

MODULE 4 LESSON 2

Bid Strategies

TRANSCRIPT

Hello, welcome to module four, lesson two, and in this slide deck we're talking about bid strategies. Now, I wanted to talk about bid strategies before we actually get into the campaign setup. 'cause often it can be a confusing portion of campaign setup. And I'll talk through the different options in this slide deck. So what we'll cover is an overview of the key bid strategies,

the bid strategies that will be available for each campaign, and then use cases of each strategy. So there's two distinct types of bid strategy. One is a manual bidding strategy, which is usually referred to as manual C, B, C or cost per click bidding. That is where you set the keyword bids. So this is really the traditional Google ads where you input a keyword bid and Google then shows your ad if you're eligible.

Okay. We've now moved almost fully towards automated bid strategies, and that's also at our agency. We mostly use fully automated bid strategies, and they're things like maximize conversions, maximize conversion value, target impression share, and maximize clicks. Now with these automated bid strategies, you don't actually use cost per click bidding. So you're not actually setting a keyword bid.

Google are setting the keyword bid based on the data that you are feeding it. Okay? So there's distinct difference. One is you are setting the keyword bid manual bidding, and two is automated bidding, which is not keyword based bidding. So manual bidding, you set the bid at a keyword level or at an ad group level. The dynamic search ad groups,

that is, but for the most part, in each search campaign that's using manual bidding, you set a maximum cost per click that you're willing to pay. So you tell Google, I want you to

show my ad as long as you can get the click for under \$2. Okay? Now, with automated bid strategies, you don't set a keyword bid.

However, this relies on accurate conversion tracking because instead of using bids, you are telling Google, I want you to get as many conversions as possible within these certain constraints. All right? So you are focused on the end output. So it's more conversion based bidding. You are wanting to bid on things at a conversion level. So saying, I'm willing to pay X amount to get a conversion,

or I want to get X percent return on ad spend for each conversion rather than focused on a click based cost. So it is a good thing these automated bid strategies are a good thing. It's just important to understand the difference. So I'm gonna go through the different bid strategies here. Okay? So the first one is target impression share. What this is,

is it automatically sets your bids with the goal to increase your ads chance of appearing in the search page area that you select. All right? At a very basic level, what that means is basically you are telling Google, I want you to sit as high up on the page as possible, or you know, I want you to sit as on top of the page 90% of the time,

and I don't really care how much it costs for me to get there. So it's more of a position based strategy, and you're focused on getting as high on the page rather than the output. The benefits of this type of bid strategy is it gets you higher up on the search results. However, the cons of this is that it doesn't consider performance.

It's only focused on impression share, and I don't teach at all to focus on impression share as your primary metric of what you're wanting to achieve or your primary goal of what you're wanting to achieve inside an ad account. We wanted to get conversion. So this isn't a conversion focused bid strategy because it's saying don't evaluate the performance or the likelihood of conversion of that keyword or that search term.

When my keyword is eligible to show, I want you to be high up on the page and I don't care how much it costs to get me there. So it also can lead to higher click costs without

that increased performance. Personally, this is only active in a very few campaigns that we have inside our client portfolio, and I wouldn't recommend testing it unless you are wanting to test another bid strategy on your brand search campaign.

Because with your non-brand search campaigns, you don't want to say to Google, just get me on top of the page at all costs, okay? Because it's not going to then be conversion focused. So the next bid strategy is manual CPC, which is the manual bidding strategy that's available, and that's where you set your own maximum cost per click for your ads.

Any one click can be up to double your maximum cost per click. So if you set your bid at \$2, Google can pay up to a maximum of \$4. However, on average all clicks will be \$2 or under. The benefit of this is that you have more control over click costs. So you can tell Google, I don't want you to pay more than this per click.

