



Smart Bidding best practices guide



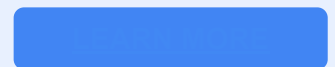
This guide will take you through best practices when getting started with Smart Bidding covering account set up, bidding strategies, assessing and improving performance, and troubleshooting.

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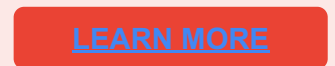
Setting you up for success

This section covers set up and build best practices.



Intro to Smart Bidding strategies

This section covers the different Smart Bidding strategies and how to assess performance.



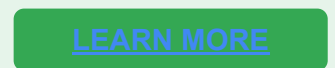
Tips on improving performance

This section covers how to use the recommendations on Google Ads to improve performance, how to test and measure using Drafts & Experiments, and troubleshooting tips.



Case studies

This section covers Smart Bidding success stories.



Appendix



Setting you up for success with Google Smart Bidding

In this guide, you'll learn everything you need to know about Smart Bidding best practices as you set up your account and your campaigns ramp up.



You've just launched a Smart Bidding strategy, here's what to expect:

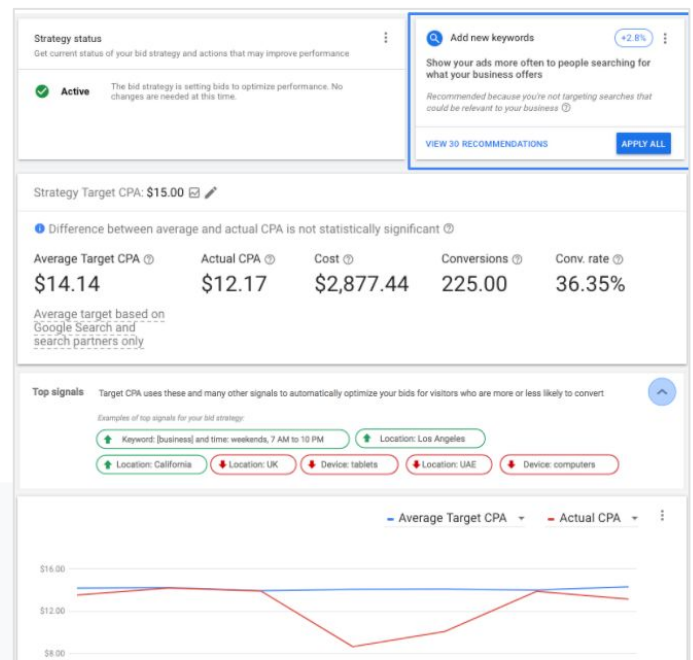
Performance may see temporary fluctuations as the Google Ads algorithm optimizes your new bidding strategy, Smart Bidding is designed to hit your goal over time so the more stable, long-term data points, the more likely consistent performance will be.

Avoid assessing performance too soon. Advertisers are encouraged to evaluate performance once the learning period is complete (typically two weeks after launch).



Pro
Tip

The chart to the right can be accessed via the **Bid strategy report on your Google Ads account**. Learn exactly how many days are left in your campaign's learning period in your [bid strategy report](#).



✓ Things to do

- **Ensure conversion tracking is properly set up** and your campaigns are collecting data. Find out more [here](#).
- **Identify the metric** that will determine success and assess performance accordingly.
- **Allow the campaigns to run for at least one week** before changing the bidding strategy or pausing them.
- Ensure your campaigns are **not limited by budget**.
- **Start off your new campaigns with Smart Bidding**, as most strategies don't require any historical conversion data.

✗ Things to avoid

- **Avoid making too many changes** when the bidding strategy has just been launched such as switching conversion actions or adding a lot of new keywords.
- **Avoid pausing campaigns** as this disrupts the learning period and may delay results.
- **Avoid assessing performance based on metrics that are not in-line with your objectives** (eg. If you are assessing conversion value, avoid putting a lot of weight on CPCs).

Things to consider

Smart Bidding account structure best practices

Accounts using Smart Bidding can be managed more easily with a simplified account structure and other best practices. Follow the below best practices to help you set up for success.



Track the right conversions

A conversion is an action that's counted when someone interacts with your ad and then takes an action that you've defined as valuable to your business. Once your conversion (i.e. user action) is tracked, Smart Bidding will be able to work towards getting more volume and/or more value from that action.



Consolidate traffic

Consolidate traffic into fewer and larger ad groups and campaigns. Consider segmenting your ad groups and campaigns by common themes or depending on the messaging in your creatives. This enables you to increase impression and conversion volumes per ad group & campaigns which helps the bidding strategy perform even better.



Broaden match types

Broader match types increase the reach among your relevant audience and allow Smart Bidding more room to find your most valuable customers. Consider using broad match modifier (BMM) as a way to maintain relevance while increasing reach.



