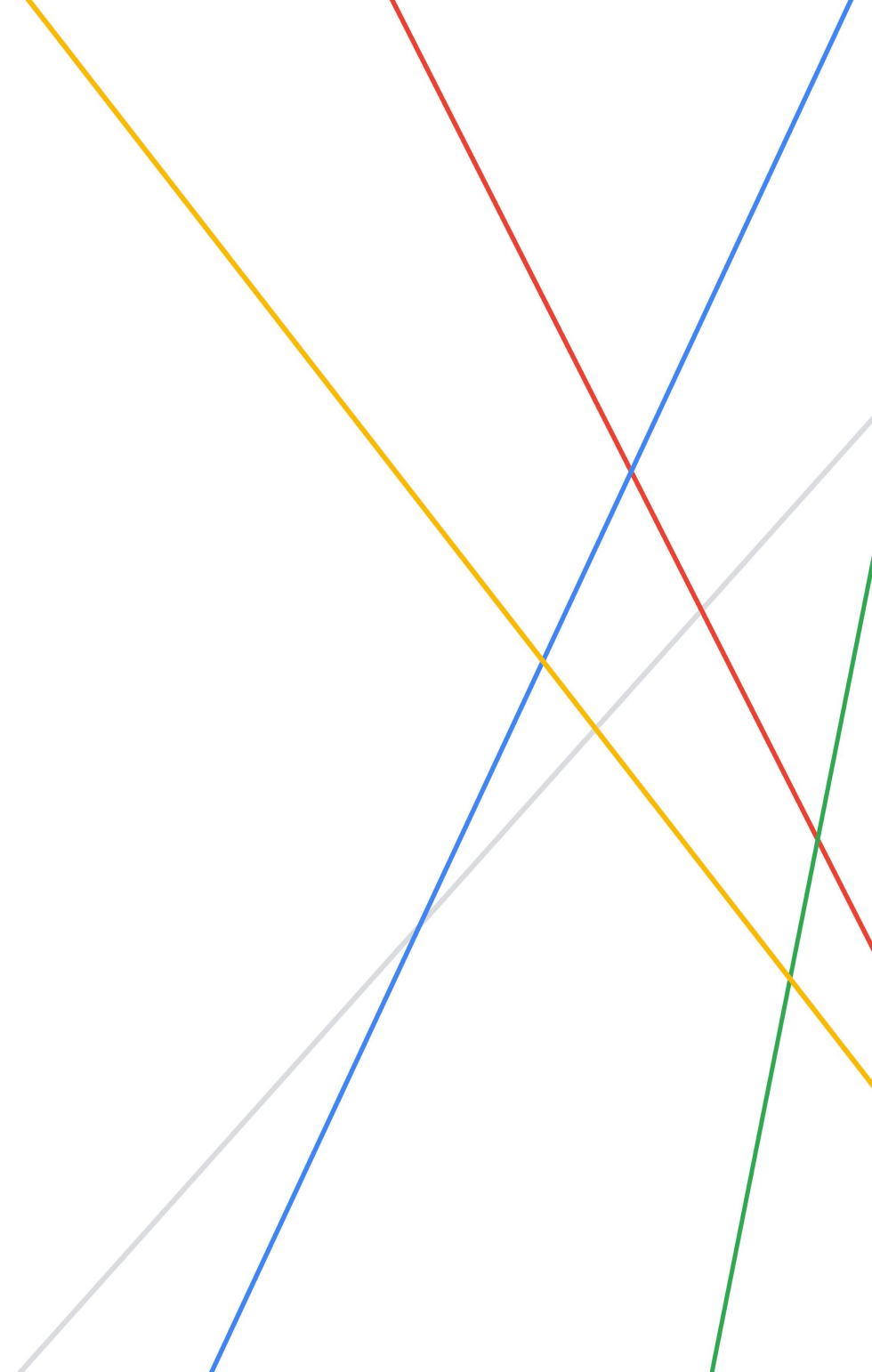


Google



YouTube Smart Bidding Guide



Table of Contents

| | |
|--|-----|
| OVERVIEW AND HOW IT WORKS | 3-4 |
| SETTING UP SMART BIDDING | 5-6 |
| MANAGING SMART BIDDING | 7 |
| ASSESSING RESULTS | 8 |
| SEASONALITY AND PROMOTIONS | 9 |
| CREATIVE BEST PRACTICES WITH SMART BIDDING | 9 |
| SUMMARY OF KEY CONCEPTS | 10 |
| FAQS | 11 |

Overview and How It Works

Smart Bidding is Google's set of free programmatic bidding tools that manage your bids across all devices to drive more conversions and increase your advertising efficiency. Smart Bidding helps deliver the best possible performance against your goals with the greatest possible efficiency. This guide is for advanced users who want a detailed overview of YouTube Smart Bidding and how to implement it in the most optimal manner. It contains best practices for setup, campaign management, and reporting in addition to transparency into how our algorithm works. For a more basic description of Smart Bidding, please see the [Google Ads Help Center](#).

