



A Bid for Every Auction

Implementing and Improving AdWords Automated Bidding

Ten Automated Bidding Takeaways

The Advantages of Auction-time Bidding

- 1 Bid to the user's context, as close to auction-time as possible.
Why: *Dynamic bids made in real time often lead to better results.*

Manage Bids More Efficiently

- 2 Understand that the true value of automation is saved time.
Why: *Automated bids may save time that you can spend on other areas that are vital to your account's health.*

Pick the Right Strategy

- 3 Choose a strategy that aligns with your main business goal.
Why: *Automation will manage your account to focus on that goal above all else.*
- 4 Automate your bidding based on the most accurate conversion data available.
Why: *Better conversion data means smarter automated bids.*
- 5 Organize like-performing keywords into bidding portfolios.
Why: *Well-defined portfolios give you more transparency and control.*

Test Your Automated Bid Strategies

- 6 Choose the largest campaign that you're comfortable experimenting with.
Why: *In testing, more data means more confidence.*
- 7 Start with targets that align with your historical CPA or ROAS.
Why: *Overly-aggressive targets can affect your volume and cloud the comparison with your historical averages.*
- 8 Keep each bidding test simple, consistent and focused on one KPI.
Why: *Adding other new elements as you test automated bidding can muddy your test results.*

Improve Your Automated Bids

- 9 Don't change things too frequently. Try to keep Target CPA goals, ads and campaign daily budgets fairly steady.
Why: *Steady targets lead to steadier performance. Algorithms take time to adjust to significant changes and conversion delays.*
- 10 That being said, diagnose and fix any issues from big performance declines (such as -80% traffic volume or +80% increases in CPA) as quickly as possible.
Why: *Big performance changes likely indicate a technical issue or implementation error.*

Introduction

Smart bidding is an essential part of a profitable account. You may have a good sense of where you should set your bids, but there could be ways to improve on your current method. Namely, can you set your bids quicker, and can you set your bids specifically for each auction?

Automating your bids with AdWords can deliver better, more informed bids while saving you time. Bid automation delivers control, flexibility and scalability across your entire account. Bid right at the time of the auction to try and better meet your account's goals.

To answer whether automated, auction-time bidding is right for your account, we'll take a deep dive into the specifics:

- Why you should use it
- Which strategy to choose
- How to test it in your account

We'll also take a look at how to manage and improve your bids once you're running automated bidding in your AdWords account.

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The Advantages of Auction-Time Bidding

Key Takeaway

- Bid to the user's context, as close to auction-time as possible

Deciding where to set your bids is important. It could very well determine how profitable your account is. If you're advertising in the US using the AdWords interface, you could potentially apply the following bid modifiers: 17,000 cities, across six distinct blocks of time for each of the seven days in a week, while factoring in mobile users.

There are over one million bidding combinations available to you on just one keyword in that example. It becomes pretty difficult to scale that specificity when you're managing accounts with thousands of keywords.

We created our auction-time (or automated) bidding tools to solve that problem, and the only way to utilize those tools is through AdWords. Automated bidding takes even more factors into consideration when adjusting bids than are available in the interface. Not only that, those bidding decisions are made uniquely for each auction that you enter. It's highly specific bids, made efficiently and at scale.

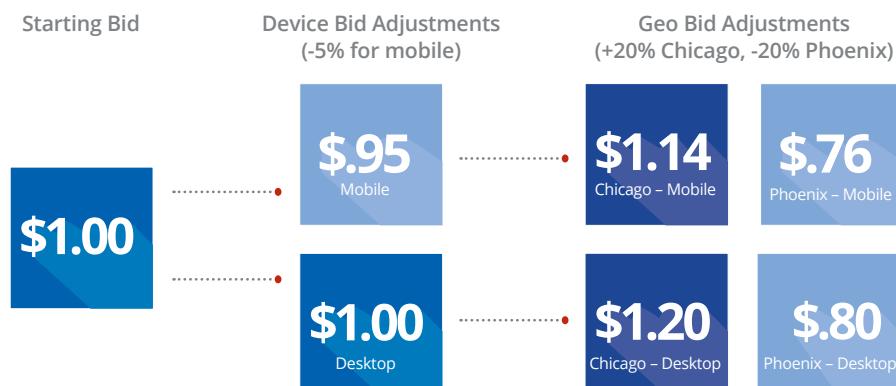
Put simply, Google leverages the best signals we have to help set your bid right at the time the auction happens.

Here are some graphics that show why, for many companies, automated bidding is a better way to bid.

- 1 The block shows the most basic bid possible in AdWords: one price for all clicks. In this case, the price is \$1.00 for any click, any time



- 2 This is a more sophisticated approach to bidding. Manual bids can be adjusted and combined, so that (for example) your higher bid adjustment for mobile phone searches gets combined with your much lower bid adjustment for searches from Phoenix. That might lead to a total bid of \$0.76 instead of \$1.00. Ultimately, you're making somewhat static bids that you'll need to reassess over time.