Use Dynamic Search Ads (DSA)

To maximize coverage and incremental reach. Dynamic Search Ads are the easiest way to find customers searching on Google for precisely what you offer. DSA generates headlines and landing pages directly from your website. Learn more [here](#).



Creatives

Leverage Responsive Search Ads (RSA) and dynamic keyword insertion to increase relevance among your target audience. Find about more [here](#).



Budget

It is essential to support the bidding strategy with the right budgets to allow for quicker learnings & improved efficiencies.

- **For new search campaigns:** use Keyword Planner to get an estimate of bids & budgets required to cover for expected demand.
- **For existing search campaigns:** When switching to tCPA or tROAS it's recommended to set your campaigns' daily budgets 20-30% higher than campaign daily spend.
- **For new display campaigns:** set budget as follows: if using Max conversions, set 5x your average account CPA. If using Target CPA, set 5x your tCPA bid.
- **For video campaigns:** set budget as follows: If using Max conversions, set 10x your estimated CPA. If using Target CPA, set 20x your tCPA bid.



You must be tracking conversions to use Smart Bidding. [Learn more.](#) If using Target ROAS or Max conv value, you also need to track conversion value. [Learn more.](#)

Things to consider

Smart Bidding account structure best practices

Put into practice, refer to the below for recommended campaign structure for Smart Bidding.

<p>Manual bidding</p>	<p>Match type</p>	Broad match campaign	adgroup
		Exact match campaign	adgroup
		Phrase match campaign	adgroup
	<p>Device</p>	Mobile campaign	adgroup
		Desktop campaign	adgroup
		Tablet campaign	adgroup
	<p>Audience</p>	10 day (RLSA) campaign	adgroup
		20 day (RLSA) campaign	adgroup
		30 day (RLSA) campaign	adgroup
	<p>DSA</p>	Dynamic Search Ads	adgroup



<p>Smart Bidding</p>	<p>tCPA 10\$</p> <p>Campaign 1</p>	<p>Match type</p>	Broad match or Broad match modifier
		<p>Device</p>	All devices
		<p>Audience</p>	1st-party audience lists applied at account/campaign level. Add the longest & largest list possible to maximize reach
		<p>DSA</p>	Targeting at the ad group level alongside keyword ad groups in the same campaign
	<p>tCPA 18\$</p> <p>Campaign 2</p>	<p>Match type</p>	Broad match or Broad match modifier
		<p>Device</p>	All devices
		<p>Audience</p>	Segmented by ad group within the same campaign
		<p>DSA</p>	Ad group



Select the best Smart Bidding strategies for your campaigns, based on your marketing goals

There are various bidding strategies available in Google Ads designed to help you achieve your marketing goals. Use the chart below to identify which strategies are the best fit for your campaigns, based on your business needs.

What	Maximize conversions	Target CPA	Maximize conversion value	Target ROAS
When	From 0 ¹ conversions	From 0 ¹ conversions	From 0 ¹ conversions	From 15 conversions over the last 30 ² days
How	With budget constraints Search, Display & Video	Without budget constraints Search, Display & Video	With budget constraints Search, SSC, Local campaigns	Without budget constraints Search, Shopping, Display & Video
Why	Get as much volume within a set budget	Drive as many conversions at a desired target	Get as much value within a set budget	Drive as much conversion value at a particular ROI
Metric to consider	Conversions	Cost per conversion (Cost/Conv)	Conversion value (Conv. value)	Return on ad spend (Conv. value/Cost)

Tracking conversion volume

Tracking conversion value

Marketing objective	Choose the right conversion for your marketing objective
Grow online sales	Add to cart, Begin checkout, Checkout
Generate leads	Phone calls, Form submissions, Sales-qualified leads
Increase awareness	Page view, Subscribe, Newsletter sign up, Brochure downloads, Time on site
Grow offline sales	Get directions, Store visits, In-store purchase

✓ Balance micro and macro conversions using [Campaign level conversion settings](#) in campaign settings.

✓ Track values when possible for Target Roas and Max conversion value bid strategies.

PRO TIP: Consider driving specific conversion actions while maintaining one-account set up.

PRO TIP: Adding conversion values are critical for success maximize value as possible within a daily budget.

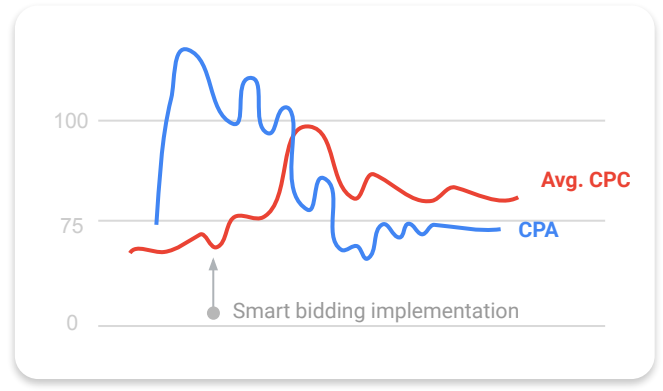


Evaluating the performance of your Smart Bidding strategy

To get an accurate understanding of your performance with Smart Bidding, it's important that you don't run your analysis too early.