Today we offer four main Smart Bidding strategies based off of conversion or conversion-value goals. These are: **Maximize Conversions**, **Target Cost-Per-Action (Target CPA)**, **Maximize Conversion Value**, and **Target Return on Ad Spend (Target ROAS)**. See below for more details on each bid strategy.

Conversion Based Strategies

Maximize Conversions

The algorithm tries to drive as much **conversion volume** as possible given your budget; you do not provide a specific CPA.

Target CPA

The algorithm predicts the conversion probability of each impression to achieve the **maximum number of conversions within your target CPA**.

Value Based Strategies

Maximize Conversion Value (beta)

The algorithm automatically sets bids at auction time to get you as much **conversion value** as possible within your campaign's budget. This strategy helps you spend your budget as efficiently as possible without requiring a lot of work to set it up.

Target Return on Ad Spend (beta)

The algorithm predicts both conversion probability and expected conversion value to try to drive the **maximum total value from all of your conversions within your target ROAS**.

How Does the Algorithm Work?

All smart bidding strategies use the same underlying Google Ads automated bidding algorithm. We model the entire market of auctions that the advertiser could participate in with different bids. The algorithm then determines the best bidding rule to maximize volume and obtain the desired target or goal you set (i.e. Conversions or Conversion Value)

STEP 1

In campaign settings, advertiser defines the target in terms of conversions, conversion value, or ROAS. and the algorithm models a conversion rate based on a number of factors including campaign set up, targeting, likelihood of users to convert, auction dynamics, etc. .

STEP 2

The algorithm uses your business goal, predicted conversion rate, predicted conversion value, budget, and its understanding of the entire market of auctions to determine the right bid for each auction.

STEP 3

Our system enters a bid into the auction based on your targeting, campaign setup, etc. The bid is converted to a CPM and compared with all other advertisers' bids targeting the same users. Typically the advertiser with the highest CPM bid wins the auction but quality metrics such as ad relevance also impact the likelihood of winning auctions.