3 With automated bids, your bid graph looks more like this:



Automated bids adjust your bid at the moment of the auction for each impression based on all the factors in play. So instead of a few basic adjustments, you get subtle (and powerful) shades of all the relevant factors. Things like...

- Exact wording of the query
- More specific device (including OS)
- Time of day

...and other factors like the browser in use or what re-marketing list someone may belong to as a result of visiting your site previously. All can be factored in at the moment of an impression so you get a bid that makes sense for you and your business goals. With automatic bidding, this process is repeated every time your ad enters an auction.

Manage Bids More Efficiently

Key Takeaway

- Understand that the true value of automation is saved time

Besides improving your auction results, automated bidding saves time, allowing you to focus on more strategic optimizations.

Choosing bids is the most time-consuming part of managing an account for many AdWords advertisers. Google data shows that over half of our advertisers change bids on their keywords more than once a week. Advanced practitioners do it even more often.

Think about your account and how many keywords you have. How many manual bid changes are you making in a week? A month? A year? If you have thousands or tens of thousands of keywords in your account, it might look something like the below.

Suppose you:

- Change bids on your most important terms a couple times a week?
 - That's one hour a week
- Change bids on the rest of your keywords once a week?
 - That's another hour a week
- Change your mobile modifiers once a month?
 - That's 30 minutes a month
- Change your location modifiers once a month?
 - That's one hour a month
- Change day-parting modifiers once a month?
 - That's one more hour a month

That's 10+ hours of manual effort each month, even with these modest estimates. Automated bidding reduces the time spent on bidding dramatically, allowing you to reallocate time to optimizing other areas of your account.

One way to value bid automation is to estimate how much incremental volume or efficiency you could get if you shifted the time you spend on bidding to other areas of your account. Think through those tasks that you would like to get to, if only you had the time. Now imagine a world where you have that time.

CASE STUDY: Point It

Point It, a Seattle-based search marketing agency, needed to save time and boost efficiency. They added automated bidding, and suddenly their account managers had time to focus on more strategic initiatives like ad copy and landing page testing. Client performance boomed as a result of that extra time that could be spent elsewhere: a 47% increase in ROAS, with CPAs that were 4% lower and revenues 8% higher.

"We can enable a strategy and leave it running, removing the need for us to manually manage bids for thousands of keywords in a given account," says Point It analytics director Samuel James.

Pick the Right Strategy

Key Takeaways

- Choose a strategy that aligns with your main business goal
- Automate your bidding based on the most accurate conversion data available
- Organize like-performing keywords into bidding portfolios

If you're ready to try automated bidding, the first step is to think about which approach best suits your needs.

Make sure you're working on a platform that gives you an accurate picture of conversions — not just clicks — so that automated bidding can do its job with the best possible results.

More data is better, and bids based on detailed conversion data will be better at helping you reach your business goal.

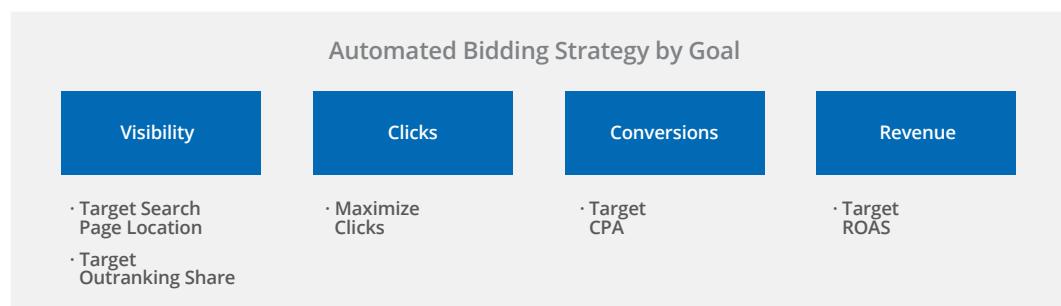
Understand what system has your best source of truth. Either use that system for bidding or import that data into AdWords to utilize auction-time bidding.