Check this timeline on when to evaluate and test bidding performance:

	CPC	CvR	CPA
	\$0.3	0.8%	€36
	\$0.5	1.3%	€36
	\$1	2.7%	€36
	\$1.5	4.1%	€36



To achieve a Target CPA, the max CPC must be proportional to the CvR (Conversion rate). This helps Smart Bidding to improve the performance by predicting the likelihood of conversion from a larger audience to get you more conversions for the same CPA.

Your avg. CPC might increase and CPAs might fluctuate at the beginning, but CPA should stabilize over time.

MUST KNOW: When analyzing performance, you should wait a few additional weeks with the campaign running to have a long enough time period for representative results. Target CPA/ROAS is designed to hit the goal over time so the more conversion data, the more likely consistent performance will be.

Check the Bid Strategy Report to analyze performance. More info [here](#)

Access the bid strategy report
through Shared Library or under the Bid strategy type column on the Campaigns page.

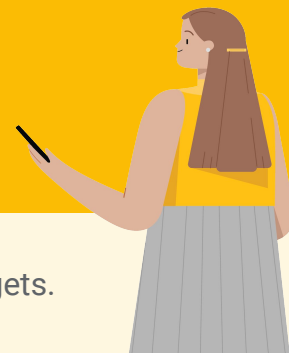
Choose dates to set a time period (at least 2 weeks long) to analyze performance. Ensure that:

- The learning period is excluded from the time period.
- The end date considers your conversion delay (e.g. if conversion delay is 2 days, the end date is at least 2 days prior to when you use the tool to analyze performance).
- If you see a message indicating results are not statistically significant, choose a longer time period.

Look at the right metrics when analyzing performance:

	CPA		CPC
	ROAS		CTR
	Conversions		Clicks
	Conversion value		Impressions

Check the Recommendations page



Identify top campaigns to switch over to Smart Bidding and set optimal bids & budgets.

The Recommendations page provides bids & budgets recommendations to help improve your performance:

[Learn more](#) Watch this [video tutorial](#) on How to use Recommendations page.

Your optimization score ^{BETA} Improve your score by following recommendations in the sections below

71.2%
 Score for Search campaigns

ALL RECOMMENDATIONS BIDS & BUDGETS +13.6% ADS & EXTENSIONS +9.3%

Bid more efficiently with Target CPA +12.2%

Get more conversions at a lower or similar CPA with a fully automated bid strategy

Recommended because our simulations show your campaigns are likely to benefit from Target CPA bidding

Target CPA uses these and other signals to automatically optimize your bids for visitors who are more or less likely to convert

Examples of top signals for your campaigns

↓ Device: Desktops and keyword: kids shirts

↓ Time: Weekdays, 10AM to 6PM ↑ Keyword: baby shirts

[VIEW RECOMMENDATION](#) [APPLY](#)

Click on Bids & Budgets for recommendations and see the **impact on your optimization score**, if recommendations are implemented.



Check **Top signals** to understand which signals are driving performance.



Apply all recommendations in a single click, or expand the card to see each individual recommendation.

- For campaigns not on Smart Bidding, see recommendations for which Smart Bidding strategy to use, what target to set and what the expected impact would be.
- For campaigns already on Smart Bidding, check recommendations for what changes to targets or budgets should be made along with expected impact.

Check the Recommendations page



Check the **expected performance uplift** for each campaign.

Use Target CPA bidding for <u>Indiana - Best Brand</u> with a \$16.18 target	Weekly conversions +25	Cost / conv. -\$0.07	Weekly cost +\$377
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Apply the recommendation and check back for other top opportunities soon!

Use Target CPA bidding for Indiana - Best Brand

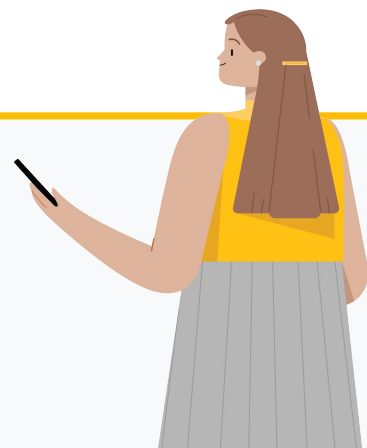
Goal	Target CPA	Weekly conv.	Weekly cost
<input checked="" type="radio"/> Increase conversions at a similar CPA	\$42.20	358	\$15,095.42

You currently spend about \$13,700.26 for 328 conversions with an average cost per conversion of \$41.83

Weekly conv. **+30** Cost / conv. **+\$0.37** Weekly cost **+\$1,395.16**

[CANCEL](#) [APPLY](#)

Note: Recommendations are updated daily, based on many factors ranging from your campaign settings to trends in the ads ecosystem (i.e. auction dynamics). You may see a different score and a new set of recommendations when these changes happen. Keep in mind: scores are spend weighted based on the past 7 days.

