

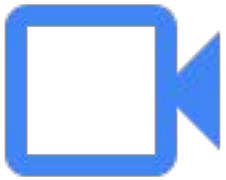
Google

# Expert Series: Smart Bidding Automation



# Welcome to the Smart Bidding Expert Day!

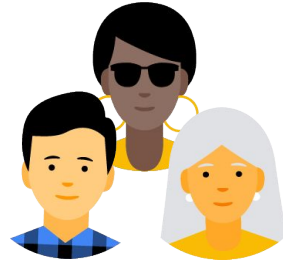
# Please Consider



Turning your  
camera on



Muting yourself to  
prevent audio  
feedback



Assuming positive  
intent if you are  
interrupted



Asking questions!  
Unmute your mic or  
use the chat box to  
ask questions in  
real-time!



Providing feedback!  
We value your input to  
make these trainings  
better. It would mean a  
lot if you could submit  
the form at the end of  
this training.

# Goals for the day



01.

Learn how **Google Automation solutions** can help businesses grow.



02.

Become a **Smart Bidding solutions** master.

- Bid strategy to use based on client goals
- SB for low volume campaigns/new campaigns
- Learn Best practices



**Out of scope for Today**

How to evaluate performance. Watch [video tutorial here](#).

# Why Smart Bidding?





# 85%

of leading marketers  
believe that anticipating consumer  
intent will drive greater results.

# Why bidding is a challenge

## 01

### Bidding impacts performance

Keyword bids influence how visible your ads are and the amount of interaction you get for each query. If you don't bid efficiently, you can miss valuable conversions.

## 02

### The Auction is Dynamic

Given the dynamic nature of search auctions, the “right” bid can be a moving target that's hard to reach at scale.

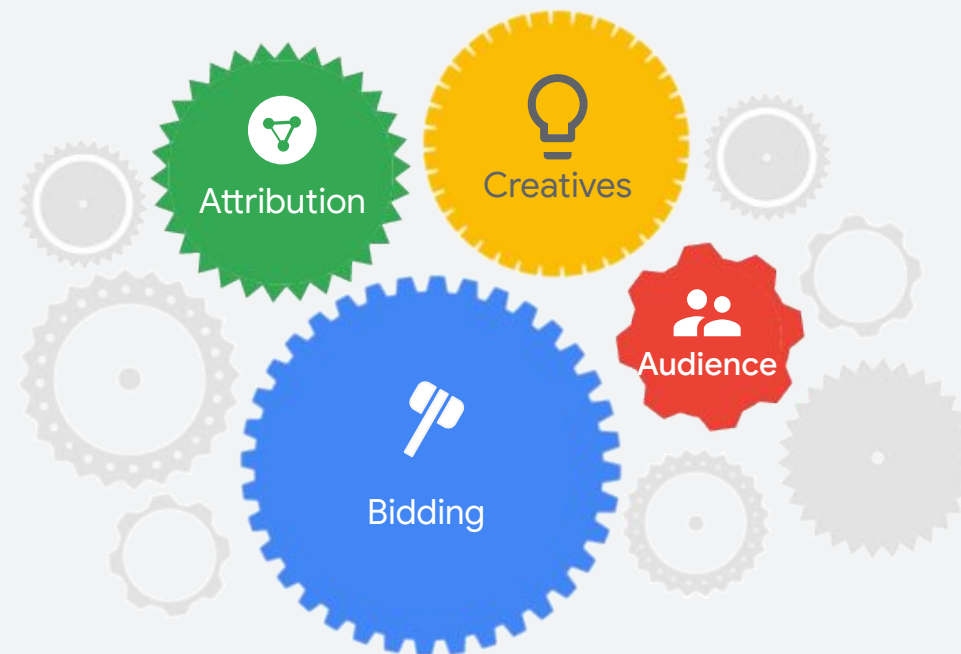
## 03

### User Journey is more complex than ever

Many signals influence user behavior; identifying the right uplift for each signal for each keyword and bid would require an army.

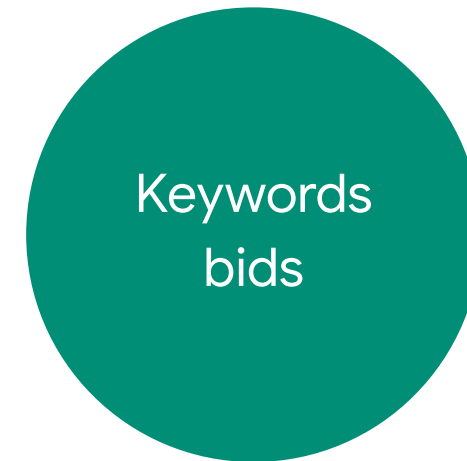
# Today, Machine Learning helps drive the best performance for your ads through automation

The algorithm is **constantly learning** based on real-time feedback, and **adjusting** to improve performance.

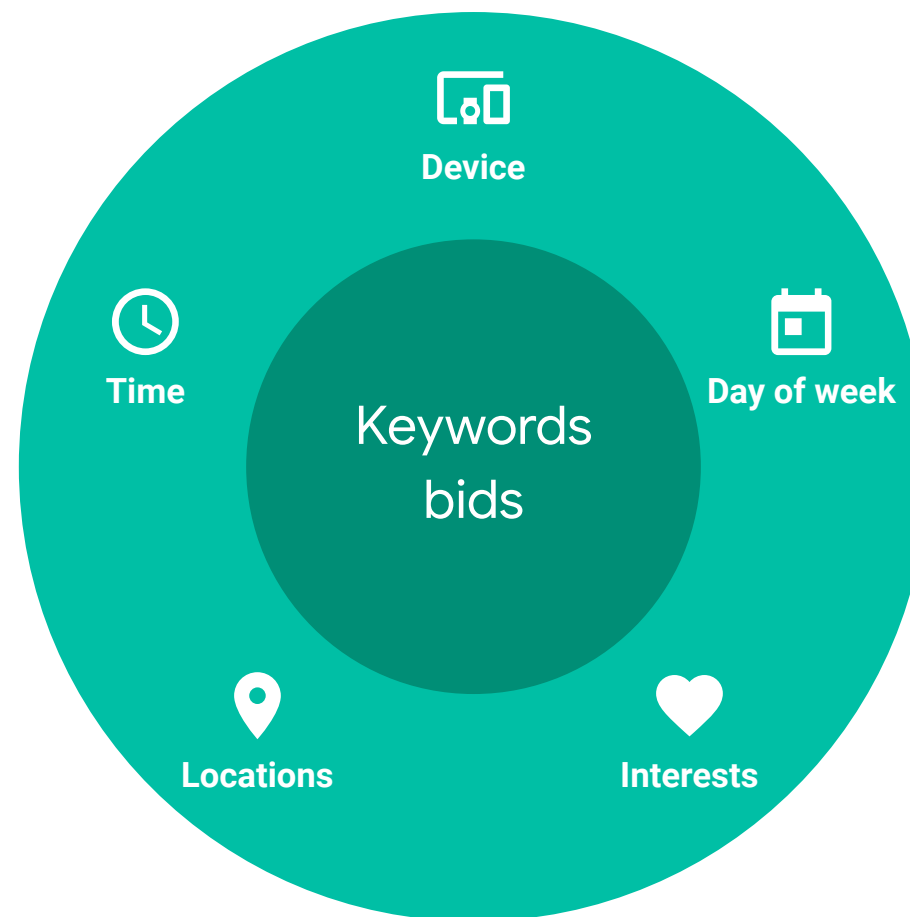


- ✓ How do I find my ideal **audience**?
- ✓ How can I **measure** performance?
- ✓ How much should I **bid** per auction?
- ✓ What **message** do I show my audience?