Before you launch automated bidding, try to organize your like-performing keywords into bidding portfolios. If you have brand keywords, generic volume drivers, and highly-targeted, sales-ready keywords, put them in three portfolio groups. In AdWords these portfolios often take the form of ad groups or keywords that have similar conversion rates. Organizing keywords into portfolios will help automated bidding make decisions that maximize results for all three groups.

| + BID STRATEGY ▾ | | Remove | | | | | | | | | |
|--------------------------|---------------------|-----------------------------|-----------|-----------|----------|--------|-------------|--------|------------|------------|---------------|
| | Bid strategy | Bid strategy type | Campaigns | Ad groups | Keywords | Clicks | Impressions | CTR ? | Cost | Avg. CPC ? | Avg. position |
| <input type="checkbox"/> | Brand Campaigns | Target CPA | 1 | 0 | 0 | 240 | 802 | 29.93% | \$135.00 | \$0.56 | 1.3 |
| <input type="checkbox"/> | Volume Drivers | Target search page location | 0 | 15 | 18 | 1,156 | 30,024 | 3.85% | \$3,806.44 | \$3.29 | 2.6 |
| <input type="checkbox"/> | Mid Funnel Keywords | Maximize clicks | 4 | 0 | 0 | 482 | 16,791 | 2.87% | \$1,193.05 | \$2.48 | 3.7 |

Use a strategy that makes the most sense across each of your different portfolios and their accompanying goals.

Let's look at some of the automated bidding options available to you. Keep an eye out for the ones that could help you hit your goals. In general, there are four main types of goals, and each type of automation is intended to help you achieve one of those four.



Visibility

These strategies are helpful when you want to ensure that your ad is visible on certain queries and even at certain locations on the page.

If your goal is to:

Have your ads appear on the top of the page or the first page of results.

Use the Target Search Page Location strategy. Your bids will be automatically adjusted to optimize for the placement that you want.

Outrank the ads of a competitor, or have your ad show when theirs don't.

Use the Target Outranking Share strategy. Specify what percentage of auctions you'd like to appear higher than another domain's ads and let the system help you achieve that goal.

Clicks

This is all about driving as many clicks as you can within a set level of spend.

Use **Maximize Clicks** if you have a set of keywords that you want to drive as many clicks for you as possible. It can be particularly effective with driving traffic to upper funnel or high visibility keywords.

Conversions

If you are tracking what happens following a click and you value all of those conversions equally, then this strategy is for you.

If your goal is to:

Maintain an average CPA across a portfolio of keywords.

Use the Target CPA strategy. You establish a portfolio of keywords and a target CPA for that group. Some conversions in the group may cost more than the target, and some may cost less. This strategy will optimize for an average CPA equal to the target you set. Use this if you have a very specific CPA goal for that portfolio in your account.

Revenue

If you're tracking conversions following a click, you can also track the [revenue or value](#) associated with those conversions. This strategy will align your bids directly with the revenue that your clicks generate.

If your goal is to:

Achieve a desired return across your entire portfolio.

Use the Target ROAS strategy. You establish a portfolio of keywords and a target ROAS for that group. The algorithm will then adjust bids to try and maintain that ROAS across the portfolio. Some conversions in the group may cost more than the target, and some may cost less. This strategy will optimize for an average ROAS equal to the target you set.

Test Your Automated Bid Strategies

Key Takeaways

- Choose the largest campaign that you're comfortable experimenting with
- Start with targets that align with your historical CPA or ROAS
- Keep each bidding test simple, consistent and focused on one KPI

TIP:

Bid and budget limits can affect the automated bidding algorithms, so it's best to minimize their effects on the target campaign during your test period. Try to avoid bid limits, and give your campaign budgets room to breathe if you have the ability to do so.

OK: you've picked a bid strategy for each of your account's portfolios. Now it's time test those strategies against your pre-existing style of bidding.

The cardinal rule is: Keep things simple. You want your tests to reveal clearly whether automated bidding is working well for you. So resist the urge to also test new ads or landing pages at the same time and then try to interpret those results together. Stay focused on automated bidding and you'll find it easier to see what's happening and be able to troubleshoot any issues.

Keep it to one goal per experiment as well. If you're finding it hard to set a single performance goal for a portfolio, it may be a sign that the portfolio itself isn't focused and that some of its keywords belong in other portfolios.

It's important to pick the largest campaign that you're comfortable experimenting with. In testing, more data means more confidence. Automated bids rely on account history, so they'll perform better in a larger campaign with more past data to look at. Also, look for a stable time frame for your comparison. Pure A/B testing isn't possible with automated bidding because you can't run two bid strategies on one keyword simultaneously. Remember this limitation when it comes time to review your results.

So the next best thing is to keep your test period and the control period as similar as you can. In particular, be aware of seasonality: the first two weeks in December and the first two weeks in February are likely to be very different in demand and volume.

Here's a basic framework for an accurate test:
Reserve 5–6 weeks to run a full experiment.



[Establish A Baseline \(Weeks 1 & 2\)](#)

Two weeks is a good period of time. Measure your results for those two weeks before you make any changes to your account. And remember to avoid any seasonal issues like holidays when establishing this baseline.

[Begin Your Test \(Week 3\)](#)

Set your goal to where your CPA or ROAS has been trending in recent weeks, preferably from performance during your baseline. Don't set an aggressive target for this test; that can affect volume and create big swings in spending. What you want is an accurate comparison of the algorithm's performance against your earlier approach.