ONGOING

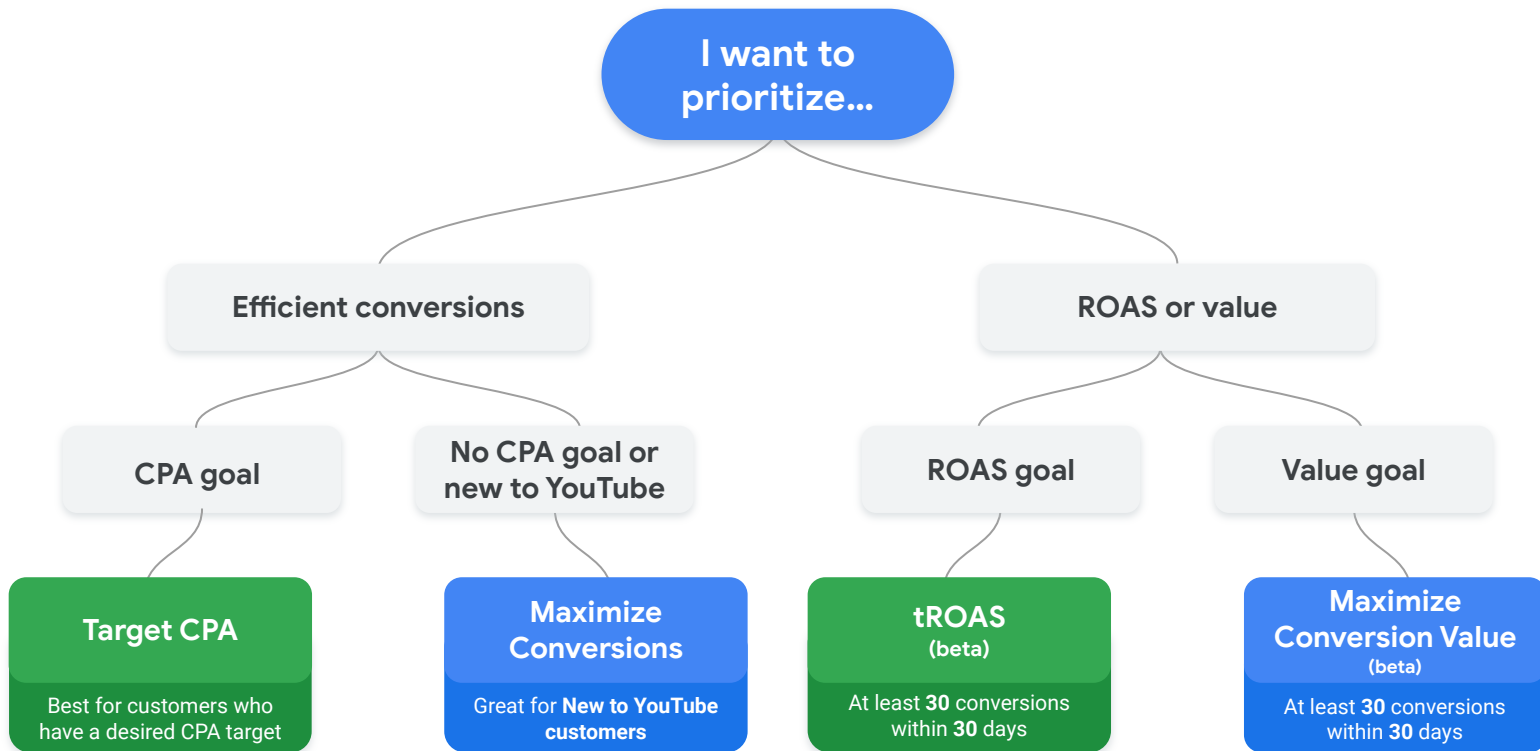
The algorithm regularly evaluates predicted vs. actual conversion rates and predicted vs. actual CPA or ROAS to drive accuracy over time. When there is the potential for extreme under performance, our system will spend less to help alleviate this volatility. We may spend less because the algorithm is unlikely to achieve conversions at your target or we have not seen conversions come in as predicted.

If your campaign is underperforming on CPA or not spending the full budget, consider updating your targeting (ensure you are opted into optimized targeting), increasing your CPA bid, or optimizing for a shallower event.

Setting Up Smart Bidding

1 Choose the Right Smart Bidding Strategy

Use the flowchart below to help you determine the Smart Bidding strategy that is the best fit for your business:



2 Setting Smart Bidding Up for Success

Now that you've chosen the right Smart Bidding strategy, ensure you are setting Smart Bidding up for success.

Ensure conversion tracking is set up for best results.

Smart Bidding relies on accurate conversion data for the algorithm as it learns and optimizes off these insights. If there is an issue with the Conversion Tracking, Smart Bidding will adjust and react to this inaccurate conversion data which can cause volume, CPA or ROAS fluctuations. We also recommend using Data-Driven Attribution (pg. 9), if eligible, for the best reporting and optimization of your YouTube campaigns. Smart Bidding bids towards conversions from [Conversion tracking](#), and [Google Analytics](#) (GA4) conversion tracking if imported to Google Ads.

Other conversion tracking optimization and tools

[Offline Conversion Import](#) is technically supported but **not recommended** for optimal performance. Read more about setting up conversion tracking in our [Help Center](#).

[Enhanced Conversions](#) is a conversion tracking feature that enables more accurate conversion measurement by increasing observable data and improving overall quality of conversion modeling. It allows conversion tags to capture hashed customer data collected on the conversion page and then matches it against Google logged-in data. YouTube advertisers that implement Enhanced Conversions see on average a conversion rate

5 improvement of 17% (Source: Google Data; Based on Enhanced Conversions customers onboarded between 3/21-9/21).

Set your targets:

Conversion Based Strategies

Maximize Conversions

Maximize conversions will optimize to generate the maximum conversion volume at your set budget, and will automatically optimize for the most efficient conversions. With Maximize Conversions, you don't need to set a CPA bid.

Target CPA

When creating a Target CPA campaign, our systems will provide initial bid recommendations customized to your conversion history. After you've set up your campaign, our system will also provide bid recommendations based on likelihood of generating additional conversions. You can find those in the [Recommendations](#) tab in Google Ads.

