Bid Like a Pro

Strategies for Success with AdWords Enhanced Campaigns

Google

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SECTION: I

Introduction

People are constantly connected, switching seamlessly between devices to shop, communicate and stay entertained. Research shows that people now use as many as three devices every day including desktop computers, laptops, phones, tablets, "phablets", web-enabled TVs, and more.

This always-on, multi-device world has dramatically changed user behavior and also presents exciting, new opportunities for online marketers. With AdWords enhanced campaigns, you can now present users with more relevant messages than ever by taking into account contextual information such as a user's location, device, and the time of day.

As an example, a car rental company may choose to show click-to-call ads to a user searching on a mobile phone at the airport since that user is likely to have a high purchase intent. The same car rental

company may choose to show ads for their rental reservation page to a user searching for "car rental" on a laptop at home since that user is likely to be in the research phase of the purchase cycle. Lastly, the car rental company may lower their bids for the hours that their locations are closed so they can apply the majority of their budget to hours when customers are more likely to convert.

Presenting the right ad to the right customer at the right time used to be time-consuming and challenging. AdWords advertisers had to create separate campaigns for the

locations, devices, and times of day they wanted to target. They also had to run and compare numerous reports to understand the impact of their advertising across these dimensions.

To help advertisers reach customers in the multi-device, 'always-on', and 'on everywhere' world, Google launched enhanced campaigns in February 2013. With enhanced campaigns, advertisers can now manage their ROI better by device, location, and time-of-day — all from a single campaign. In addition to more powerful targeting and bidding options, enhanced campaigns

offer smarter ads, which dynamically display device-optimized content as well as advanced reporting capabilities to help capture new conversion types.

Companies across the globe have already seen great results from enhanced campaigns. After adopting enhanced campaigns, UK-based

Printed.com cut the number of campaigns they manage in half, significantly reducing time spent on campaign management. American Apparel's mobile conversions doubled after migrating to enhanced campaigns. And BizReach, a Japanese online job marketplace, saw its mobile conversion rate increase an astounding 82 times over.

Bid adjustments are an integral part of enhanced campaigns that can help you save time and improve performance. We've created this paper to help you make the most of bid adjustments.

In this paper, you'll find:

| Tips for prioritizing how you set bid adjustments | Best practices for setting bids by device, location, and time | Success stories highlighting improved results advertisers have realized |

SECTION: II

Prioritize bid adjustments based on business goals

People's search behavior has become more complex over time. Your potential customers may search for your business on their mobile phones in the morning as they head to work, and they may do follow-up searches for your business from their laptops at home at night. Since search behavior isn't always straightforward, we've made sure that bid adjustments can handle multiple levels of complexity.

Stacking bid adjustments

To address this complex search behavior, enhanced campaigns allow you to stack bid adjustments on top of one another.

As an example, let's say that you operate a store in San Francisco, and you know that your campaign performs well on mobile devices on every day except Sunday. You can set bid adjustments to increase bids for mobile and San Francisco, and decrease bids on Sundays.

Example:
In this example, we make the following adjustments:
  *Set the **location** bid adjustment for San Francisco to **+20%***
  *Set the **time** bid adjustment for Sunday to **-50%***
  *Set the **mobile** bid adjustment to **+10%**.*

*These bid adjustments affect your keywords in a multiplicative way. With an initial keyword bid of **$1**, your new adjusted bid would be **$0.66**, or **-34%** compared to your original bid.*

Initial bid $1.00** X (**San Francisco 1.2**) X (**Sunday 0.5**) X (**Mobile 1.1**) = **$0.66 Adjusted Bid

As a reminder, individual bid adjustments apply across all targeting dimensions. For example, the decreased bid for Sundays applies across all devices and geographies.

Prioritizing bid adjustments

When getting started with enhanced campaigns, we recommend focusing on a single bid adjustment first. By setting a single bid adjustment first, you can understand the impact of the change before applying other bid adjustments. Ensure you collect enough data to understand the impact of your first bid adjustment before setting your second, and again before setting your third.

To help you decide which bid adjustment to set first, think about your business operations and your overall goals. It's a good idea to apply basic business sense to this process.