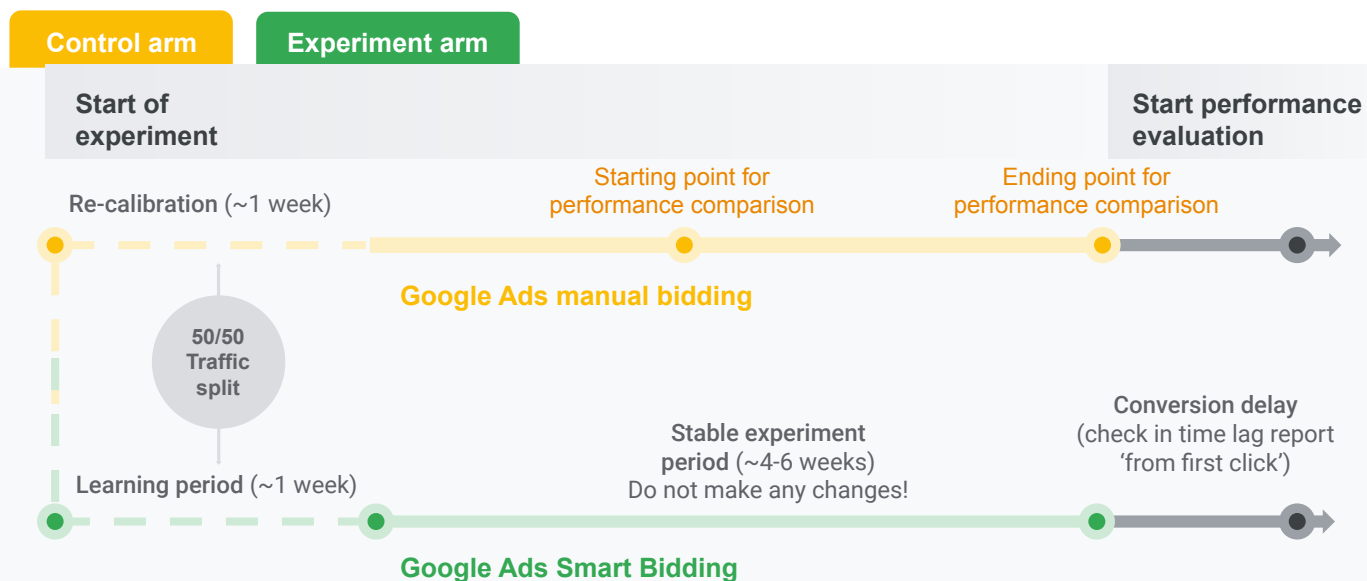


Test & measure the impact of Smart Bidding with Drafts & Experiments

This feature allows you to test and measure the impact of Smart Bidding on a campaign by running two nearly-identical campaigns simultaneously; the only difference between these campaigns is that one will be opted into Smart Bidding and the other will be opted into non-Smart Bidding. Watch [this video tutorial](#) to learn how to set up your own Drafts & Experiments.



If you are happy with your experiment's results, you can turn that experiment campaign into a regular campaign with a push of a button.



View your experiment's performance

1. Sign to your [Google Ads account](#).
2. [Find](#) and click the experiment you want to check performance for.
3. At the top, you'll see a scorecard.

- In the scorecard, you can change the metric you see using the drop-down next to the metric.
- To see the scorecard for ad group in the experiment, click an ad group from the table below.

Performance comparison: Oct 30 - Nov 9, 2020

Cost	Clicks	Conversions	Cost / conv.	Conv. value
\$124K	43.4K	3.04K	\$40.63	496K
+32% [+30%, +35%] *	+5% [+3%, +6%] *	+26% [+18%, +34%] *	+5% [-1%, +11%]	+29% [+18%, +40%] *

- If your result is statistically significant, you'll see a blue asterisk.











Keep in mind

Note: Currently available for Search and Display, including Smart Display campaigns. **Don't forget:** Try to minimize changes to the control campaign during the test period. If you must make changes, mirror them in your test campaigns too!