Value Based Strategies

Target return on ad spend (beta)

Review the campaign's ROAS (Conv. value / cost) over the previous month and use that as your benchmark. We recommend setting a lower than required ROAS to allow the campaign time to ramp up and adjust to the bidding method change.

Maximize Conversion Value (beta)

Define the value that you want to maximize, such as sales revenue or profit margins, when setting up conversion tracking in your account. With max conversion value bidding, we will optimize to deliver your highest value conversions. For both tROAS and Max Conversion value, you'll need at least 30 conversions in the account.

Campaign and Ad Group Structure:

Only segment ad groups when necessary

Smart Bidding performs best when allowed to evaluate performance and optimize bids across as much traffic as possible. Over-segmenting campaigns into many ad groups is discouraged unless there is a compelling business reason and **at least 50 conversions per week**. Smart Bidding focuses on conversion data at the ad group-level. If you need to segment, here are the scenarios under which you would want to segment your campaign:

- **Segment if assigning different conversion values to user attributes**
If you report conversion values and use target ROAS, Smart Bidding optimizes to deliver higher value conversions in line with your ROAS goal. If you don't report conversion values but you know some conversions are more valuable than others, then you should use Target CPA and segment.
- **Segment ad groups to show different creative**
For instance, use new ad groups to highlight different promotions that require different bids or have unique ROAS targets.
- **Segment to provide additional insight or reporting**
Another time to create a new ad group is when you want to completely split out reporting between targeting or creative groupings. When you have two separate ad groups, you'll receive statistics for each ad group on a separate line item in the Ad Groups report.

Managing Smart Bidding

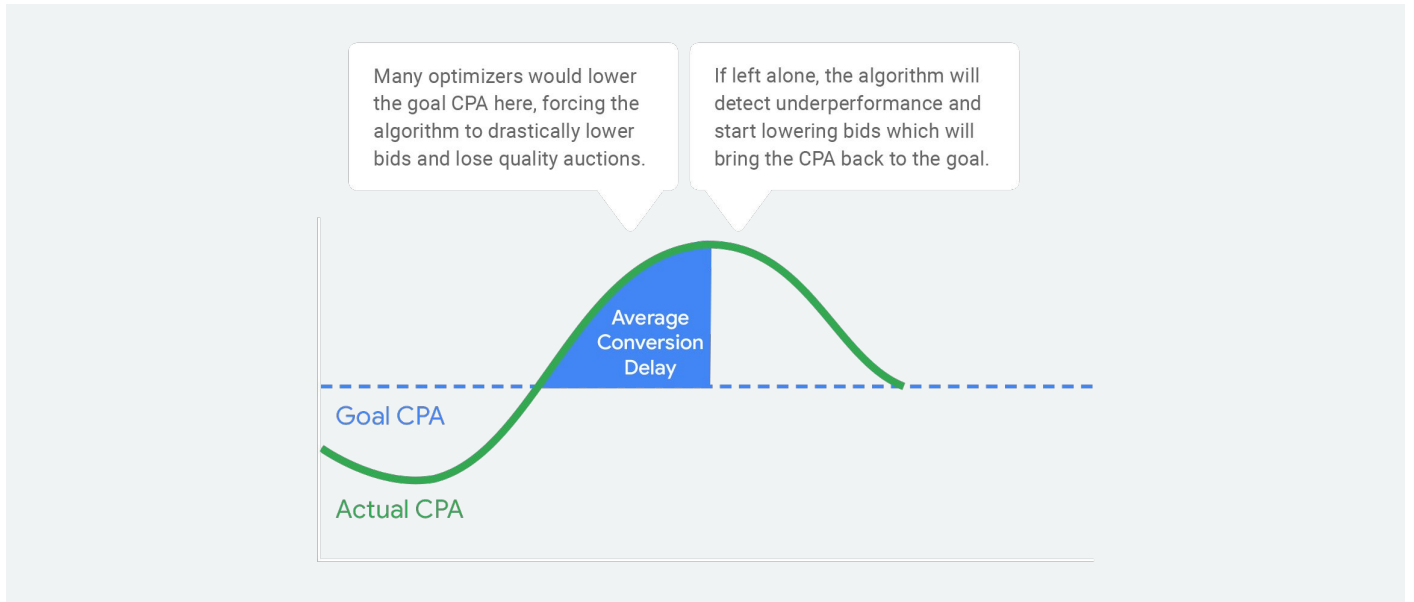
Once you've turned on Smart Bidding and confirmed progress towards your goals, **very little manual campaign management is needed**.