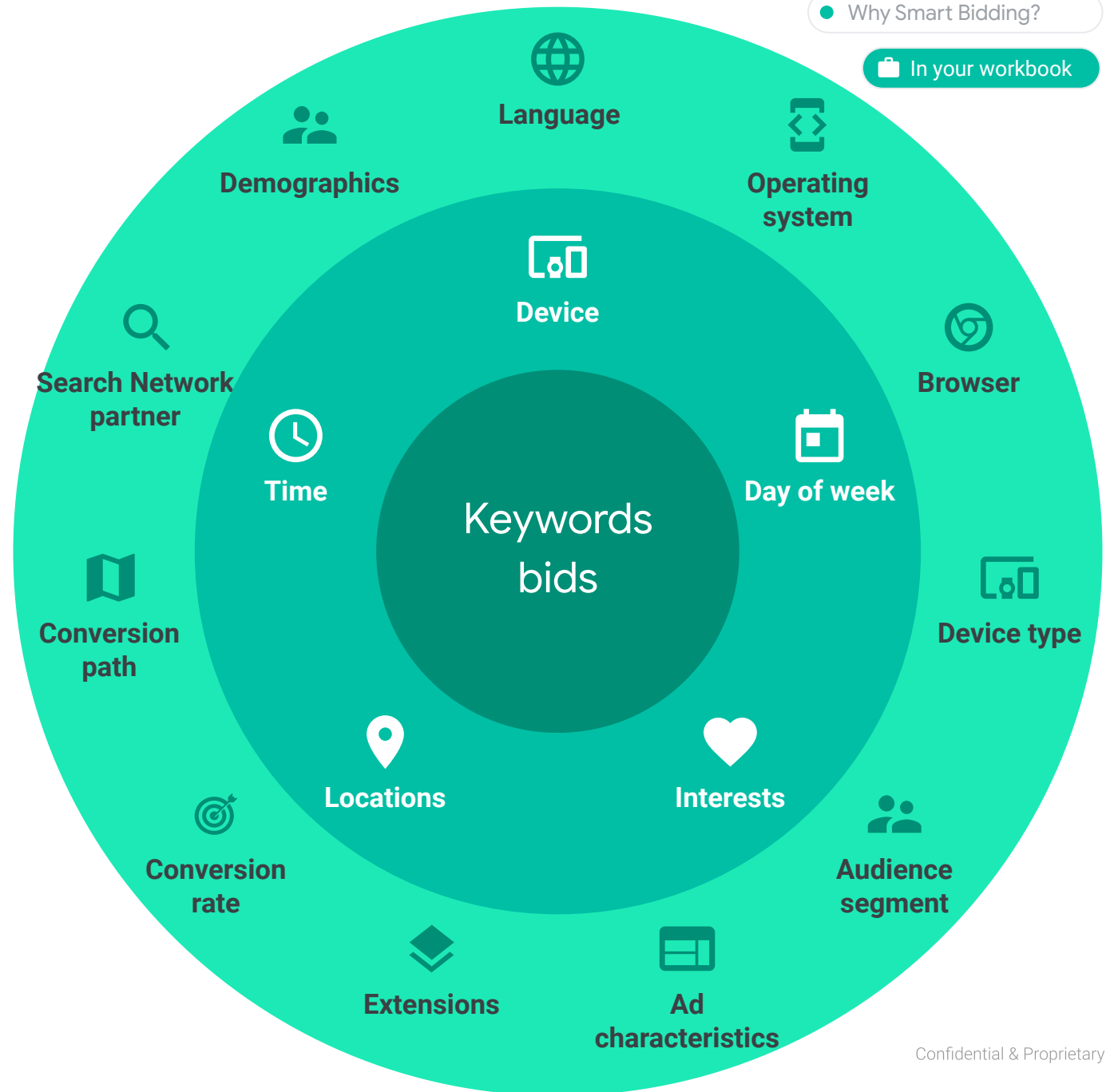
A few years ago  
bidding was  
**pretty simple**



Then mobile devices  
came along...



Then mobile devices came along...



**Trying to control for all of these factors is time-consuming.**

Why sacrifice time and manpower on manual bidding when you can focus your effort on more impactful, strategic initiatives?



Google Smart Bidding  
is aimed at **setting  
real-time bidding**, for  
each and every auction



# Zurich Tourism uses Smart Creatives & Smart Bidding to create a higher return on advertising spend

45%

Higher ROAS

”

*Using Dynamic Search Ads together with audiences, non-last-click and Smart Bidding really helped us reach the full potential for our client Zurich Tourism. These results prove us right in further leveraging Machine Learning for our clients.”*

*—Simon Waber, Account Strategist SEMSEA, Switzerland.*





# How **Smart Bidding** Works

# Today's bidding solutions offer varying levels of bidding frequency and precision

Advertisers can choose from a variety of bidding methods to manage their keywords, so it's important to **understand the incremental benefits of each solution**:



**01.**  
**Manual  
bidding**



**02.**  
**Rules-based  
bidding**



**03.**  
**Intra-day  
bidding**



**04.**  
**Smart  
Bidding**

# Today's bidding solutions offer varying levels of bidding frequency and precision



## 01. Manual bidding

Advertisers manually set keyword bids themselves, with the option to use performance filters (e.g. for keywords with a conversion rate higher than x%, increase bids by y%, and add bid adjustments to account for things like audience, device, location, etc.).

**Due to time constraints, they may only optimize bids for a subset of their keywords, such as top performers or by product category, during each round of optimization.**

# Today's bidding solutions offer varying levels of bidding frequency and precision



## 02. Rules-based bidding

Advertisers define performance criteria, and a system automatically adjusts bids when keyword performance meets those criteria (e.g., when average position falls below x, increase bids y%).

**This type of bidding only takes the rule into account - it doesn't account for any other signals.**

# Today's bidding solutions offer varying levels of bidding frequency and precision



## 03. Intra-day bidding

This is the technology most 3P bidding solutions use. Machine-learning algorithms train on historical and ongoing performance data to optimize keyword bids and bid adjustments a few times a day.

**This is often referred to as “real-time” bidding for search marketing, as some tools have the ability to register new conversion data as soon as it happens.**

# Today's bidding solutions offer varying levels of bidding frequency and precision



## 04. Smart Bidding

**A.**  
True auction-time  
bidding

**B.**  
Adaptive Learning  
at the query level

**C.**  
Richer user  
signals and cross  
signals analysis

Let's explore each of these in more detail...

## 04. Smart Bidding

A.

True auction-time  
bidding

---

B.

Adaptive Learning  
at the query level

---

C.

Richer user  
signals and cross  
signals analysis

## Google Ads core capabilities

Google Ads automated bidding offers **true auction-time optimization that sets bids for each individual auction.**

Not just a few times a day.