However, we're not really focused on click costs being our primary consideration of what makes a good keyword or not. So the cons of this is that it doesn't consider performance. It, it only focuses on click cost. And if you're just looking at things at a click cost level, then you're not evaluating the output of things. So if a keyword costs \$2,

but one in every 100 people convert versus a keyword that costs \$10, but 10 in every a hundred people convert, I'd rather pay \$10 and get a higher conversion rate. 'cause the actual cost per acquisition or return ad spend will be better than the cheaper keyword cost. So if we're focusing on just the end click cost of a keyword, we're not evaluating the output or the performance.

All right? So this also doesn't leverage Google's intelligence. So they automated bidding intelligence and the number of data signals that they've got at their disposal. There's also a lot more manual work and heavy lifting during the setup and optimization phase of your account. So during setup, you've gotta set keyword bids, and that can be really time consuming. And also during the account optimization,

toggling bids and bid management is also quite a heavy portion of account optimization. So it does lead to increased work. We only use manual bidding for brand search campaigns. We might use it on the odd case for non-brand search campaigns. If we can't get one of the other bid strategies to work, we might test it against another bid strategy. But during the campaign setup phase,

we would only use this for brand search campaigns. All right, so that's when you're bidding on your brand name or your client's brand name. So it's not our preferred bid strategy unless it's a brand campaign. We then have maximize clicks, which automatically sets your bids to help you get as many clicks as possible within your budget. You can optionally add a maximum cost per click limit to cap click cost.

That's a lot of Cs to cap click cost. Okay? So the benefits of this is it's focused on getting you a logged clicks. However, the drawback is that it doesn't, again, consider performance. It's only focused on getting you the click. And if you don't add that maximum cost per click bid limit to it, we have seen really exorbitant click costs.

I mean, there's been times where I've audited an account that's been on maximize clicks, and a single click might have cost someone a hundred dollars because the bid strategy is telling Google what you want to achieve. And if you are telling Google, I just wanna get as many clicks as possible, Google is just gonna try and get as many clicks as possible without considering the performance attached to it.

So again, this is not my preferred bid strategy. We might use it if one of the other bid strategies isn't working and we kind of need to evaluate to see if we can get something else to work, but I personally would never use maximize clicks as a bid strategy unless there was a reason behind doing it. Now, the next bid strategy is called maximize conversions.

Now what this does is it automatically sets your bids to help you get the most conversions within your budget. Okay? So there's also the option to add a CPA target to this bid

strategy, and this bid strategy is referred to as Target CPA. So it's kind of like two bid strategies. The first portion of it is without a CPA cap to it.

That's called maximize conversions. And the second part is when you add a CPA target to it, it's referred to a Target CPA. So the pros or the benefits of this bid strategy is that it's really performance focused. It leverages Google's automated intelligence and their data points and sets bids for your ads based on the ads likelihood of conversion. So what it is able to get is all the data on the person searching and determine whether they're likely going to convert on the site that you're advertising.

So it's got all this intelligence that it uses to determine whether it's worth entering your keywords or your targeting in that auction. The drawbacks of this is that you need to ensure you have accurate conversion tracking. To put it simply, automated bid strategies cannot work without accurate conversion tracking because the whole point of automated bid strategies is that it's using past performance to determine future bidding.

So it's saying it's getting all the intel from your previous history, your previous account history, and saying, okay, well that person converted and and they had this audience profile, ah, and this person converted, oh, but this person didn't convert. So I'll try and bid less on people like that and I'll bid more on people like this. However,

if your conversion tracking isn't accurate, then it's got no hope. It's not going to be able to effectively use the information inside the account to bid on people who are going to convert. So the primary thing, if you are using maximize conversions or the next strategy, maximize conversion value, you need to have accurate conversion tracking. Okay? And if anything happens to conversion tracking,

it also can cause havoc with the bid strategies too, because again, everything that they're using, they're kind of using all this intelligence from the conversion history of the account. The other drawback, which I haven't got on here as well, is that it sometimes can be

difficult to use these bid strategies with brand new accounts because they don't have any conversion history on it,

and therefore they don't have enough information or intelligence to be able to bid effectively if they don't have kind of conversion history in the account. Okay? So it might not work if you've got a brand new ad account, but it doesn't mean we can't test it. The other thing is you need to pay really close attention to your budget when there is no CPA target set.