Significant campaign changes will disrupt performance because the algorithm will need to learn and adjust to the new settings. These changes include, but aren't limited to, bid increases, adding new creatives, targeting and audience list adjustments. For example, if you just opted in to [optimized targeting](#) and became eligible for a significant number of new impressions on which Smart Bidding doesn't have historical data, you may see a short term performance disruption. If you must significantly change a campaign currently running with Smart Bidding, make all the changes at once to reduce learning time. You can [check the status column](#) to see if the algorithm is still learning your settings.

 **Seasonal & Promotional periods** - For short bursts or seasonal campaigns, Maximize Conversions is the optimal way to achieve your goals during short promotional or seasonal periods

If you need to make optimizations to the campaign, limit bid changes to only +/- 30% and wait a week between changes. Avoid making frequent changes to the campaign as this will cause delays in campaign ramp up and impact bidder learning. Note that budget increases do not impact campaign or bidder learning as much as bid changes or targeting, however they do require the system to adapt to new auction dynamics.

If you see a **temporary performance decline**, don't panic! The algorithm learns over time and adjusts bids to compensate for poor performance. Lowering the Target CPA or increasing the Target ROAS can significantly hurt volume and performance — see chart below:



Conversion delay is the cause of many perceived performance declines. It can take up to several weeks for some users to see an ad and then convert. Advertisers pay the cost almost immediately but the conversions for those clicks or views come in over time based on the set conversion window. As a result, very recent performance may look poor but gets better over time as more users convert and those conversions are attributed back to the day the click took place. Check your web analytics data to determine your average conversion delay. You can learn more about conversion delay [here](#) and view your conversion delay in the Bid Strategy Report in Google Ads.

Consider conversion delay when setting your conversion window to make sure you are capturing all conversions. If you set a shorter conversion window it can help to see results more quickly and speed up Smart Bidding learning, but you will not see the full impact of your advertising.

If you have a conversion delay of longer than 7 days, it is more difficult to predict a conversion rate which will impact our ability to accurately hit your CPA or ROAS target. We wait until we have the majority of conversions recorded before determining if our predictions were accurate; so you may see volatility while we wait for sufficient data.

If you are limited by budget, and performance is worse than your target CPA/ROAS, opt into Maximize Conversions or raise the budget until you are no longer budget constrained. Budget constraints can hinder performance as the campaign is not able to participate in auctions that may be highly likely to drive a conversion.

Assessing Results

Evaluate overall performance to minimize statistical noise. Don't focus too narrowly on individual ad groups or short time periods (<7 days), especially if you set a target at the campaign level. Make sure that the target CPA or ROAS is realistic based on historical average.

In this chart, Ad Group C is delivering above the goal CPA whereas Ad Groups A and B are hitting the goal. Since the campaign is hitting the goal, don't pause Ad Group C or overall volume will suffer. The programmatic bidding algorithm will learn attributes about Ad Group C which lead to CPA above goal and compensate with lower bids.

★ Best Practices

Combine Ad Groups C and B&A to maximize shared learning and allow Smart Bidding to optimize across your traffic – unless segmenting for one of the reasons in section.



Expand the date range considered to include multiple weeks – last 30 days is a common lookback window. When evaluating performance, **set a date range that accounts for delayed conversions**. For instance, if you have a 24 hour average conversion delay, don't include yesterday in performance statistics.

Data-Driven Attribution (DDA) for Smart bidding on YouTube

Until now, Google's non-last click attribution models have only been compatible with Search (incl. Shopping campaigns) for smart bidding. Now, we're expanding compatibility to cover YouTube and Display network traffic and events. These attribution models are available to all customers via Conversion Settings. If eligible, Data-Driven Attribution is the best attribution model for reporting YouTube's impact and smart bidding optimization for your campaigns. Upon switching attribution models, you may possibly see conversion volume shift amongst campaigns.

Seasonality & Promotions

More seasonal volume only improves Smart Bidding. As long as your conversion rate isn't changing drastically on a daily basis due to short-term sales or other factors, Target CPA/Max Conversions is the optimal way to achieve your CPA goals. If you're running a flighted campaign for a quick promotion period, the minimum amount of time where we recommend a smart bidding strategy is 7 days. We recommend Maximize conversions for such a short window.