It is a **proactive optimization approach.**

## 04. Smart Bidding

A.

True auction-time  
bidding

---

B.

Adaptive Learning  
at the query level

---

C.

Richer user  
signals and cross  
signals analysis

## Why is this important?

### Identifying the right conversion opportunity:

For every single auction, this helps to differentiate bids and optimize with more precision.

## 04.

### Smart Bidding

#### A.

True auction-time bidding

---

#### B.

Adaptive Learning at the query level

---

#### C.

Richer user signals and cross signals analysis

## For example...

A banking advertiser may identify that iOS users are more likely to open a checking account, or that smartphone users located in cities with higher branch coverage are more likely to visit a bank location. Smart Bidding can detect the presence of signals like these to more accurately set bids.

## 04. Smart Bidding

A.

True auction-time  
bidding

---

B.

Adaptive Learning  
at the query level

---

C.

Richer user  
signals and cross  
signals analysis

## Google Ads core capabilities

Machine learning algorithms rely on robust conversion data to **build accurate bidding models that perform at different levels.**

## 04. Smart Bidding

A.

True auction-time  
bidding

---

B.

Adaptive Learning  
at the query level

---

C.

Richer user  
signals and cross  
signals analysis

# Why does query-level learning improve your bidding?

## Google Ads bidding models are very dynamic

Conversion data can be used at the search query  
level across ad groups and campaigns.

## 04.

### Smart Bidding

A.

True auction-time  
bidding

---

B.

Adaptive Learning  
at the query level

---

C.

Richer user  
signals and cross  
signals analysis

## Why does query-level learning improve your bidding?

### Better bid optimization on phrase and broad match keywords

In these cases, having just one keyword-level bid  
wouldn't optimize for conversion rate differences  
across queries.

## 04. Smart Bidding

A.

True auction-time  
bidding

---

B.

Adaptive Learning  
at the query level

---

C.

Richer user  
signals and cross  
signals analysis

## Why does query-level learning improve your bidding?

### Faster algorithm learning

If a search query has already been matching to other parts of your campaigns, the algorithms simply apply what they've learned across your account.

# Pro Tip

**We adjust for these signals automatically.**

No need for bid adjustments on device, users lists, location and more!



## 04. Smart Bidding

A.

True auction-time  
bidding

---

B.

Adaptive Learning  
at the query level

---

C.

Richer user  
signals and cross  
signals analysis

## Google Ads core capabilities

Signals like time of day, presence on a remarketing list, or a user's device and location are **key considerations** when determining optimal bids.

## 04. Smart Bidding

A.

True auction-time  
bidding

---

B.

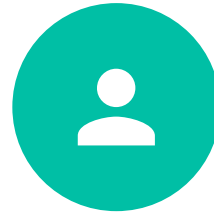
Adaptive Learning  
at the query level

---

C.

Richer user  
signals and cross  
signals analysis

## Additional signals across platforms and users



User operating  
system



Web browser



Language  
settings

## 04. Smart Bidding

A.

True auction-time  
bidding

---

B.

Adaptive Learning  
at the query level

---

C.

Richer user  
signals and cross  
signals analysis

## New signals to adapt to shifts in consumer behavior




**Audience signals**



**Non-last-click attribution model**



**Store visits data**



When signals work together,  
bids are more precise

Smart Bidding solutions go a step  
beyond traditional signal analysis

# Example

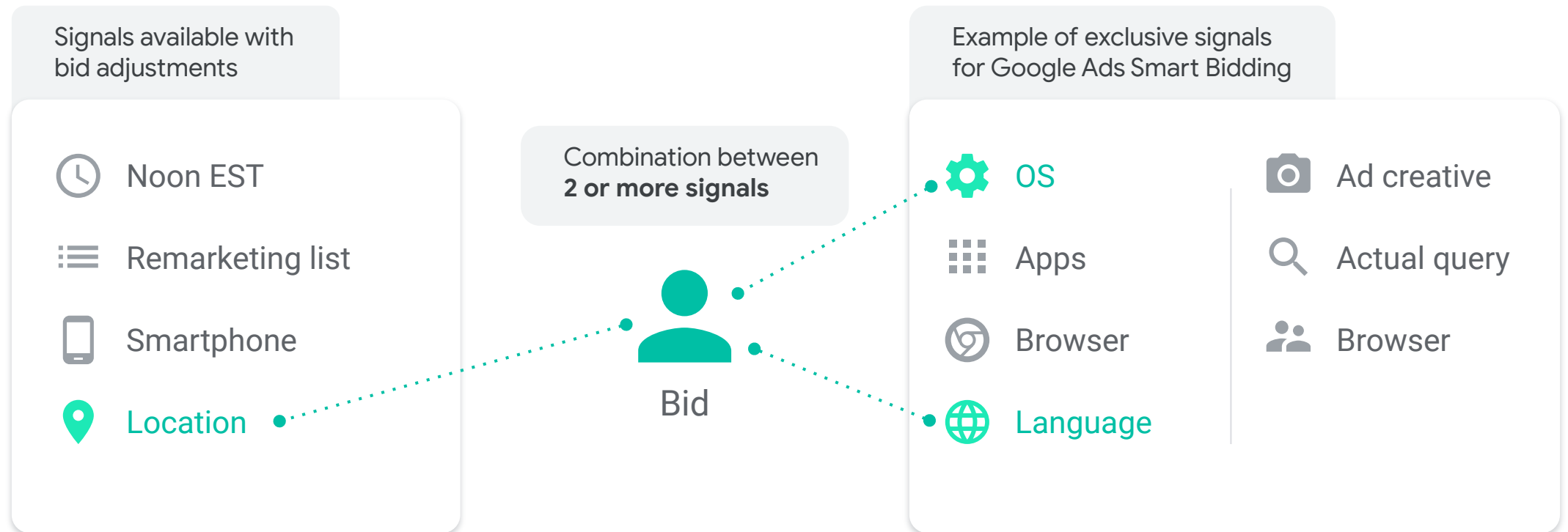
A mortgage lender might determine that on average, their mobile conversion rates are 20% lower than computer and tablet conversion rates, and set a mobile bid adjustment of -20%.

Think about people that might be researching loan options on their phones during their early work commute. **Wouldn't you like to bid higher for those potential customers?**



# When signals work together, bids are more precise


Smart Bidding strategies evaluate how certain signals interact with each other and set more holistic bids for every auction





Module 02

# Smart Bidding Deep Dive



We are constantly evolving  
and updating the algorithms  
to address new signals and  
needs in the marketplace