Example:

*You may want to set a **location** adjustment first if you see different advertising performance across countries, cities, states, or zip codes (or if you want to bid higher for users who are close to your stores).*

*You may want to set a **mobile** adjustment first if consumer response varies widely between mobile and non-mobile devices.*

*You may want to set a **time** adjustment first if you have a store or call center that's only open during certain hours of the day.*

You can also use AdWords performance reports to decide which bid adjustments to apply first. Finally, you may have third-party tools or backend systems that can help determine your priorities.
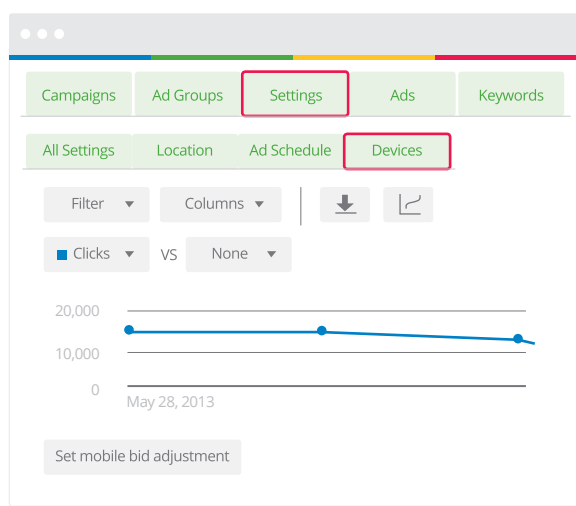
Tips and Reminders

Before you set any bid adjustments, you should ensure that you have statistically significant data. Otherwise, you risk setting your bid adjustments too high or too low. As a general rule, we recommend *not* adjusting bids for dimensions that have fewer than 1,000 clicks and 30 conversions. Increasing the date range for your reports to the past 90 days or more can help.

You should revisit your bid adjustments from time to time to make sure you're taking into account seasonal changes, changes in customer behavior, and your return on investment (ROI).

SECTION: III

Mobile bid adjustments

Consumers can now use mobile phones to interact with businesses 24/7, from anywhere - at home, at work, or on the go. Research shows[1] that more than 38% of our daily media interactions happen on mobile devices. As such, marketers have to be more attuned to consumer mobile behavior and how it affects their business. A good mobile bid adjustment accounts for the total value that mobile ads drive for your business including both online and offline conversions.

Campaigns	Ad Groups	Settings	Ads	Keywords
All Settings	Location	Ad Schedule	Devices	

Filter ▼   Columns ▼

■ Clicks ▼   VS   None ▼

20,000

10,000

0

May 28, 2013

Set mobile bid adjustment

Review your desktop and mobile performance

You can run an AdWords performance report to review your current desktop and mobile performance. Mobile ad conversions, app downloads, and calls are easy to track in AdWords, but other conversions such as in-store visits may be harder to attribute directly to your ads. This means you may need to estimate value for those conversions. The more precisely you can estimate their value, the better optimized your mobile bid adjustment will be.

To evaluate your mobile versus desktop performance in AdWords, navigate to the campaign settings and select "Devices".

1. http://www.google.com/think/research-studies/the-new-multi-screen-world-study.html

Calculate your mobile bid adjustment

The key to optimizing your mobile bid adjustment is to identify the ratio of mobile to desktop and tablet conversion value. This is calculated by dividing your value per click on mobile by your value per click on desktop. As a reminder, value per click is calculated by dividing the total revenue on each device by the total number of clicks on that device.

The mobile bid adjustment calculation, therefore, is as follows:

$$\text{MOBILE BID ADJUSTMENT} = 100 * \left(\frac{\text{VALUE PER MOBILE CLICK}}{\text{VALUE PER DESKTOP AND TABLE CLICK}} - 1 \right)$$

Here's an example of how to calculate a mobile bid adjustment for an advertiser with mobile and desktop websites as well as physical stores.

Device	Value of Calls	Value of Online	Value of In-Store	Total Value	Clicks	Value per Click	Mobile bid Adjustment
Mobile	$900	$5,000	$5,000	$10,900	10,000	$1.09	-10%
Desktop/ Tablet	$100	$10,000	$2,000	$12,100	10,000	$1.21	

You can implement your bid adjustments in the AdWords interface or with AdWords Editor.

Tips and Reminders

Due to smaller screen sizes on mobile, we recommend that you keep a close eye on your mobile impression share to ensure that your ads show in top positions.