Remember to factor in your standard conversion delay as you establish your baseline and review performance. There may be a period in between your baseline and the start of your test if conversion delays are significant enough.

In the first week of this test period, be patient. The algorithm will test different approaches and zero in on what works best. Don't panic if conversions go down briefly (although they may also go up); you should see bids stabilize by week's end.

[Monitor Your Test \(Weeks 4 & 5\)](#)

After that first adjustment week is over, run for another 2–3 weeks with automatic bidding working at full capacity. This is when you'll [monitor your test](#). Don't make any major changes. Remember that more data is better, so the longer your experiment runs the clearer your picture will be.

[Evaluate Performance \(Week 6\)](#)

Before you draw any conclusions, go back to the strategy you chose and review the results you were looking for. Focus on the your account's main goal; other metrics may be better or worse, but the main goal of your account is the key. Compare your 2-week control period to your 2–3 week experiment period. (Important point: omit the 1-week adjustment period at the start of the experiment.) Ask yourself this as you look at the data:

Is performance improving over time? Are your results trending toward the target level as your experiment progresses? Are they surpassing the target?

If your automated test was a success, scale it to other campaigns.

Improve Your Automated Bids

Key Takeaways

- Don't change things too frequently. Try to keep CPA goals, ads and campaign daily budgets fairly steady.
- Diagnose and fix issues from significant performance changes as quickly as possible.

TIP:

Review the time lag report in your account to see how long your clicks take to turn into online conversions.

Take special care when using automation if you have extremely long conversion delays. Generally, the longer the conversion delay, the longer it takes for automation to react and the less connected a conversion is with the original click.

Use intermediate conversion types (such as lead submission forms) to drive your bidding strategy if your main conversion path is too long. If you're importing off line conversions, try and import that data as soon as possible.

TIP:

Running flash sales? If so, and if you're using automated bids, try increasing your targets to accommodate the expected spikes in traffic and conversion rate.

Conversion delays could eclipse your entire sale and not give your bids a chance to respond. You could also consider going off of automated bidding entirely just during those short sales.

By now you've picked your strategy, tested it and learned if automated bidding works well in your account. Assuming that it does, you can start running it full time.

As you enjoy the improved results, you can also think about how to make them even better over time. Here are some tips for optimizing your automated bidding campaigns and portfolios.

Don't make changes too frequently. Steady targets lead to steady performance. Algorithms take time to adjust to significant changes... and if you get antsy during those adjustment periods and make even more changes, you can end up in a cycle of confusion.

That's not to say you should never make changes to things like your target CPA/ROAS goals, your ads or your daily budgets. But for best results, stagger your changes in small increments that will eventually get you to where you want to be.

As a rule of thumb, allow one week in between changes. Then as things stabilize, you can make other adjustments.

Be alert. Diagnose and fix issues from significant performance changes as quickly as possible. Changes of +/- 80% are most likely a result of a technical issue or an error in implementation. When they happen, don't wait for the algorithm to stabilize; it's probably a larger problem.

Plan for conversion delays. The automated bidding system looks back at performance for up to 90 days in the past, but recent data is more influential. Know what your standard conversion delays are, then wait at least that long before trying to gauge performance. As an example, if you have an average conversion delay of seven days, exclude the last seven days of performance from any analysis that you perform.

Keep ad groups tight. Tightly-themed ad groups (both in terms of relevance and of expected performance) help the automation algorithm make good choices when it encounters sparse data. In these tricky situations, the algorithm relies on conversion rates for related queries to estimate the value of a click and then determine the bid. If it finds a lack of data for a given keyword, it will look at your ad groups next for added insights on the related queries. The more cohesive the ad group, the better the insights it will gather.

If you want more control over keywords that are light on conversions (due to being new or low volume), you can test using a different bid strategy until you get enough conversion data. Target search page location can place those keywords on the first page, or maximize clicks could drive traffic from those terms as you ramp up volume.

Use bid limits sparingly. You can set minimum and maximum bid limits in your AdWords campaigns, as always. But we encourage you not to use them with automated bidding. Some people think that capping the maximum bid will act as a sort of “safety net” for a campaign, but in fact any kind of bid limits can inhibit the algorithm’s performance. One possible exception to this rule is setting bid minimums for low-volume keywords.

Conclusion

Automated, auction-time bidding can be a simple and powerful solution to the often complex challenge of finding the right bid for each individual auction. It may be a useful addition to your own account as well.

To get started, decide which strategy is right for your business and then test it out. If it’s working right, you’ll see better results while saving hours and days of management time in the long run.

The final goal, of course, is driving the clicks, conversions, revenue and profit you want at the price that makes the most sense for your business.

If you’d like to learn more about automated bidding, including how to set it up in your account, visit the [related article](#) in the AdWords Help Center.

To view other Google Best Practices, check out the full collection at g.co/GoogleBP.