# Smart Bidding new products and launches

It's no longer the same algorithm

**Zero eligibility** for Target CPA and Smart Defaults for eCPC

**Automated Bidding to Attribution Models**

**Bid Strategy Status / Alerts**

**Stronger Location Signals-** Physical location and location intent

**Google Ads Recommendations Tab-** Target CPA

2016

**Drafts and Experiments - eCPC** and Target CPA

**Rebranding to Smart Bidding - [Blog post](#)**

**Campaign level bid strategy reports**

**Device Target CPA**

# Smart Bidding new products and launches

It's no longer the same algorithm

**Stronger Audience Signals-** Recency and multiple lists recognition

**Drafts and Experiments and Attribution Models-** Maximize Conversions

**Multiple interaction ads support-** Separate bids for calls and clicks

**eCPC update-** Improved algorithm with increased flexibility for more efficiency

**Google Ads Recommendations Tab-** Max Conversions

2017

**Click Blessing-** Faster reaction to conversion delay

**New Maximize Conversions - [Blog post](#)**

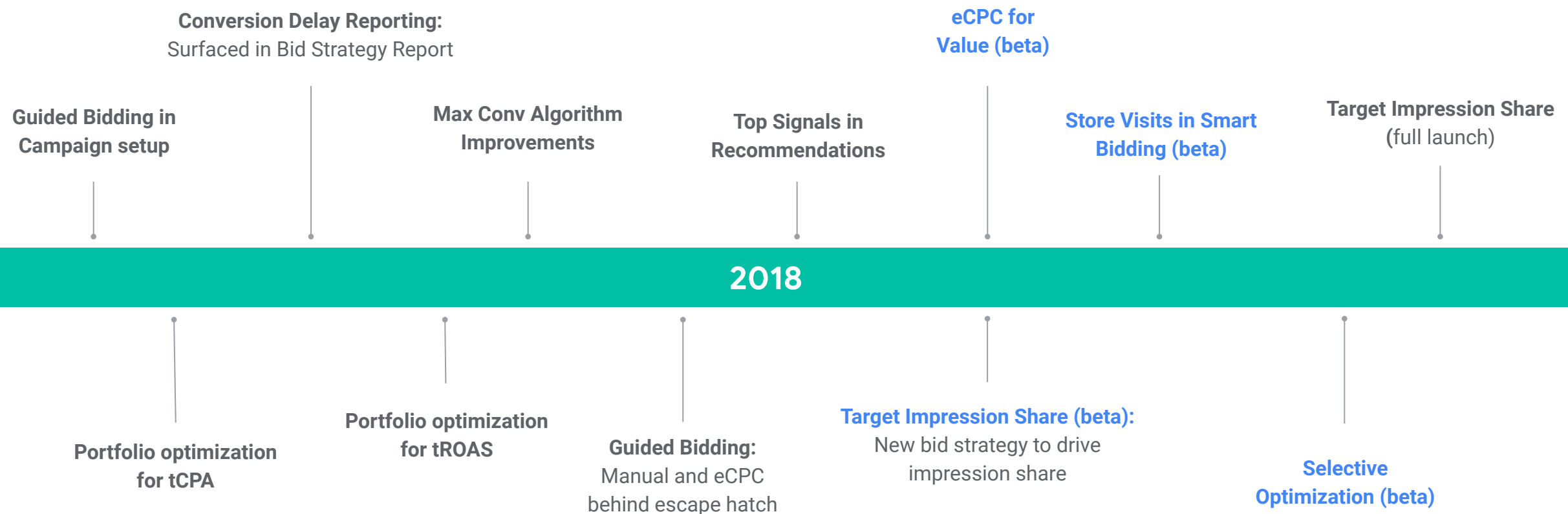
**Stronger Expectation Settings**

**Smarter Learning Period-** Quicker ramp up and greater stability

**Target ROAS update-** Improved algorithm with better bid prediction

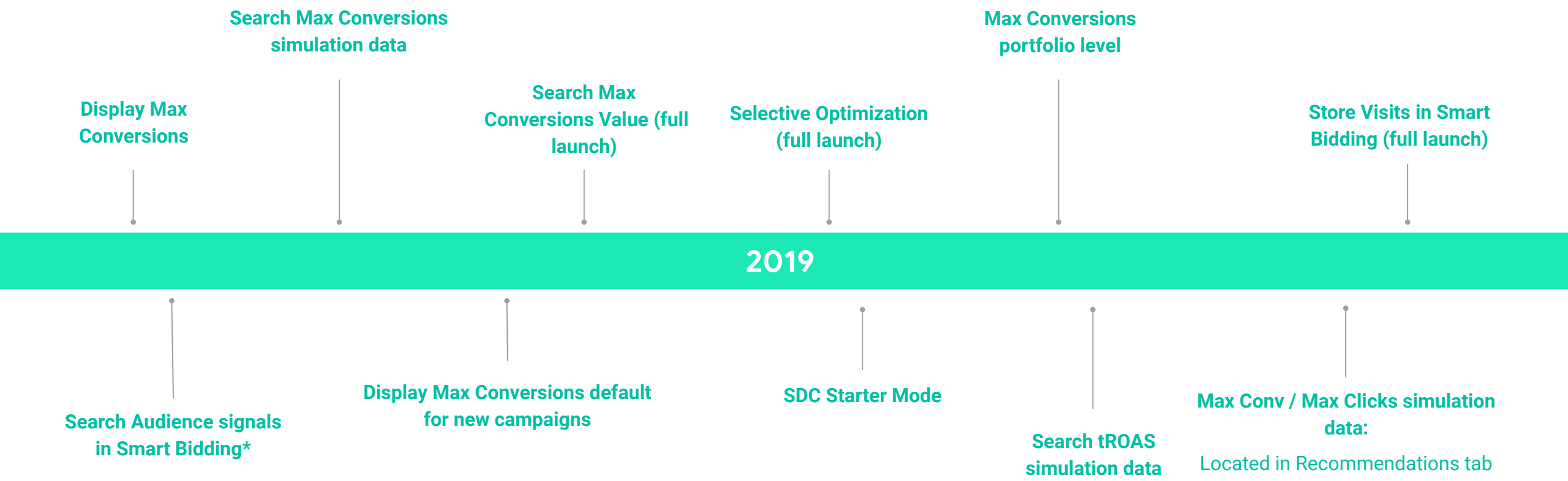
# Smart Bidding new products and launches

It's no longer the same algorithm



# Looking ahead to 2019

## Exciting new features on the pipeline



# About Smart Bidding strategies

Smart Bidding is Google's solution that combines an exclusive set of signals to set precise bids for every auction.

These strategies are fully automated and designed to help you achieve your marketing goals.



The majority of Google Ads spend runs through a fully automated Google Ads bidding strategy, which includes advertisers with a media platform\*



# Fully automated Smart Bidding solutions drive the best results

7%

**eCPC\***

[Search]

*Increase in conversions at similar CPA\*\**

20%

**Max Conv.**

[Search]

*Increase in conversions at similar CPA\*\*\**

31%

**Target CPA**

[Search]

*Increase in conversions at similar CPA\*\**

35%

**Target ROAS**

[Shopping]