Success stories

France-based Vivastreet is the fourth largest free classified ads website in the world. Having a mobile site and app in place, they decided to take the enhanced campaigns launch as an opportunity to start advertising on mobile. In order to appear in the top positions, they implemented a mobile bid modifier of +25% and then +40%. A few weeks later, Vivastreet's conversions increased by 34% while their CPA remained stable and even decreased in some categories.
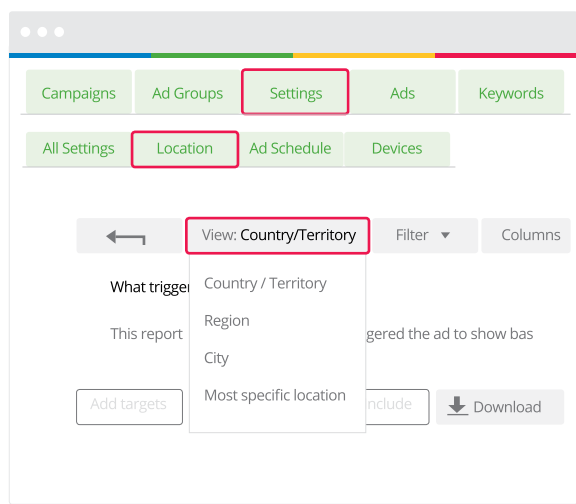
"We were spending so much time optimizing every single campaign instead of trying to better understand the users' context. Enhanced campaigns makes it less about the device and more about the experience we give to users."

PETER HUGHES
Search Marketing Manager
Constant Contact (USA)

SECTION: IV

Location bid adjustments

With constant connectivity, people are no longer limited to searching at their desktops at home or at work. They are searching on-the-go downtown, while waiting in the dentist's office, or while inside a store checking out a new product. This 'always-on' and 'on everywhere' behavior gives marketers a tremendous opportunity to use location signals to both serve more tailored messages to users wherever they might be, as well as be smarter in how they bid based on a user's location or distance from a local store.

| Campaigns | Ad Groups | Settings | Ads | Keywords |

| All Settings | Location | Ad Schedule | Devices |

| ← | View: Country/Territory | Filter ▼ | Columns |

What trigge...

Country / Territory

This report...   Region   ...gered the ad to show bas

City

Add targets   Most specific location   ...nclude   ⬇ Download

Review your performance by location

You can run an AdWords performance report to review your current performance by location. To do this, select "Location" in your campaign settings. Click the "Location details" button and select "What triggered your ad." Use the "View" button to choose your desired granularity.

Calculate your location bid adjustment

If your business's AdWords performance sees different patterns across countries, cities, states, or zip codes, location bid adjustments can help you enhance results in high-performance geographies and de-emphasize low-performing geographies. To maximize conversions at a particular cost-per-action (CPA) or ROI level, a common best practice for setting bid adjustments is to equate your target metrics across all locations.

Using this approach, an example location bid adjustment calculation would be:

$$\text{LOCATION BID ADJUSTMENT} = 100 * \left(\left(\text{CAMPAIGN GOAL} \div \text{ACTUAL PERFORMANCE}\right) - 1\right)$$

Here's an example from a campaign with a CPA goal.

Location	Conversions	Cost	CPA	CPA Goal	Location Bid Adjustments
Florida	100	$800	$8	$10	**+25%**
New York	120	$1,080	$9	$10	**+11%**
Ohio	70	$1,050	$15	$10	**-33%**
Pennsylvania	85	$850	$10	$10	**0%**

You can implement your bid adjustments in the AdWords interface or with AdWords Editor.

Adjust for local stores or service areas

Closer customers are often more likely to buy from you, and less costly to serve. So, if your business has local stores or service areas, consider optimizing your bids based on customer proximity. For example, you can easily set one location extension target for customers within 2 miles of your business locations, and a second target for customers within 20 miles of your locations. Then, you can use the equation above to calculate your optimal bid adjustment for your two location extension targets.

Success stories

American Apparel upgraded early to AdWords enhanced campaigns to reach customers across all screens. They started by setting mobile bid modifiers at 100% and saw impressive results- since the upgrade, mobile conversions have grown 100% and aggregate click-through-rate has increased by 7%.

"Enhanced campaigns allow us to optimize our campaigns quicker and more efficiently. One month after upgrading to enhanced campaigns, our overall mobile transactions tripled. And, thanks to location bid adjustments, our conversion rate in Switzerland has increased by 67%."

ROMAIN DUHOMEZ | Traffic Manager | Stores-Discount.com (France)

Tips and Reminders

Maintain a broad location target to cover your entire potential market. Targeting too narrowly can limit your reach, clicks, and conversions.

