremental off-platform sales.

Here's what they found:

67%	2.7×	82%
halo effect through the synergy of Google PMax and Meta Ads	higher ROAS on Google PMax with the halo effect	lower CAC than last-click reported for PMax campaigns

Breakdown of YouTube's Impact Across Sales Channels



SALT & STONE

Salt & Stone repositioned YouTube from a "brand awareness" channel to a core growth lever, after uncovering an outsized impact on Amazon sales.

Case Study

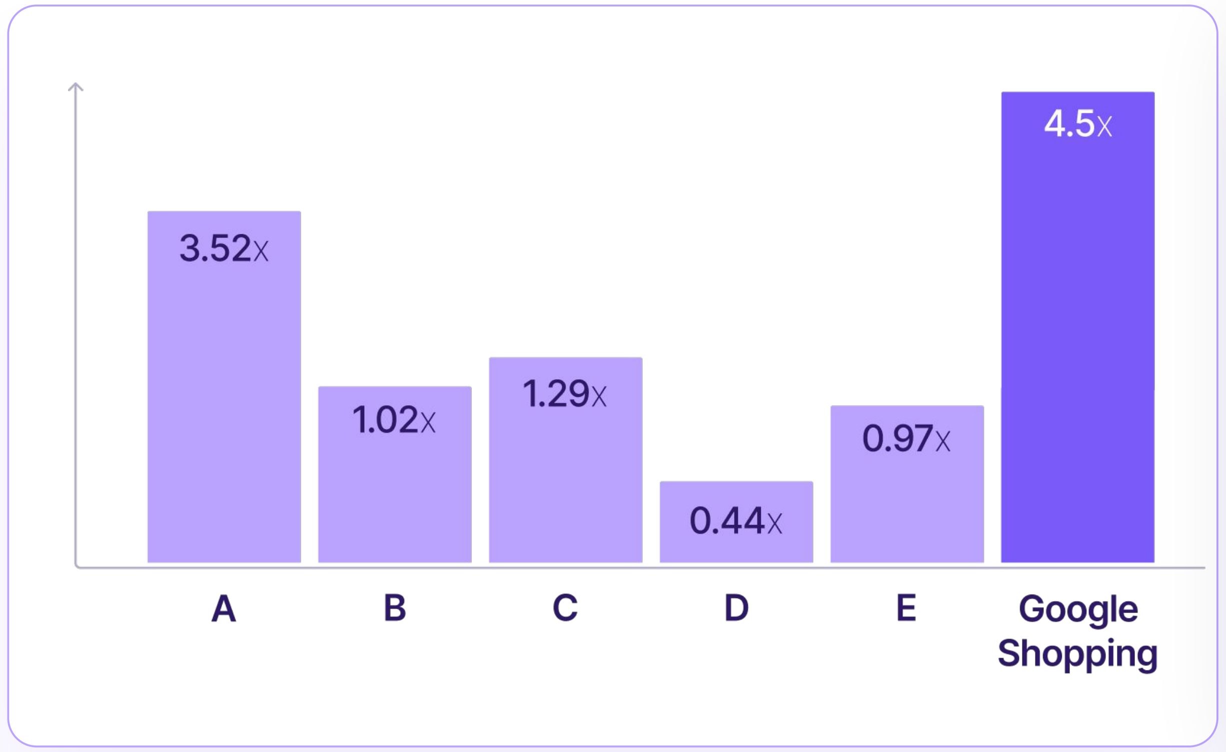
65% improvement in Google Shopping profitability

Jordan Craig is a premium menswear brand with a highly loyal customer base. They wanted to evaluate Google Shopping performance while shifting to a profit-first growth strategy.

Here's what they found:

+7% incremental lift from Google Shopping	**4.5×** iROAS from Google Shopping	**27%** Improvement in iROAS after optimization

How Google Shopping iROAS compares across the marketing mix



After 2 months of optimization, Jordan Craig achieved a 65% improvement in POAS (profit on ad spend) and a 27% increase in iROAS for Google Shopping campaigns.

Case Study

72% revenue increase and 19% MER improvement

Branch is a home furniture brand trusted by thousands of businesses and remote workers. They wanted to measure the true incremental impact of Google Ads across DTC and marketplace channels to guide seasonal budget decisions

Here's what they found:

31.4%

halo effect through the synergy of Google PMax and Meta Ads

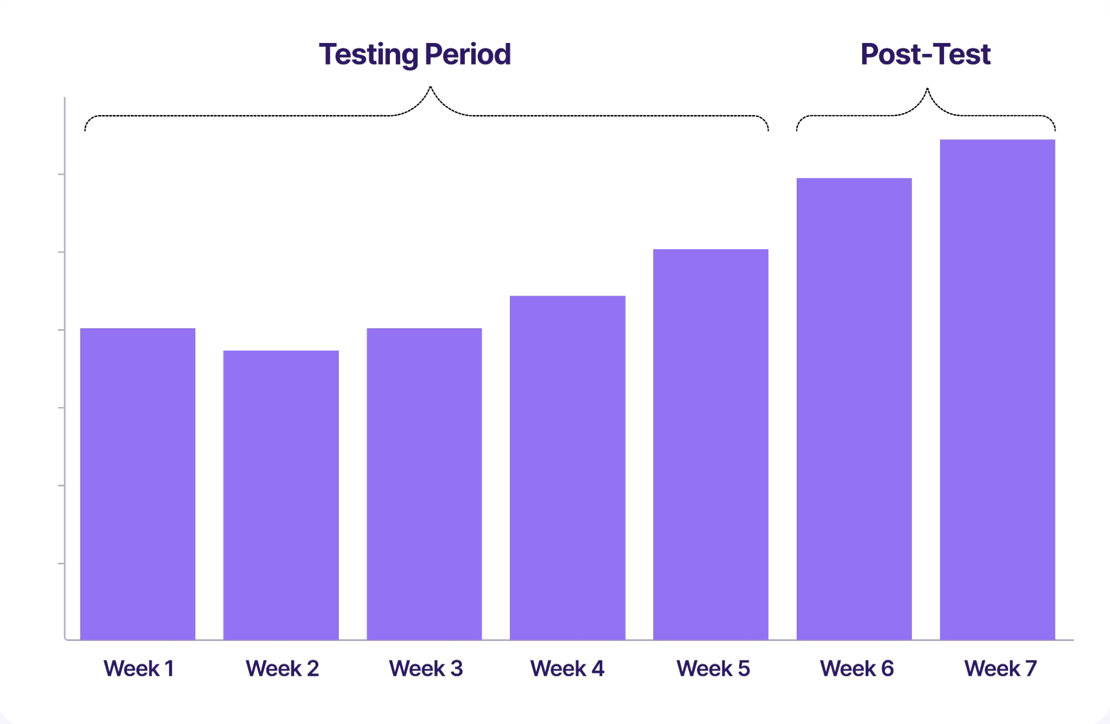
+187%

higher ROAS on Google PMax with the halo effect

57%

lower CAC than last-click reported for PMax campaigns

How Post-Test Optimizations Improved Google-Sourced Revenue



Branch

With these insights, Branch adjusted its Google strategy heading into their peak season, achieving 72% more incremental revenue and 19% increase in overall MER.

Our Recommendations

Embrace granularity in measurement

Design your measurement stack to work at the ad-type and campaign level. Rolling everything up under "Google" hides meaningful differences — and won't hold up in 2026.

Measure your halo effect

For omnichannel brands, measuring the halo effect is a must. It's the only way to capture full-funnel impact, and might change the narrative of your channel's performance.

Match the ad type to your objective

Google's ad types do a good job of achieving their stated objectives — tailor your campaigns by matching the ad type to your intended outcomes before launch.

Test and launch new ad types

Want to launch a new ad type? That's the perfect time to launch a low-cost, low-risk launch-to-measure geo lift test to measure and calibrate performance from day one.

Explore ad tactic combinations to find a winning formula

Each industry and each audience needs a different winning formula. Test constantly and use those results to find the combination of Google Ads that works best for your brand.

About WorkMagic

Incrementality + MMM + MTA

WorkMagic is a marketing measurement platform that triangulates true marketing impact by **combining the grounded truth of geo-lift tests, the granularity of attribution, and the predictability of MMM.**

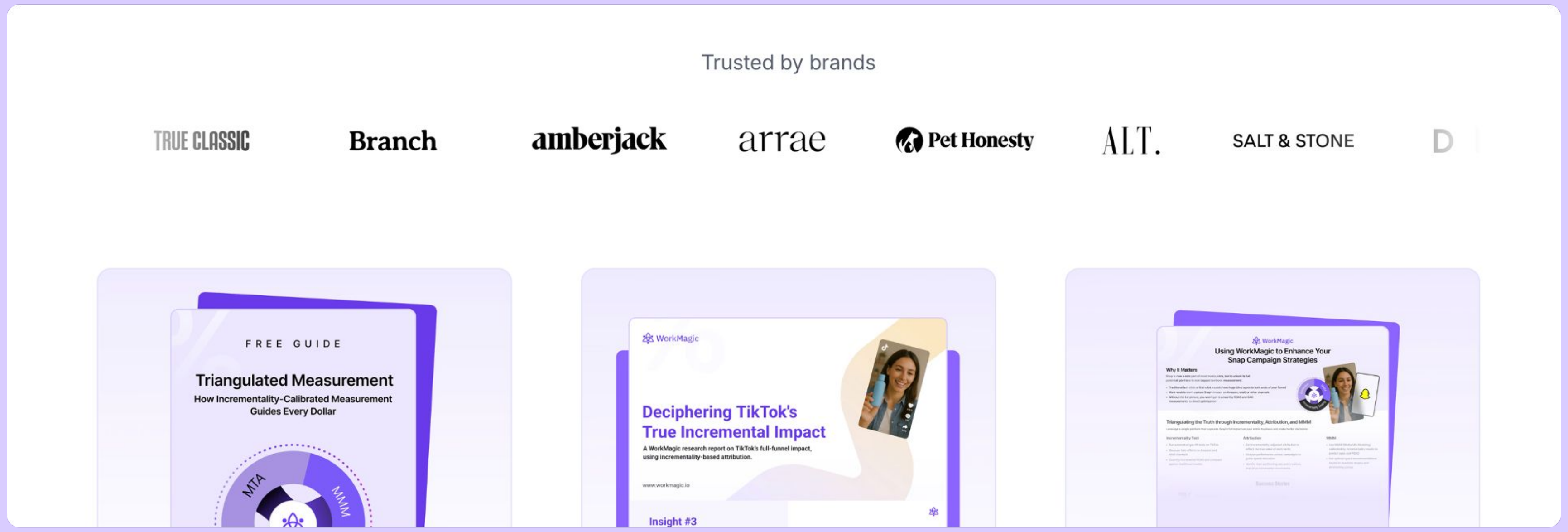
Brands running ads across multiple ad platforms or selling through multiple channels see the most value. It's the same methodology that scaled TikTok, Meta, Uber into multi-billion dollar businesses, now made accessible to all omnichannel brands.

Over the last six months, our clients have seen a **10%-30% improvement in MER,** by identifying what actually drives growth and reallocating budget with our turnkey solution.

Measure your own media performance?

Get a custom readout for free

Explore more resources in **Playbooks & Reports** on WorkMagic.io



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