*Increase in conversions value*

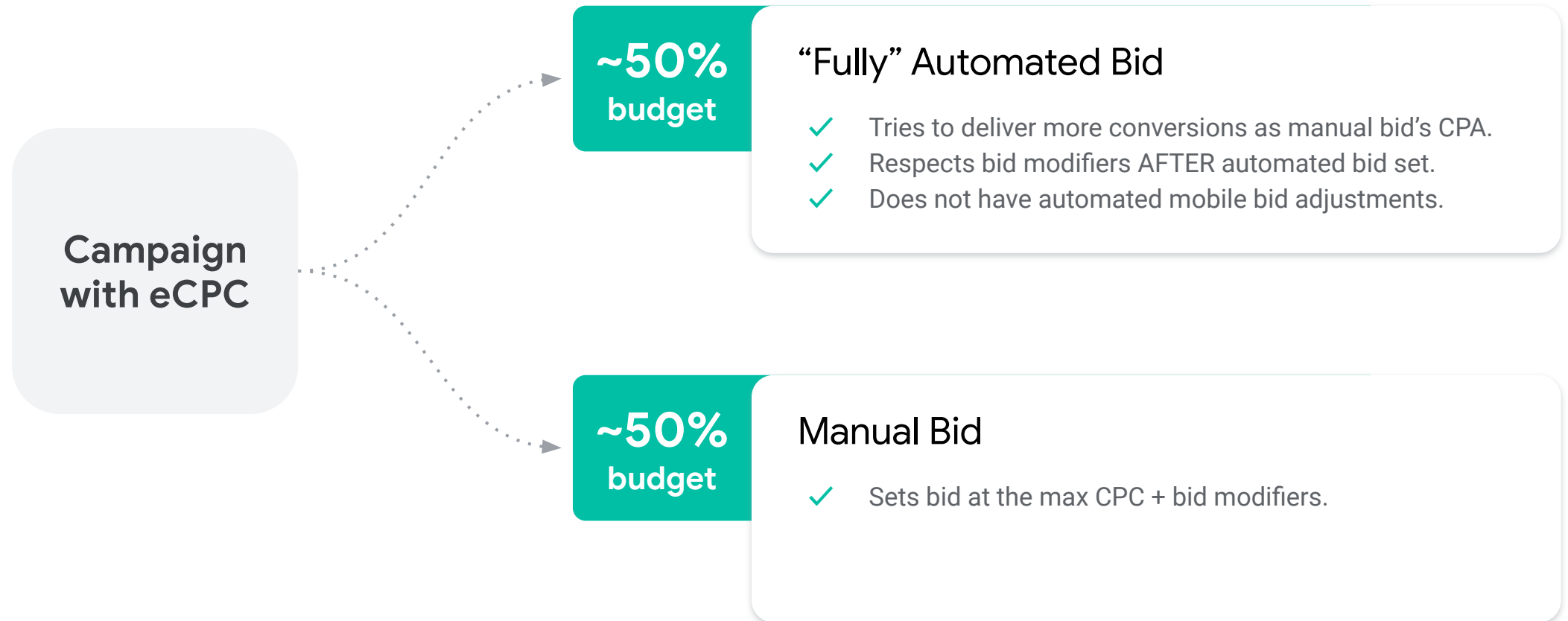
\*Semi-automated bidding solution

\*\*For tCPA Lead campaigns following our best practices, Google Internal Data, Jan 2018,

\*\*\*for all campaigns, Google Internal Data, Jan 2018

All stats: moving from manual bidding

# eCPC is only a semi-automated bidding strategy!



\*eCPC starts at a ~50/50 split but takes more toward “Full” portion as performance is proven

In a nutshell, you should use a fully automated bidding solution like Smart Bidding instead of eCPC because:

1

Smart Bidding strategies have been driving significantly better performance than manual / semi-automated solutions

2

Layering a Media Platform with eCPC is no longer recommended\*

\*we will talk about using Smart Bidding with Media Platforms in the next module. Stay tuned!

# Smart Bidding strategies overview

## Semi-Automated Bidding Strategies



Enhanced  
CPC



## Smart Bidding Strategies



Maximize  
Conversions



Target  
CPA

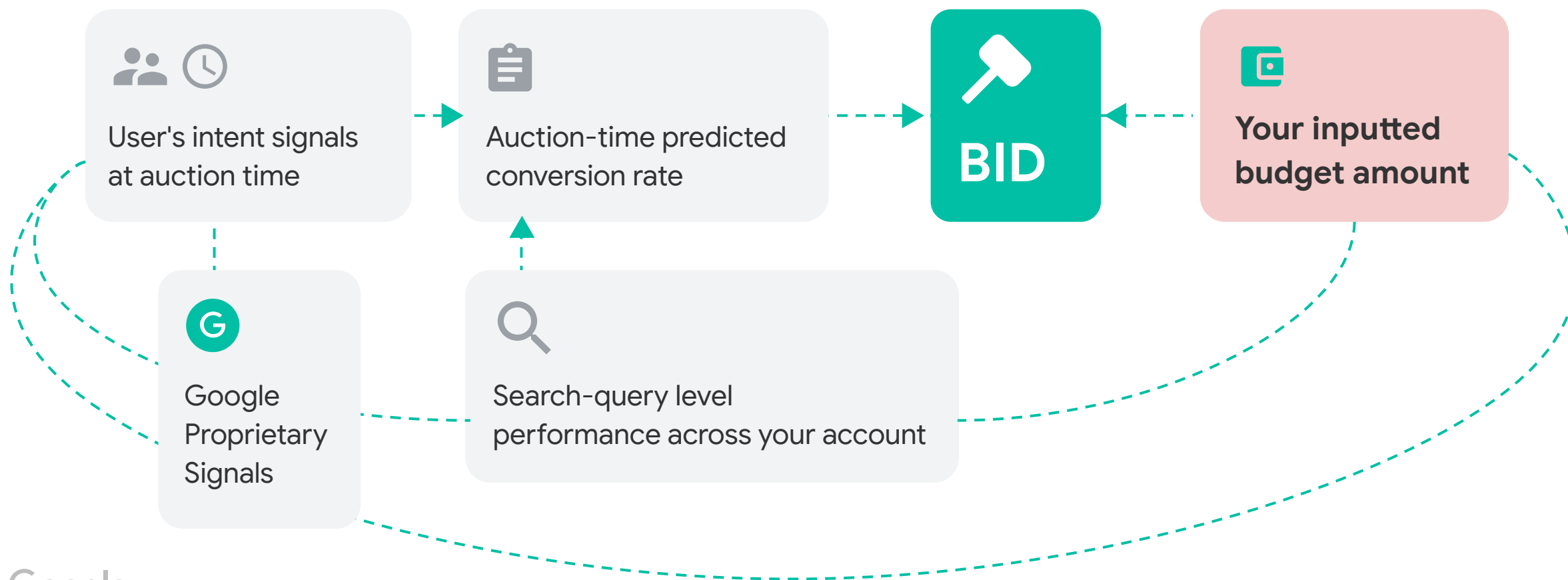


Target  
ROAS



# Maximize Conversions bidding strategy

How Google Ads calculates bids for Maximize conversions





# Maximize Conversions bidding strategy

Drive as many conversions as possible within your specified budget

## Benefits

Maximizes conversions and helps you spend your budget as efficiently as possible.