It's OK to set overlapping location targets with bid adjustments. The most specific location available will be applied to each location target. For example, let's say you have a +10% bid adjustment for Canada and a +20% bid adjustment for Montreal. When someone searches in Montreal, your bid will be increased by 20%. And you'll see distinct performance stats for Montreal and all of Canada except Montreal.

SECTION: V

Time bid adjustments

While people are constantly searching around the clock and across the globe, they often use similar search results in different ways depending on the time of day that they are searching. For example, if someone is searching for "Hawaii vacations" during the workday, she may just be doing research for an upcoming trip. When she returns home and conducts the same search in the evening, she may be more likely to have all the info she needs to book the flights and hotels for her trip.
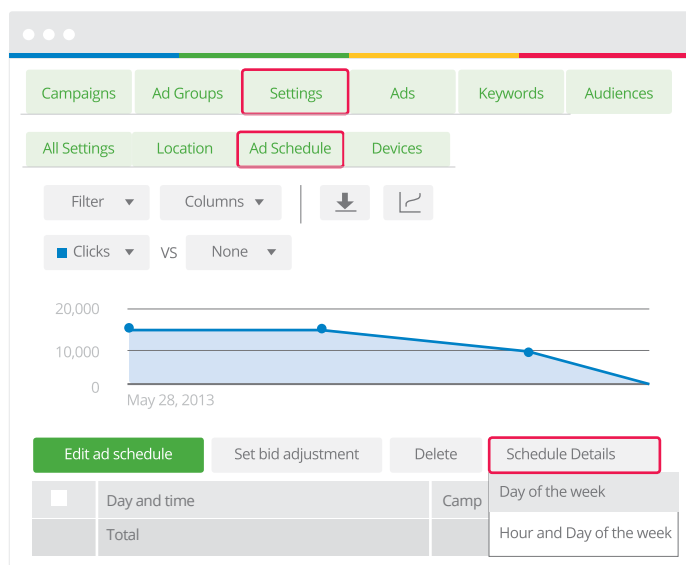
Review your performance by time

You can run an AdWords performance report to review your current performance by day of week or time of day. To do this, navigate to the campaign settings and select "Ad schedule." Use the schedule detail button to view performance by "Day of week" or "Hour and day of week" depending on your preference.

Calculate your time bid adjustment

In order to calculate your time bid adjustment, you'll want to compare the performance of your ads at varying times relative to your overall performance goal. This will let you easily determine the right bid adjustment for each time period.

If you're setting a goal using a cost-per-action target, then your time bid adjustment calculation is as follows:

$$\text{TIME BID ADJUSTMENT} = 100\% * \left(\left(\text{CAMPAIGN GOAL} \div \text{ACTUAL PERFORMANCE} \right) -1 \right)$$

Here's an example of how to calculate a time bid adjustment for an advertiser who sees better performance on weekdays as opposed to weekends. This advertiser has decided to bid more aggressively on weekdays when consumers are more likely to convert, and less aggressively on weekends when performance is lower.

	Conversions	Cost	CPA	CPA Goal	Time Bid Adjustments
Weekdays	120	$3,000	$25	$30	**+20%**
Weekends	20	$800	$40	$30	**-25%**

Tips and Reminders

With time bid adjustments, it's important to choose the right level of detail for analysis. You'll want to think about whether you want to adjust bids by day of the week, by eight-hour increments, or by the hour. While you may be tempted to optimize to the hour, it's important to ensure that you have sufficient data to make decisions for each time period.

Success stories

Woodbridge Structured Funding knows the value of AdWords enhanced campaigns. The ability to fine-tune bids by time and device helped them increase calls from smartphones from 20% to 57%, with leads coming from smartphones almost doubling. Conversion rates from both desktop and mobile devices also rose by 6%.

"By comparing the six weeks prior to the upgrade to the six weeks after, our client's account (MyMM'S) showed a 64% increase in average weekly revenue and a 17% boost in average weekly ROI."

LUKE HUBBARD
Marketing Manager
The DuMont Project.

SECTION: VI

Automate bids to increase performance and save time

Enhanced campaigns help advertisers dramatically reduce the amount of time spent on campaign management and bidding. Despite these improvements, managing bids can still be time-consuming and complex, particularly for advertisers with large programs and accounts. Since bidding is vitally important to your success with AdWords, we've developed a set of bid automation tools – flexible bid strategies – to help save you time and improve performance.