So like I said, there's two phases to this bid strategy. The first one is maximize conversions without a CPA target. And when you have that bid strategy set, your budget is controlling essentially the performance of the CPA. Okay? Now, that can be a hard concept to get your head around, but if you give Google a thousand dollars a day and you go and say, get me as many conversions as you can get, they will keep spending your money and spending your money in order to get you as many conversions. They might only be able to get you five conversions, and they've spent \$200 per lead, okay, per conversion. However, if you set the budget of a hundred dollars, they might still be able to get you five conversions for \$20 each.

So you can't have a high budget and unlimited budget with maximized conversions and no CPA target. So you need to make sure when you set this budget without a CPA target, you need to have a really low budget, start off with \$10 a day and then increase it in increments until basically you hit the tipping point where the increased conversions cost too much. Again,

I'll go into this more in module seven with optimization of budget, but when you're using the maximized conversions bid strategy, you cannot have an uncapped budget. It won't work. Now, when would you use this? This is our preferred bid strategy for CPA accounts across non-brand search and performance max campaigns. So we'd recommend using

this bid strategy on your non-brand search campaigns and Performance Max provided that you have accurate conversion tracking.

Maximize conversion value is essentially the same bid strategy as maximize conversions, except it's using revenue rather than CPA as the driver of what it's trying to achieve. It's trying to get you as much revenue as possible rather than just as many conversions as possible. So again, you've got the option to add a ROAS target to this bid strategy, which is referred to as target roas.

You've got phase one without the ROAS target and phase two with the ROAS target. It's a great performance focused bid strategy, and it leverages Google's automated intelligence like maximize conversions. The drawbacks, again, you need to have accurate conversion tracking. And the same thing, you need to pay really close attention to budget when there's no ROAS set. Budget will control performance when there's no ROAS target set,

okay? And it doesn't always work for brand new accounts. This is our preferred bid strategy for ROAS accounts. So E-com accounts across non-brand search and performance max campaigns. And I should just say, when you're setting up a new campaign, you most of the time have to start with the non ROAS or non CPA target. So you have to either start off with maximize conversions or maximize conversion value with your goal to then adding a CPA or ROAS target once you are hitting about a conversion per day over a 30 day period.

So unfortunately, you can't start straight off the gate most times with the maximized conversion value and a ROIs target or maximize conversions with a CPA target, you have to toggle it with your budget, do that optimization with your budget, and then once you're meeting this threshold of conversion volume, then you add a CPA or ROAS target. Okay, again, covered in module seven,

there are some other bid strategies that I'm not going to cover in this slide deck because they're not relevant for the course and I don't teach them or use them, so I'm not gonna

cover the other ones. You can go and look on Google support if you do want more information about those. So the bid strategies available for search campaigns are, those are the automated ones,

which are maximize conversions with or without a CPA target, maximize conversion value with or without, with or without a ROAS target. Maximize clicks and target impression share. They're the automated ones. And then you can also use manual CPC bidding. Our preferred bid strategies for your brand campaign is manual CPC with enhanced conversion or conversion value added across. I teach that in the brand campaign set up lesson,

but essentially our preferred initial bid strategy for brand campaigns is manual CBC or enhanced CBC, and then if that's not working, you test something else. Okay? But that's what we would set up a campaign with. For non-brand campaigns, we would recommend either maximize conversions or conversion value initially without a CPA or ROIs target, and then move towards adding the CPA ROIs target when performance stabilizes and you meet some conversion thresholds.

If you are not seeing performance with one of those bid strategies, then we'd recommend testing one of the non-preferred ones, like a maximized clicks or a manual CBC. But initially during campaign setup, we'll be recommending the maximize conversions or conversion value performance Max. The bid strategy is available are pretty simple. Their only maximized conversions with or without the CPA target or maximize conversion value with or without the ROIs target.