## Use cases

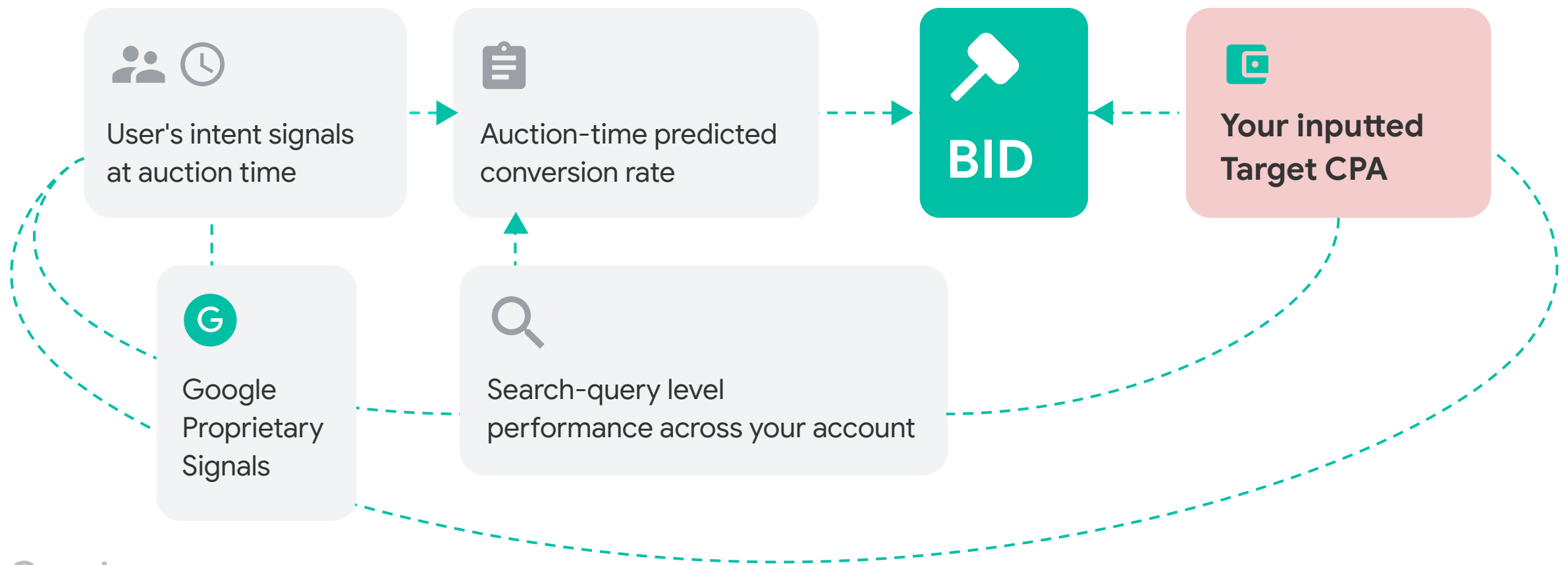
- You want to maximize the number of conversions for a campaign.
- You do not have a specific CPA or ROAS goal.
- Your campaign has low conversion volume or no conversion history.
- Your campaign is limited by budget and you have <90% impression share.

## Requirements

Campaigns must be tracking conversions and cannot be using a shared budget.

# Target CPA bidding strategy

How Google Ads calculates bids for Target CPA





# Target CPA bidding strategy

Attain as many conversions as possible, while maintaining your target CPA

## Benefits

Get the most conversions at the target CPA through the power of auction-time bidding.

## Use cases

- You want more conversions at a specific CPA.
- You're a lead generation or eCommerce business.

## Requirements

Campaigns must be tracking conversions and should not be budget constrained.



Cyberpuerta doubled its conversion rate upon switching from manual bidding to Google's target CPA bidding solution

”

"I really did not expect that changing only the bidding strategy would have such a strong impact on the results of our campaigns."

