Your guide to value-based bidding

Get closer to your business goals by assigning values to your conversion actions and adopting a value-based bidding strategy.

Value-based bidding strategies, like Maximize conversion value with an optional target return on ad spend (ROAS), can give you a better return on investment by bidding toward your most valuable customers. Because some customer interactions are worth more to your business than others, it’s important to guide your automated bidding strategy by assigning values to the conversion actions you track in your campaigns.

On average, advertisers that switch their bid strategy from having a target cost-per-action (CPA) to a target ROAS can see 14% more conversion value at a similar return on ad spend.*

Here’s the latest guide to value-based bidding, including how to set up, measure, and troubleshoot.

What we’ll cover:

- **Getting started**
- **Setting it up**
- **Do’s and don’ts**
- **Troubleshooting checklist**

*Google internal data, Global, March 2021.*
Getting started

First, make sure you have conversion tracking set up.

Conversion tracking helps you measure the actions that matter to your business goals, and it gives you a clear picture of how your automated bidding strategy is doing. Once that’s set up, you’ll be ready to assign values to your conversion actions.

What’s right for me?
Transaction-specific vs. average conversion values:

Transaction-specific conversion values

In general, we recommend using transaction-specific values to give your value-based bidding strategy the most accurate data to work with. Be sure to import your offline conversions to track and bid on actions that can happen after a customer has interacted with your ad. As a best practice, bid to the conversion actions that are closest to the final sale.

Average conversion values

If you’re unable to import your offline conversions, you can still assign average, or static, values to your online conversion actions so that your value-based bidding strategy can work toward the highest-value conversions for your business.

The calculator tool is designed to help you determine the average value that each conversion action brings to your business in cases where you’re not able to use transaction-specific values.
Once you’ve identified the average value of your conversion actions with the tool, here are the next steps to assign values and start using a value-based bidding strategy. **Remember, you should only be using average values if you’re unable to use transaction-specific values**, and you should have more than one conversion action with an assigned value in order to use value-based bidding.

### Assigning an average value to your conversion action

1. Sign in to your [Google Ads account](https://ads.google.com).
2. In the upper right corner of your account, click the tools icon.
3. Under “Measurement,” click **Conversions**.
4. Click the name of the conversion action you’d like to assign value to (once conversion tracking is set up).
5. Click **Edit settings**.
6. Click **Value** and **Use the same value for each conversion**. You can input the average conversion value identified by the calculator.
7. Click **Save**.
8. Click **Done**.
Setting it up

After you’ve assigned a value to your conversion action, we recommend you report the new values in your conversion value column and wait six weeks before switching your campaign to a value-based bidding strategy. This can give you a smoother transition as Google Ads learns which conversions are most valuable for your business.

Set a reminder in your calendar. (Google Calendar | Apple Calendar | Outlook)

Switching to a value-based bidding strategy

1. Sign in to your Google Ads account.
2. In the page menu on the left, click Campaigns.
3. Select the campaign you want to edit.
4. Click Settings in the page menu for this campaign.
5. Open Bidding and then click Change bid strategy.
6. Select Conversion Value from the drop-down menu.
7. (Optional) Click the box for target return on ad spend (ROAS) and input the desired percentage. Use this if you have a ROAS goal you’d like to bid toward.
8. Click Save.

Tip: Use the target recommended in the campaign settings or Recommendations page in your account. Targets recommended are based on your historical performance while accounting for conversion delays.
Do’s and Don’ts

Here are some best practices to help you make the most of your value-based bidding strategy and budget.

### Structuring your campaigns

| Do: | We recommend using a [portfolio bid strategy](https://ads.google.com/bidstrategy) with shared budgets, or merging campaigns when possible to maximize performance across campaigns. |
| Don’t: | To maximize performance within your budget, avoid over-segmenting your campaigns. |

### Allocating your daily budgets

| Do: | If optimizing for a target ROAS, using uncapped budgets will make sure you don’t miss out on any valuable conversions. If optimizing for maximum conversion value, set your daily budget to what you’re comfortable spending, since this strategy will aim to spend your daily budget. |
| Don’t: | Adjust your daily budget if optimizing for a target ROAS. Instead, adjust your target ROAS to control spending. |

### Setting your target ROAS goal

| Do: | Make sure your target ROAS is realistic. Use a 30-day period historical ROAS (in the conversion value/cost column), taking into account the conversion value delay, or what Google Ads recommends. |
| Don’t: | Set your target ROAS too high, which can restrict your reach. |

### Measuring performance

| Do: | Give your bid strategy time to stabilize and gather long-term data points to form predictions and bid for conversions. Check the [bid strategy report](https://ads.google.com/bidstrategy) to see how much more time your bid strategy needs to ramp up, and identify your conversion delay, before assessing performance. |
| Don’t: | Measure performance while the bid strategy is ramping up, and don’t forget about your conversion delay. Long conversion delays can make it seem like Smart Bidding is performing poorly when measuring a recent time frame. |

### Looking at metrics

| Do: | If a campaign is using value-based Smart Bidding, you should look at conversion value-based metrics to determine success. If you’re using a portfolio bid strategy, assess your performance at the portfolio level. |
| Don’t: | Focus solely on metrics not related to your conversion goals (for example, measuring clicks if your goal is to maximize ROAS). |
Here are some ways to help make sure you’re set up for success.

| If you’re hitting your daily budget too quickly | Add budget to your campaigns or adjust your target ROAS (if using).  
| Check the Recommendations page for budget opportunities. |
| If your impression share is high and you’d like to drive more volume at your ROI target | Use broad match as your match type for keywords.  
| Add first-party audience lists to campaigns.  
| Add [Dynamic Search Ads](https://support.google.com/adwords/answer/7052957) to your campaigns and ad groups.  
| Check the Recommendations page for growth opportunities, like adding new keywords. |
| If you’re unsure whether your campaign is performing at its potential | Remove bid adjustments and audience list exclusions.  
| Consider any changes recently made to the attribution model, creative, or keywords.  
| Consider any changes made to your landing pages or website.  
| Check your conversion tag to make sure conversion data is being reported properly.  
| Check the Recommendations page for improvement opportunities. |
| If you’re unsure whether you’re evaluating performance at the right time | Check your bid strategy report for guidance on when to measure performance and be sure to evaluate performance over a period of several weeks or after your campaigns have accumulated 50 or more conversions.  
| Be sure not to evaluate performance during ramp up. Your bid strategy report can tell you when this is.  
| Take your conversion delay into account, and be aware that more conversions and conversion value may be reported during this period. |