Benefits of AdWords bid automation

AdWords flexible bid strategies work seamlessly with enhanced campaigns. Located in the AdWords interface, AdWords flexible bid strategies are free and offer a number of benefits. You can:

Save time by optimizing keyword bids at scale.
Whether you have 100 keywords – or 1 million – flexible bid strategies dynamically change bids to meet your advertising goals, saving you time and effort.

Manage campaigns independently from bids.
Flexible bid strategies let you assign different optimization goals by campaign, ad group, or even keyword. This provides you the freedom to optimize to multiple goals unconstrained by account structure.

Improve performance with auction-time bidding.
Two flexible bid strategies, Target CPA and Enhanced CPC, use a combination of real-time performance signals to set specific bids at every auction, maximizing goal attainment.

Optimize over time for continuous improvement.
All AdWords automated bidding tools, including flexible bid strategies, adapt to performance changes over time, saving you from having to evaluate performance reports manually and continuously change bids to keep pace with performance fluctuations.

Applying AdWords Flexible Bid Strategies

Depending on your goals, AdWords flexible bid strategies can be used instead of, or in conjunction with, bid adjustments. Below, we provide an overview of the two flexible bid strategies that utilize real-time performance signals – Target CPA and Enhanced CPC. We also offer guidance on how the other flexible bid strategies will interact with your bid adjustments.

- **Target CPA** is the flexible bid-strategies version of Conversion Optimizer. Our most powerful bid-automation tool, it sets an optimum bid for every auction by predicting the likelihood of a conversion. It uses real-time inputs, such as location, time, device, and network placement. Apply it to ad groups or to campaigns if your goal is to maximize conversions while maintaining a target CPA. Target CPA automatically sets and optimizes your bid adjustments. One notable exception to this rule, however, is that a -100% mobile bid adjustment will prevent your ads from appearing on mobile devices.

- **Enhanced CPC** can improve performance by adding automation on top of manual bids. This automated bid strategy refines your manual bids to help you achieve more conversions using the same real-time prediction technology as Target CPA. You can still apply bid adjustments with this strategy if you know that user context affects your conversion value in ways that aren't measured in the conversion tracker. For example, if your mobile clicks result in online conversions and in-store purchases, you may want to increase your mobile bid to account for offline value. Using Enhanced CPC in combination with a bid adjustment for mobile, you can account for this difference in the expected value per click.

Two other bid strategies apply automation to your keyword bids and work with existing bid adjustments.

- The **Maximize Clicks** strategy sets keyword bids to maximize the number of clicks you receive within a given budget.

- The **Target Search Page Location** strategy sets keyword bids to ensure your ads achieve the first page of results or placement at the top of the page.

If you've implemented flexible bid strategies within AdWords, you can monitor your performance in the Shared Library and adjust if necessary. While implementing and refining your automated bid strategy might initially take some effort, in the end it will save time and improve performance.

> "I used to spend twice as much time to maintain and fine-tune campaigns. With enhanced campaigns, it's way more efficient and a lot simpler than it was before."
>
> KAYO KLEIN OBBINK
> Online Marketer
> *Schuurman Schoenen (the Netherlands)*

SECTION: VII

Final thoughts

AdWords enhanced campaigns have already helped many businesses connect with their customers in new ways and deliver meaningful results. Bid adjustments offer a powerful way to improve your AdWords performance, enabling you to precisely control how much you bid for specific devices, locations, and times of day.

Take these key steps to making the most of bid adjustments in enhanced campaigns:

- Use AdWords performance reports to analyze your performance by device, location, and time to see if your campaigns would benefit from bid adjustments.

- Choose one bid adjustment to apply first so that you can assess its impact on your performance. Add a second bid adjustment (and eventually a third bid adjustment) when you are satisfied with your results.

- When you stack bid adjustments, remember to take into account the multiplicative effect of these adjustments on your bids.

- Ensure you have statistically significant data (generally 1,000 clicks and 30 conversions) when using data to calculate bid adjustments.

- Use the equations above as a guideline for calculating your device, location, and time bid adjustments.

- Revisit bid adjustments from time to time to ensure they're optimized to meet your goals.

- Where possible, use AdWords automation tools to save time and improve performance.

Enhanced campaigns represents an important evolution for AdWords, helping you to reach consumers more effectively in today's constantly connected world. Reach out to your Google representative or visit the Inside AdWords Blog or the AdWords Help Center to stay updated on new releases and best practices.