—Jan Plessow, Director of Marketing & IT, Cyberpuerta



109%

increase in  
conversion rate

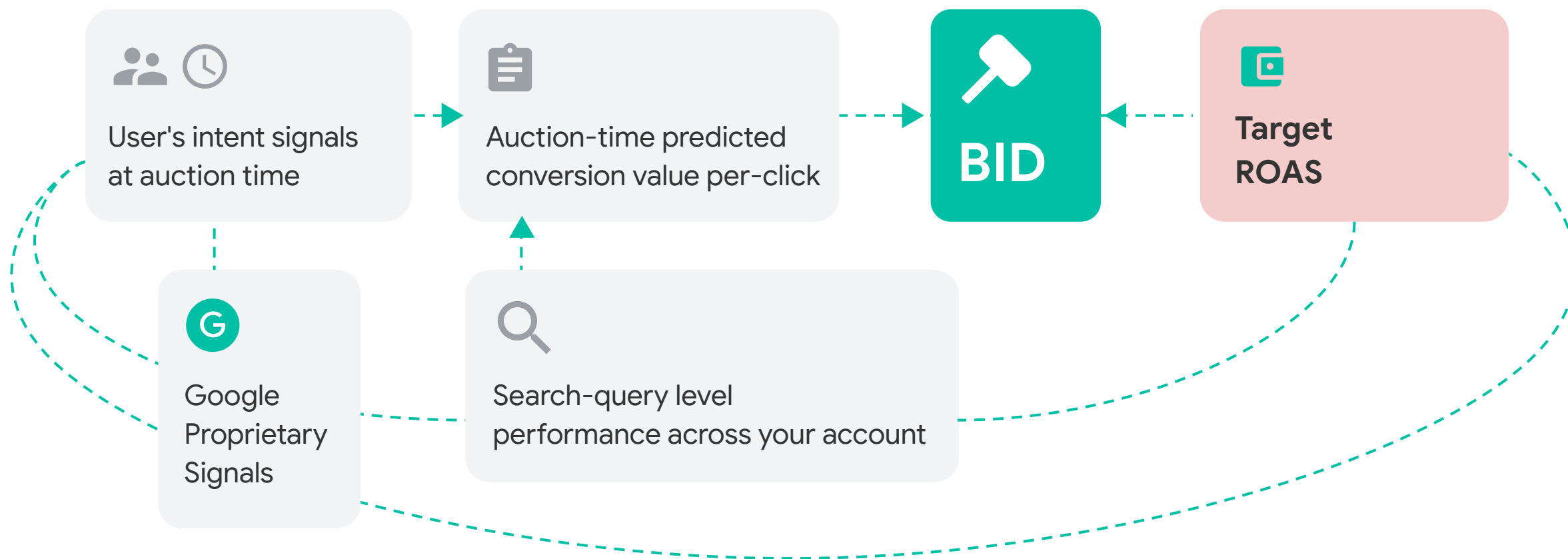
58%

reduction in  
CPA



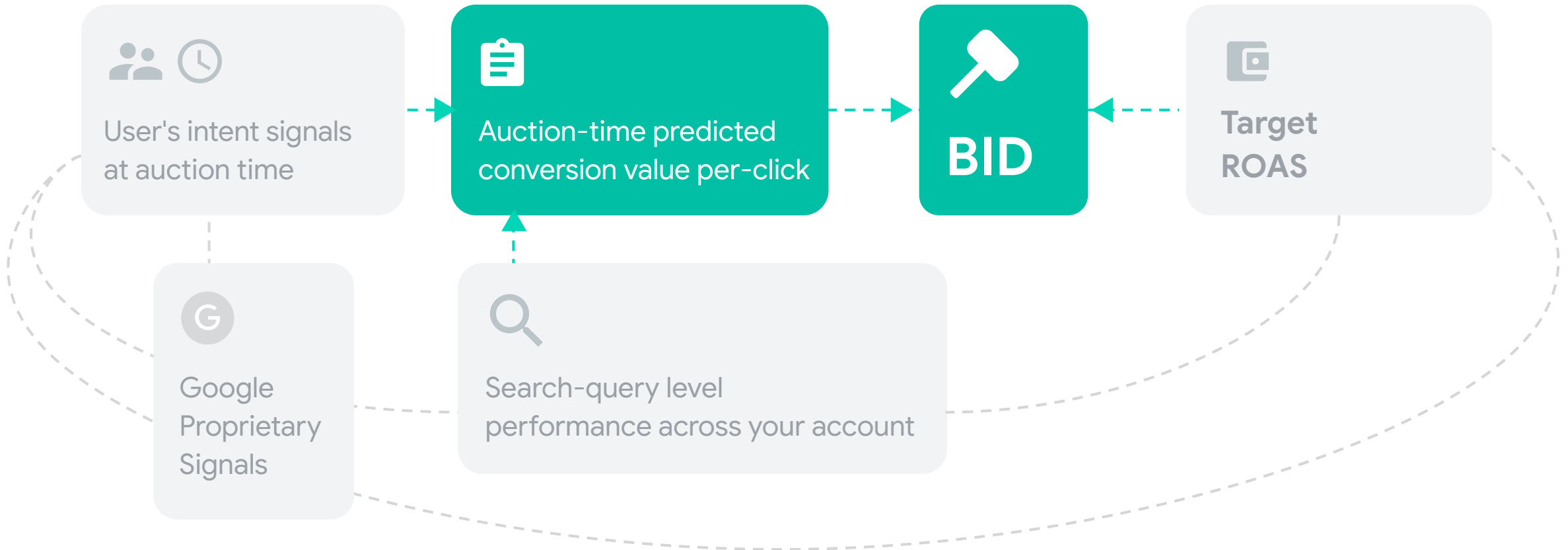
# Target ROAS bidding strategy

How Google Ads calculates bids for Target ROAS



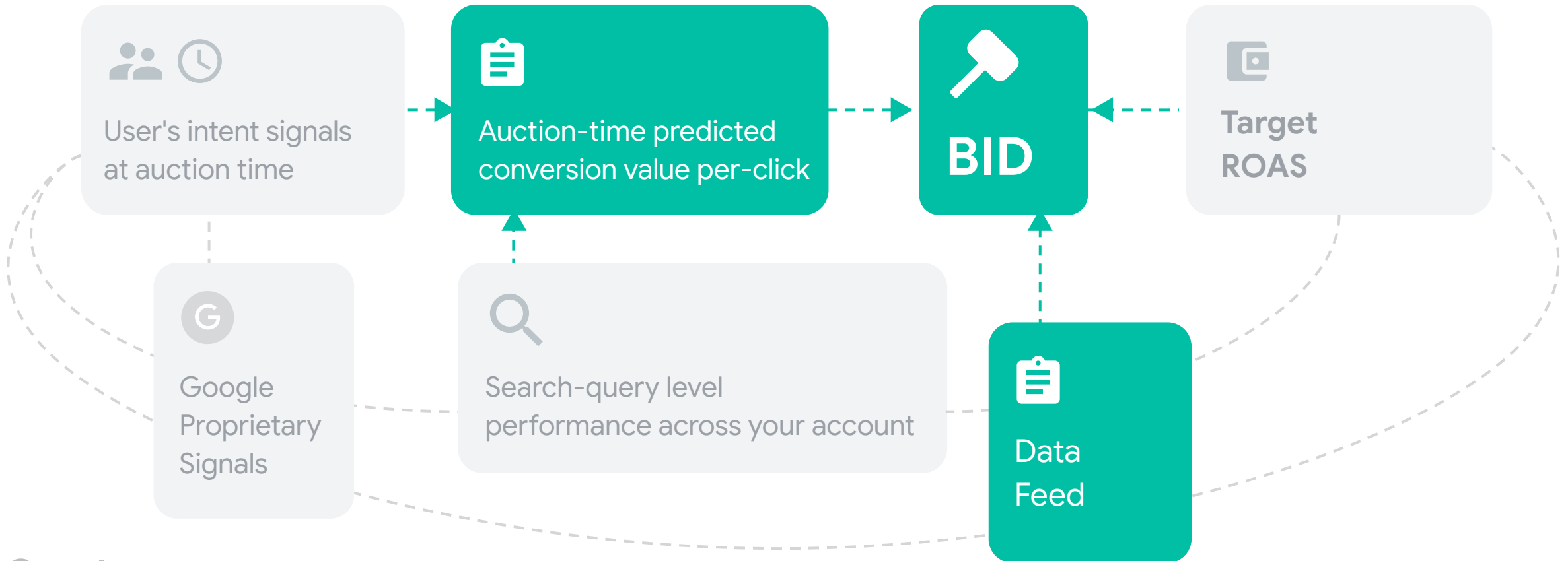


# Target ROAS is the only bidding system to predict conversion values for **every single search auction**





# Target ROAS for Shopping also takes your data feed into consideration as a signal for bidding





# Target ROAS bidding strategy

Get the highest conversion value possible at your target return on ad spend (ROAS)

## Benefits

Gets the most revenue at the target ROAS through the power of auction-time bidding.


## Use cases

- You want to automatically optimize bids to maximize revenue.
- Your conversions vary in value and you want to get as much conversion value as possible at your target return on ad spend.
- You're a Lead Generation or an eCommerce business.

## Requirements

Value of conversions shared through Google Ads conversion tracking or imported Google Analytics goals.

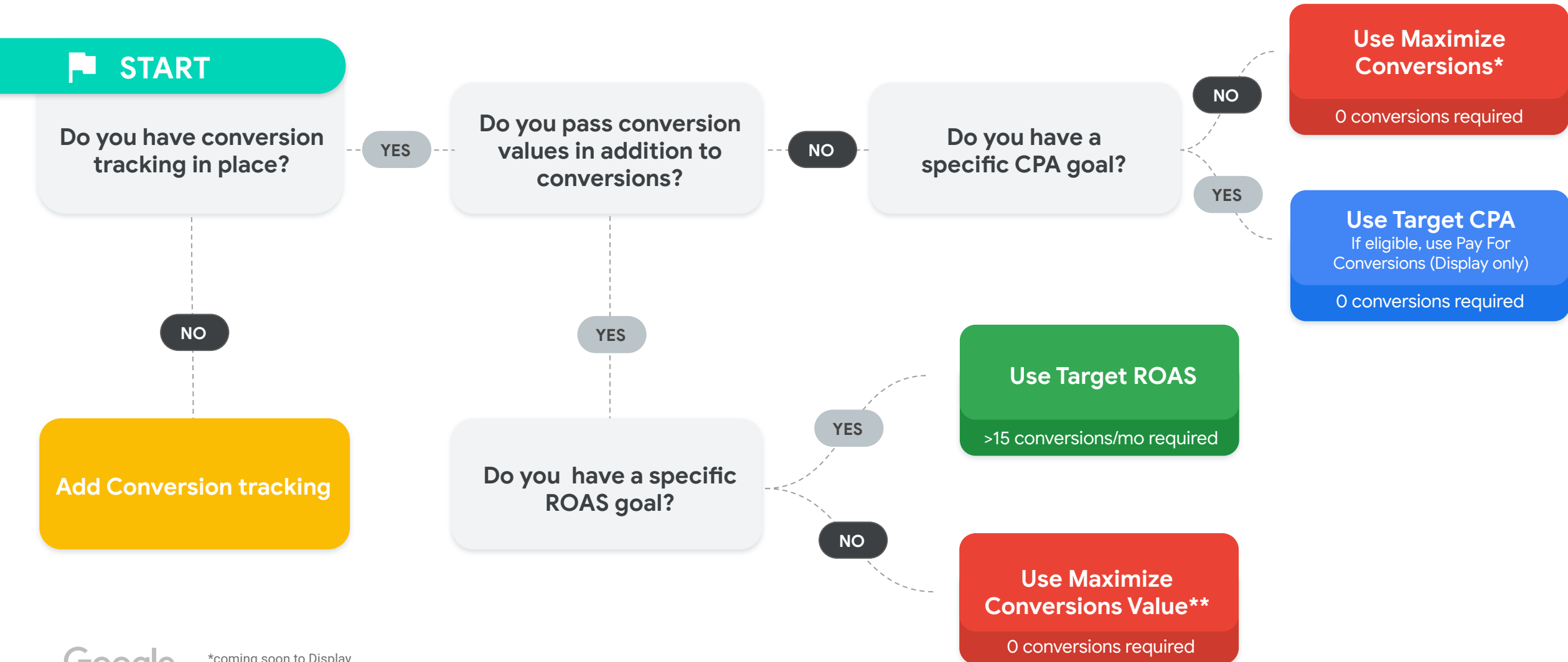
Minimum conversions required: 15 conversions passing conversion values through Google Ads within 30 days.