Troubleshooting

Improve your campaigns by exploring potential sources that may be limiting performance

 <p>Ensure you have enough budget</p>	<ul style="list-style-type: none"> • Add budget to campaigns using Target CPA/Target ROAS, if budget constrained. • Check the Recommendations page for budget opportunities.
 <p>Ensure your targets aren't too aggressive</p>	<ul style="list-style-type: none"> • Use 30-day historical CPA/ROAS, or what the UI recommends • Check Bid Simulator Tool (tCPA/tROAS) for target options with estimated impact
 <p>Ensure targeting isn't too narrow (i.e. your impression share is high)</p>	<ul style="list-style-type: none"> • Use Broad match as your match type for keywords. • Expand keywords via Search terms report and Keyword Planner. • Add 1st party audience lists to campaigns. • Add Dynamic Search Ads (DSA) to your campaigns / ad groups.
 <p>Explore if other campaign settings might be limiting the algorithm's performance</p>	<ul style="list-style-type: none"> • Remove bid adjustments and audience list exclusions. • Choose standard budget delivery.
 <p>Ensure you're assessing performance at the right level</p>	<ul style="list-style-type: none"> • If your campaign is part of a portfolio bid strategy, check your portfolio performance.
 <p>Ensure there aren't any conversion tracking issues and you're considering the right conversions</p>	<ul style="list-style-type: none"> • Check your conversion tag to ensure conversion data is being reported properly. • Mark the conversion as 'Yes' under the 'Include in conversions' column.
 <p>Explore if campaign has experienced other changes</p>	<ul style="list-style-type: none"> • Attribution model, creatives, keywords, etc. changes can impact performance. • Consider any changes made to your landing pages or website.
 <p>Ensure you have allowed the learning period to come to completion</p>	<ul style="list-style-type: none"> • Check the bid strategy report to see how many days are left in your campaign's learning period before assessing performance.

Troubleshooting



Adjust initial setup

Adjust CPA/ROAS targets and budgets to better meet goals.



Check back on your tCPA / tROAS campaigns to evaluate performance.



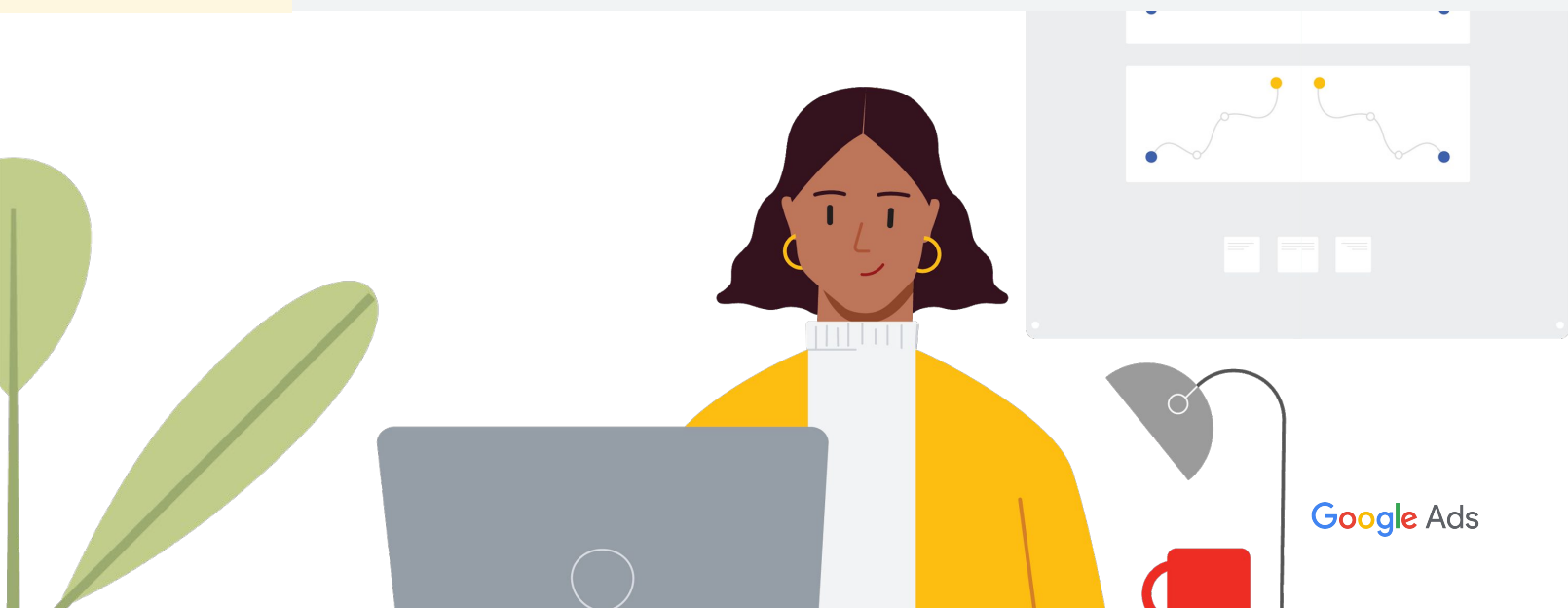
Targets

1. Check how conversions (conversion volume) will increase with a higher CPA (or lower ROAS). You can use one of the following tools:
 - a. Directly in your campaign. Some advertisers can see expected performance impact in the UI when modifying targets
 - a. With the [Target CPA Simulation Tool](#); or
 - a. With Performance Planner
2. Set a new target that makes the most sense for your goals - If more conversions (conversion value) are desired, increase your target CPA (lower your target ROAS).