So our recommendation is for e-comm to use maximize conversion value initially without the ROIs target and for lead gen to use maximize conversions without a CPA target moving towards adding that CPA and ROAS target once performance stabilizes and you meet some conversion thresholds, which again is covered in module seven, traditional shopping. I'll touch on it here, but we don't set up a lot of traditional shopping campaigns anymore.

You still have the option to do it in the interface at the time of recording this video, I'm not sure how much longer you will, but the bid strategies available here are Target ROAS, maximize clicks and manual, preferably any shopping campaigns that are existing already, so that are, that are in an account that you're inheriting or taking over, or in an account that you're currently running.

Hopefully they're on target ROAS bid strategy. That would be our preferred one. From with that, if we're setting it up from scratch, it's a, it's hard to say, I'd probably go with Target ROAS as if I was setting it up from scratch. I don't tend to set up a lot of shopping campaigns from scratch because I'm using Performance Max as my preferred shopping campaign.

Now, let's briefly touch on some bid strategy statuses, because this can tend to trip people up. There are four key statuses inactive. Essentially that means your campaign is paused or you're targeting inside your campaign is paused. So it's saying, I don't, I'm not doing anything at the moment active. That's pretty straightforward. Your bid strategy is active and working.

Learning tends to trip people up. Your bid strategy can get kicked into learning mode, which isn't an issue. It shouldn't be a cause for concern. It shouldn't be an issue. Essentially, it just means that there's been some recent changes to the campaign or some recent optimizations, which is happening all the time. So regularly in our accounts, our bid strategies will be on learning and it doesn't impact performance.

Essentially just saying that the bid strategy has new data to work with, so nothing to worry about. Limited is also something that trips people up, and that's not something that necessarily needs to be worried about either. So there are a few key limited things limited by budget. That means that there's more search volume available than budget allocated. So essentially that there's more people searching for the keywords or the targeting that you have.

Then you have budget allocated each day. There's a potential to increase your budget. A, does that mean it's good or bad? It doesn't mean either of those things. One, you could have a budget constraint from your client or yourself, and you can't, you don't actually have the additional budget to add, or B, you don't want to because the performance isn't there.

So it's just telling you, Hey, there's more search inventory than you're currently capitalizing on, but it's all relative. Is the campaign performing well? Then I would look at increasing budget. Is it not performing well? I don't really care if it's limited by budget or not limited by inventory that it could be limited because there's not enough search volume. So it's saying that,

Hey, this bid strategy isn't able to work properly because there's not enough people searching for the keywords or the targeting inside the campaign. But again, you need to evaluate, are the keywords converting? Is the campaign converting? Everything sort of needs to be looked at in association with what's happening inside the campaign and limited by bid strategy. Google often flags this one,

and I don't necessarily take it with any consideration. I'll look into it sometimes, but essentially what Google is saying is, oh, we think there's a better bid strategy for you for this campaign. Again, I don't really care what Google thinks about my bid strategy. I'll determine that based on how the campaign's performing, but they will flag that, and it does look like an error in the account as well.

I recommend that you try a different bid strategy. Again, not something that I'm overly concerned with. So do you need to worry about these? Most likely not you can post in the Facebook group if you're going through the active course with what's going on. But generally we'll come back to saying, evaluate it on performance basis. Is the campaign performing well?

Okay, well, don't worry about what Google is saying about it being limited. Is it not performing well? Okay, maybe we can do some things there. Okay, you are done. I hope

this was a good overview of the different bid strategies. It can take a while to wrap your head around what the bid strategies are in here. I've gone through the preferred ones for the different campaign types.

It doesn't mean we don't use the non-preferred ones, it's just that they're not our preferred bid strategies at the setup phase, but we might test them if things aren't working. Okay.