How to identify which  
Smart Bidding strategy  
should you use?



# Smart Bidding Decision Flowchart



# Pro Tip

You can find campaigns that are a great fit for Smart Bidding in your **Google Ads Recommendations Page**



savings.com

# Savings.com cashes in for its merchant clients with Google's Smart Bidding

Online Coupon Website  
Santa Monica, California, USA • [savings.com](https://savings.com)



”

The tROAS bid strategy drove an increase in high-value conversions while maintaining the desired campaign ROAS.”

—Tim Katlic, Director of Marketing at Savings.com

30%

Increase in conversions

30%

increase in gross profits at target ROAS

32%

Campaigns with Google's tROAS bidding strategy



## Question:

Why are there no conversion eligibility requirements to bid with Max Conversions or Target CPA?



## Answer: Lots of pre-existing learning!

The programmatic bidding algorithm is able to learn from how well publishers, keywords, and targeting perform from aggregate conversion data, as well as evaluate all historical performance at the advertiser domain level.

# Pro Tip

The majority of Google's Smart Bidding strategies **do not require any conversions in your account history**




# Smaller campaigns also benefit from a Smart Bidding strategy

# of Convs	Campaign
156	Brand Search
78	Display Remarketing
34	Generic Remarketing
4	Small Campaign "C"
8	Small Campaign "B"
13	Small Campaign "A"


Smart Bidding will use signals across the whole account in real-time for small campaigns

Smart Bidding will only show up on auctions that may lead to a conversion.

It will go dark on some auctions because of conversion likelihood.



You can even choose to pay for  
each conversion you get in  
Google Display Ads



Try **Pay for Conversions** when  
using a Smart Display Campaign  
or a standard Display campaign

# Pay For Conversions, Not Clicks!

With **Pay for Conversions** you **never** pay more than your CPA

## Billing



Impression  
occurs



Click occurs  
*(within 8 hours of  
impression)*



Conversion  
occurs



Conversion billed based  
on impression date

# Pay For Conversions, Not Clicks!

With **Pay for Conversions** you **never** pay more than your **CPA**

## How It Works

### STEP #1

Set your Target CPA  
in Google Ads

### STEP #2

You are billed the Target  
CPA for each conversion

**Scale is NOT impacted —  
this is a billing change ONLY**

1 Create your campaign

2 Confirmation

Bidding

What do you want to focus on? ⓘ  
Conversions ▾  
Recommended for your campaign goal  
How do you want to get conversions? ⓘ  
Automatically maximize conversions ▾  
Target CPA  
\$  
Pay for ⓘ  
Clicks  
Conversions  
Viewable Impressions

campaign will use the **Target CPA** bid

Conversions are actions on your website, app, or store that you define.  
[Learn more](#)  
This fully automated option helps you get the most conversions while spending your full budget  
[Learn more](#)  
If you have a specific performance goal, you can add an optional target CPA.  
[Learn more](#)  
Select the event you want to be charged for. For example, if you select clicks, your campaign will

### Requirements for Getting Started

- Using GA or Google Ads Conversion Tracking, no Offline Conversion tracking
- Agree to change in budgeting and be billed via Google Ads recorded conversions

 Module 03

# Implementation & Best Practices

# Let's go over some major best practices



# Pro Tip

**Advertisers need to choose the conversion types that are most relevant to their goals, then optimize toward it.**

The general rule of thumb is that any conversion action added to Google Ads, and marked with the "Include in Conversions" setting checked, Smart Bidding can optimize toward it.



# Account-wide best practices

Setting your account up for success



**Apply Smart  
Creatives solutions**



**Implement a  
non-last-click  
attribution model**



**Add audience  
lists at the  
account level**

# Campaign best practices

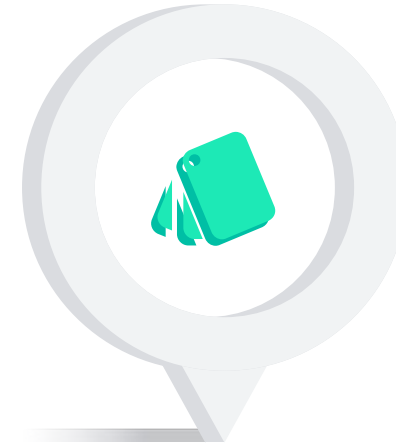
How do I identify and set campaigns up for success?



Campaigns should not  
be budget-constrained



Impression share should  
not be maxed out



Coherent and  
high-volume ad groups



# Frequent implementation pitfalls

# We partnered with our technical specialists to identify the six most common pitfalls with Smart Bidding:

1

## Using too aggressive of CPA or ROAS goal

Make sure the set Target CPA or ROAS is realistic!  
Use the Google Ads-UI Recommended CPA/ROAS goal to start.

2

## Analyzing performance when the strategy is still in the learning period

This is a machine learning algorithm, so the more stable, long-term data points it has, the better it can form predictions and optimize for conversions.

3

## Overlooking high conversion delay when analyzing performance

Long conversion delays can make it seem like Smart Bidding is performing poorly when measuring a recent time frame. Factor in a time buffer.

# We partnered with our technical specialists to identify the six most common pitfalls with Smart Bidding:

4

## Looking at the wrong metrics

If a campaign is using Smart Bidding, you should look at conversion-based metrics to determine success.

5

## Campaign is budget constrained

It's important that the budget isn't constrained so that the algorithm can bid and find as many conversions as possible at your goal.

*\*Not applicable to Max Conversions*

6

## Making constant changes to campaigns

Major changes will set the Smart Bidding strategy into learning period. Try not to make changes every day to your campaigns.



# Feedback

*We strive to offer relevant, and educational programming, and we're happy you chose to further grow your digital ads expertise with us.*

Go to feedback survey: <https://bit.ly/34B8PqV>



Q & A