Pro tip

When looking back to evaluate performance, exclude the learning period and consider your conversion delay to ensure you're accounting for all conversions.





Case studies

✔ Smart Bidding success stories



Trip.com unlocks scale and efficiency with Smart Bidding

Trip.com uses tCPA to unlock scale and efficiency with Smart Bidding; driving +265% more conversions, +457% higher conversion rate, and lowers cost per conversion (CPA) by 69%

Compared to the campaigns with eCPC bidding

[Learn more](#)



Eyewa achieves a 4:1 ROAS through Smart Bidding

Eyewa maximizes conversion value and expands their reach through Smart Shopping campaigns, achieving cost efficiencies alongside a 4:1 return on ad spend.

[Learn more](#)

✔ 3P Smart Bidding success story

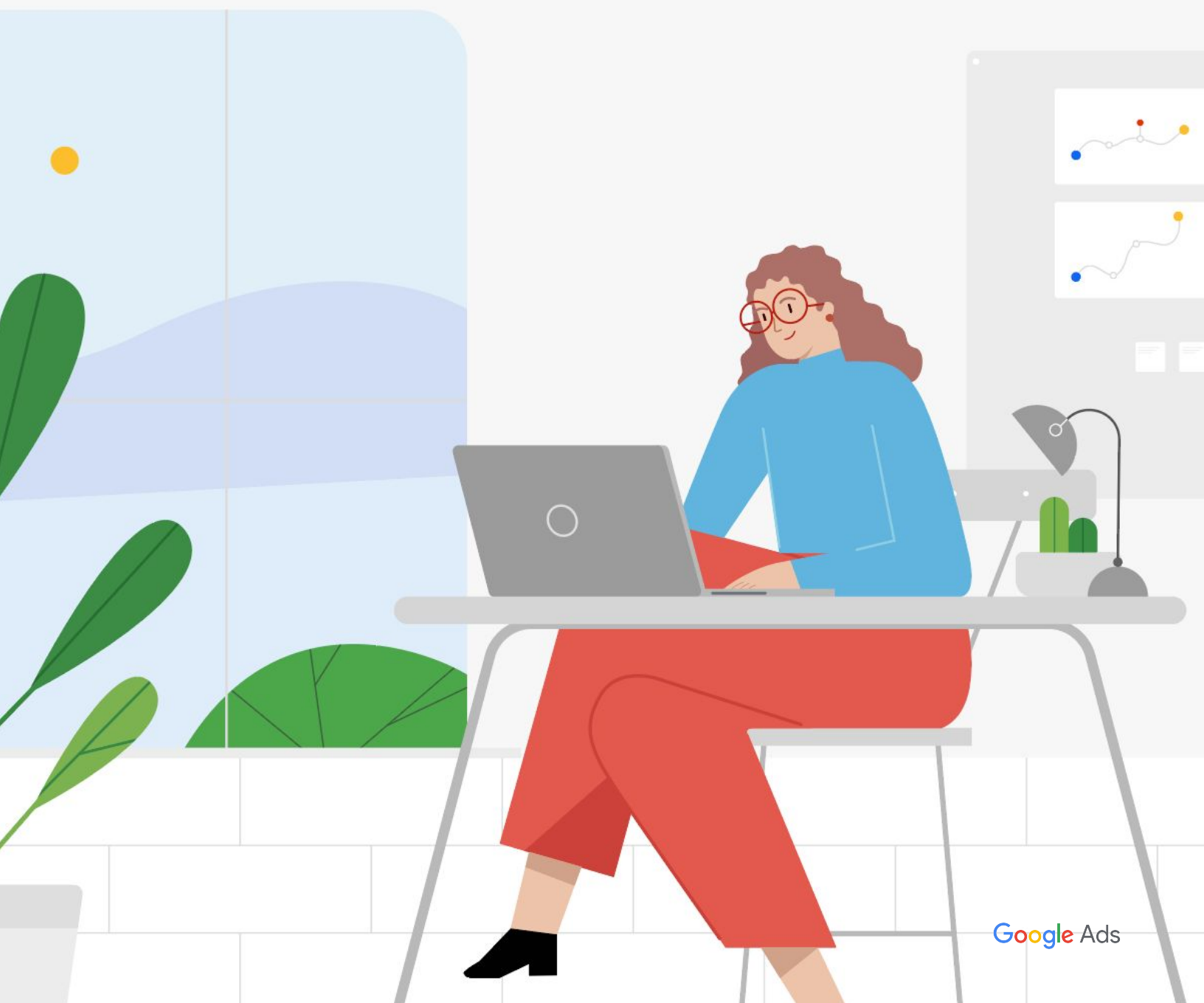


ShopFácil.com uses Kenshoo with Smart Bidding to drive **17% increase in revenue**