Creative Best Practices with Smart Bidding

Ensure your creatives are well tailored to your audience. Try to avoid full creative swaps where you change all ad creatives in an ad group. If you need to do a full creative swap, expect a temporary performance shift while your new ads gather performance history; scale will only return to previous levels if the ads perform similarly in terms of click through rate and conversion rate. New ads may have different performance vs. the current ads which can impact the scale achieved.

Why Does Adding New Ads Impact Performance?



- New ads don't have performance history to understand their expected clickthrough and conversion rates – therefore Google automated bidding has less information to make a bidding decision
- When determining how much to bid for a particular creative, we evaluate factors such as historical CVR, predicted CVR, device, ad size to set the bid. For example, vertical video will always perform better on Shorts inventory vs. landscape.

Minimizing volatility when refreshing creative on Video action

- Gradually rotate in new assets and do not pause down all existing assets at one time; removing all of the assets can cause significant history loss and performance decline.
- Swap out one ad (per ad size) at a time and pause down the lowest performer in the ad group - pause don't delete ads if you plan to relaunch.
- **Do** relaunch paused creative rather than uploading the same creative again – we can use the old history to ramp up.
- **Do** follow all creative [best practices](#).
- **Do** use Maximize Conversions rather than Target CPA or Target ROAS if you are changing all creatives out weekly in an ad group.
- **Do not** pause all creative assets in an ad group at one time - this results in performance volatility.
- **Do not** drop bids at the same time you add new creative assets to an ad group – Remember that performance of your creative impacts your scale - if you add new ads or assets that drive lower click through rates or conversion rates, you may see a drop in traffic and conversions as a result.

Summary of Key Concepts



Provide More Conversion Data for Best Bidding Performance

- Campaigns with at least 50 conversions per week have more consistent data points for the algorithm to learn from, and have fewer performance fluctuations over time
- If you're looking at a date range for a campaign or set of ad groups with under 50 conversions, expect more performance fluctuations.
- Assess performance at the campaign level, make sure to take conversion window into account, and avoid assessing performance before a campaign or ad group generates 50 conversions per week



Only Segment When Necessary

- If a campaign is segmented into many ad groups, individual ad groups may experience performance fluctuations due to low conversion volume.
- Remove unnecessary segmentation to ensure easy performance tracking.



Avoid frequent changes – Smart Bidding and optimized targeting optimizes for you, using the power of automation

- Can greatly improve ROI or increase volume (though not overnight)
- Doesn't overreact to short term changes
- Only acts on statistically significant data and once campaign has exited learning period
- If performance is not hitting the goal, the algorithm will adjust bids



Set Campaign Settings According to Smart Bidding Best Practices

- Ensure campaigns are following all best practices by referencing Optiscore in Google Ads
- Specify conversion type (purchase, add to cart, etc.) which helps model performance and learning
- Smart Bidding doesn't consider budget constraints. If you're limited by budget and Smart Bidding is having a difficult time reaching your goal, you can switch to a lower CPA or higher ROAS to more effectively utilize budget.

FAQs

What do you recommend if I have low conversion volume?

- Consider bidding towards a shallow conversion that shows intent or likelihood to leave to a sale. This may be something such as time on site, pages visited or an email capture. Also consider adjusting your conversion windows to allow the bidder more time to collect data.
- Ensure optimized targeting is enabled
- Consider increasing your bid if possible

Does it matter if the Target CPA or ROAS is set at the campaign or ad group level?

- No, Smart Bidding will work the same way regardless of where the target is set. However, ad group targets override the campaign level target. Using Portfolio Bid strategies does not change how Smart Bidding optimizes or the data uses.

I've just started using video action and my performance is declining. What should I do?

- Smart Bidding operates on historical data, and it can take time to gather enough insights to achieve your target CPA. Over time, the system will course correct and compensate for any dips in performance. Ensure that you are taking conversion delay into account when evaluating performance and following [best practices](#).

If I add multiple remarketing lists to one ad group will Smart Bidding bid differently for each?

- Yes, we will learn against and bid differently for each individual list ID.

I want to move from Maximize Conversions to Target CPA or ROAS – what is the best way to do so?

- Set your Target CPA/ROAS based on the achieved CPA or ROAS for the past 30 days, when considering conversion lag. For best performance, only move to Target CPA or ROAS when you are driving at least 50 conversions per ad group/week. Note that in order to change bid strategies, you will also have to create a new campaign.