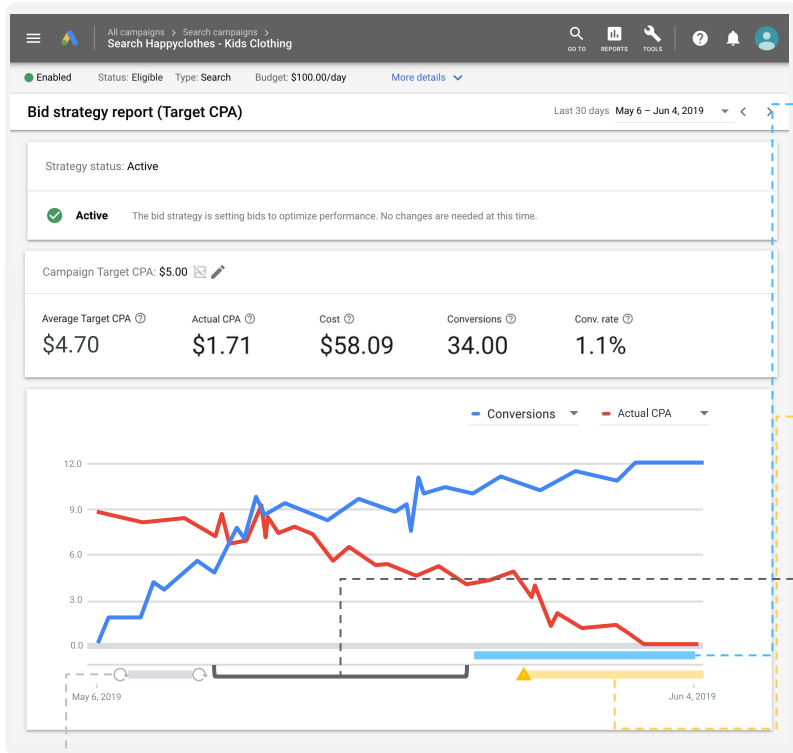
By pairing Target ROAS with Kenshoo optimization feature, ShopFacil.com was able to achieve the efficient growth they were looking for, with a 17% increase in revenue and 18% increase in its return-on-ad-spend (ROAS).

[Learn more](#)

Appendix



Check the Bid Strategy Report to analyze performance



More conversions could be reported (conversion delay)

Conversion data for this period may be incomplete as it takes up to X days after an impression for most of your customers to convert. Select a date range ending before this period or come back to check this date range at a later date.

Limited (budget constrained)

Campaign performance was limited by budget. Increase campaign budget if alert is affecting today's performance.

This is the time period to be analyzed

Ensure it doesn't include any periods with alerts.

Learning (new strategy)

Google Ads is optimizing your new bid strategy. Performance may see temporary fluctuations. No action is needed at this time



There are **two factors** that impact how long you should wait before assessment:



Learning period

The algorithms are constantly learning and adjusting to meet your needs. The more stable, long-term data points they have, the better they can form predictions and optimize to meet your goals.

It typically takes one week for the algorithm to calibrate for a newly implemented bid strategy.

The Bid Strategy Report will show you exactly how many days are left in your campaign's learning period.




Time lag for conversions

Most clicks don't result in immediate conversions. Know your standard time lag for conversions (the average time it takes for a click to result in a conversion) and factor this into the waiting period to ensure you're gauging conversion performance accurately.

For search campaigns, identify your time lag by visiting Search attribution reports, setting a 30-day window and looking at the conversion lag from first click.



For display campaigns, set your date range to a 90-day window and [segment your campaign-level conversion data](#) by "days to conversions." Use this data to calculate your average conversion lag.

 **Keep in mind**

Try to minimize changes to the control campaign during the test period. **Don't forget:** if you must make changes, mirror them in your test campaigns too!

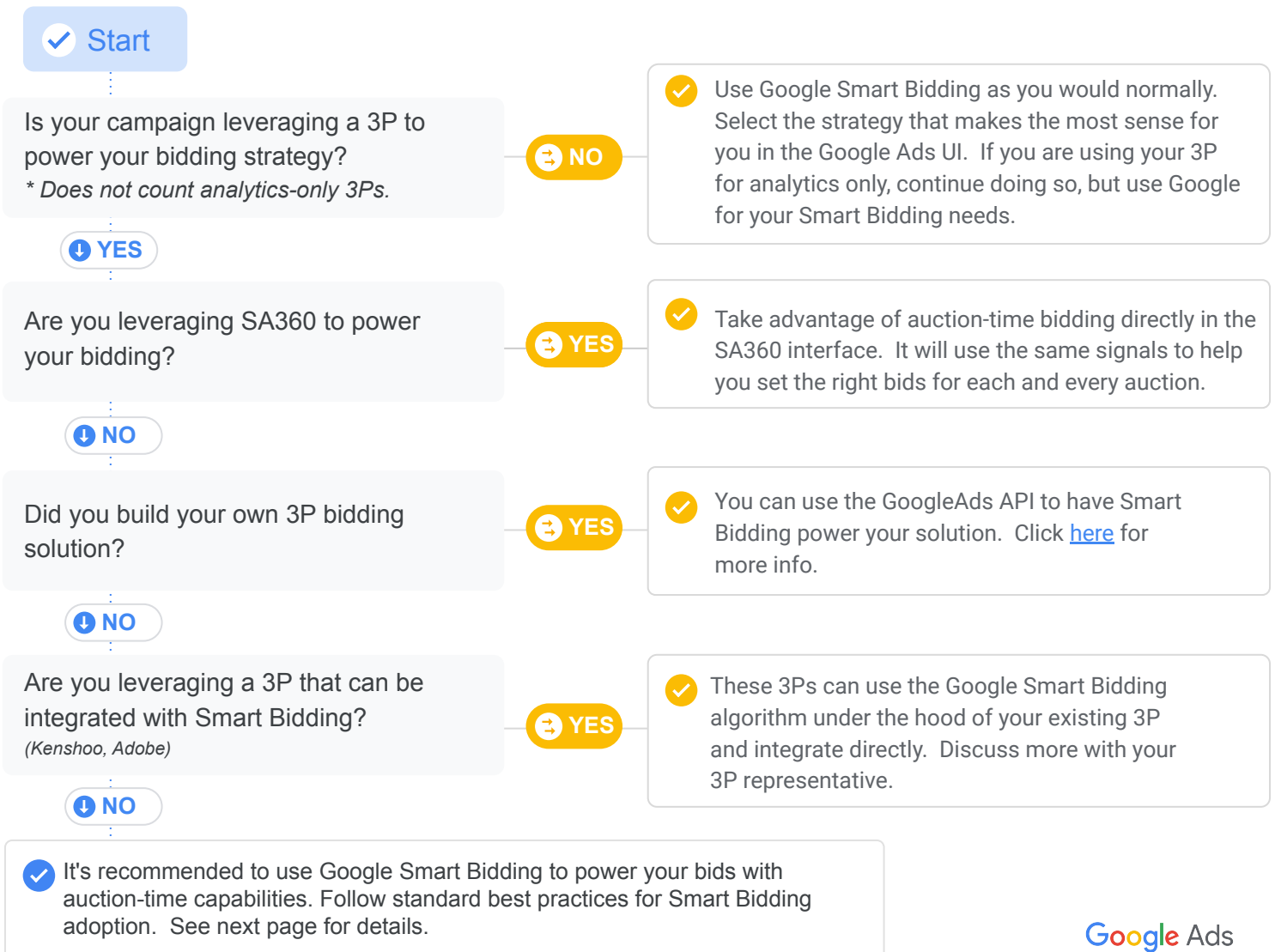
Smart Bidding & media platforms

Smart Bidding is real time while a media platform bids based on averages

 <p>Smart Bidding</p>	<p>Optimizes per auction at the user-level based on that auction's conversion likelihood.</p>	<p>Uses exclusive signals combined with account-wide data for every auction.</p>	<p>Considers recent trends by using aggregate conversion data across the whole account.</p>
 <p>Media platform</p>	<p>Uses only keyword-level bidding and does not optimize for each auction or query.</p>	<p>Only uses bid modifiers in isolation with limited data.</p>	<p>Needs a longer time frame to average out data for optimizations.</p>

Use this flowchart to understand how to effectively pair Smart Bidding with a media platform.

Please be aware that this series of questions should be used as general guidelines and performance is not guaranteed.





Glossary

- **Conversion:** An action that's counted when someone interacts with your ad or free product listing (for example, clicks a text ad or views a video ad) and then takes an action that you've defined as valuable to your business, such as an online purchase or a call to your business from a mobile phone.
- **CvR (also known as CR):** The percentage of clicks that convert to desired actions. Calculated as conversions/clicks.
- **ROAS:** Return on ad spend; the average conversion value (for example revenue) that you get for each dollar you spend on ads. Calculated as conversion value/cost.
- **CPC:** Cost-per-click; the amount you pay per click on your ad.

