

WPROMOTE



# MAN VS. MACHINE: DRIVING SUCCESS WITH PAID SEARCH AUTOMATION IN 2019



# Google Smart Bidding or a Seasoned Paid Search Manager - Who Wins?

Today's paid media environment is fraught with challenges. Limited budgets, attribution hurdles, and competitive markets force businesses to act with precision to make a profit.

Agencies too often fully rely on best practices and expert insights from top partners like Google and Facebook. While these relationships are critical for success, marketers need to leverage data to make their own decisions to deliver the best results possible. Marketers must ultimately depend on their own expertise.

Without a true commitment to data-driven insights, you will fall behind the competition. This is true for agencies and in-house marketers, and affects all verticals, industries, and niche markets. You may be able to get away with neglecting the data now, but that choice will eventually catch up with you.

## THE INTRODUCTION OF SMART BIDDING

Google's automation tools have evolved greatly over time, from Enhanced CPC (ECPC) to Target CPA to Target ROAS and more. While widely used today, all of these strategies went through a slog of trial and error. And though there is a necessary cost to experimentation, Google refines their tools on your dime.

Google launched Smart Bidding as a "subset of automated bid strategies that use machine learning to optimize for conversions or conversion value in each and every auction." The goal has always been clear: improve Google Ads performance through machine learning to drive stronger business results.

Since the initial launch, Google has consistently devoted resources to improving Smart Bidding capabilities, expanding available contextual signals to create more accurate auction predictions. Unique market conditions such as industry regulations and time to conversion have impacted performance and adoption, and Smart Bidding has been a work in progress.

With omnipresent headlines on "the future of machine learning," Smart Bidding seemed like a tangible example of that future. But marketers must use automation with a strategic consideration of a brand's goals. Automation is the future, but what does that future look like?



## THE EXPERIMENT: MAN VS. MACHINE

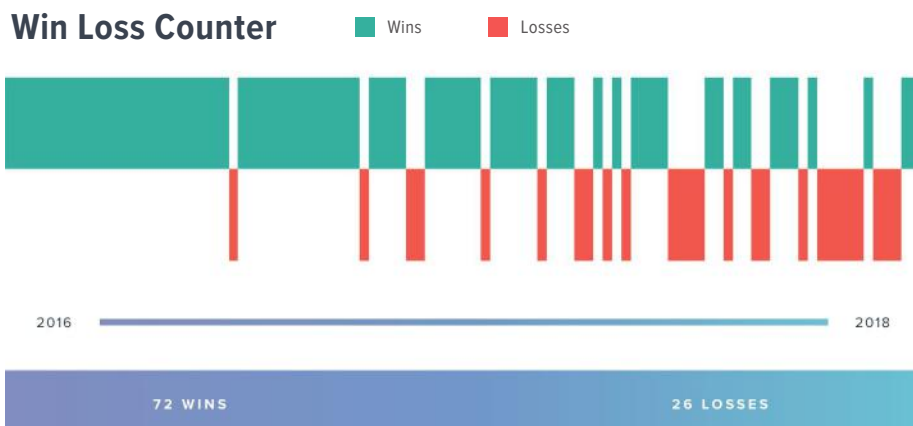
Wpromote is the first to question best practices recommended by the major ad platforms. As large growth companies, Google and Facebook need to meet aggressive growth goals to outperform voracious investor expectations so they have to prioritize deploying new ad solutions at massive scale. While these tend to improve marketing performance for the majority of advertisers over time, they don't always outperform best practices for specific advertisers at the onset.

Rather than blindly adopt new tools from Google or resist recommendations out of a bias for our own practices, Wpromote takes a third-path - testing each new ad solution relevant to our clients at routine increments. The data dictates when Google has refined their technology and can drive stronger performance than Wpromote's best practices.

While this may appear simple and even obvious, it's difficult to execute in practice. There are countless demands and shifting priorities for every brand. And tests may leave you unsatisfied. They may confirm your preconceived notions, or even worse, be inconclusive. What happens if you need to run one test over and over again? It may start to feel like a waste of time, but the challenge is recognizing that it isn't and staying the course. If you do, your entire organization benefits from having the most up-to-date and accurate data-driven decision about what's best for your clients.

Wpromote Paid Search Director, Sergio Cano, is an incredible proponent for this. Sergio is one of the most seasoned paid media professionals working with Google Ads and he has successfully guided strategy for startups and Fortune 500 brands across a wide range of B2C and B2B verticals. His unrelenting skepticism and dedication to testing has not only won awards, but also made him a leading voice in the paid search industry.

Sergio's work with Google Smart Bidding led him to systematically tested this solution against Wpromote's directional-bidding practices over the course of three years to see if he could still 'beat the machine.' And the results?





In the beginning, Sergio won almost every time with directional bidding. Directional bidding dissects the performance data into different segments, comparing where the account's performance is by channel based on how well a specific ad group or keyword is performing. He would lose occasionally, but with a reasonable amount of attention he could win.

In 2018, the win rate teetered toward equity. Sergio still won, but his wins took more work. He would check conversion rates on his phone to make small adjustments throughout the day, even when most were out of office.

But by 2019, he was losing more often than he was winning.

Google's rapidly expanding range of user signals, machine learning capabilities, and extensive access to bidding options including conversion path, search query, and operating system eventually outperformed any manual intervention.

Yet, when human marketers take averages of performance, they are able to identify what is working and what is not. Sergio was optimizing off of actual averages as opposed to predictions.

But results are results.



Your agency or paid search manager isn't just there to pay bids; they should drive strategy for future success

## UNDERSTANDING THE EXPERIMENT

Smart Bidding requires numerous qualifications to work well. The algorithm needs to know what success looks like, and Google recommends that advertisers have at least 30 conversions in the past 30 days before using Target CPA or 50 conversions in the past 30 days for Target ROAS. Volume helps it learn more quickly, and a short time to conversion expedites the machine learning.

Smart Bidding is also susceptible to its own limitations. If there's an issue with conversion tracking, everything goes off the rails. It also doesn't recognize changes quickly, and current functionality does not allow strategy manipulation based on date. If you're a retailer with a flash sale, that matters. Some industries, such as healthcare and pharma, are unable to blindly use Smart Bidding based on legal concerns.

In terms of measurement, accounts that uniquely weigh conversions, such as a form fill and a purchase, may not see accurate results. But accommodations can be made for this in the account. Finally, Smart Bidding only optimizes for the selected strategy and is unable to ensure that all budget is used.

Even with all considerations in mind, automation, and Smart Bidding more specifically, is the way of the future. But that is only the superficial story.

## CREATING A CULTURE OF DATA SKEPTICISM

Automation has the potential to improve digital performance while gaining efficiency at an undeniable rate, while managers still make meaningful contributions to digital success. Accounts continue to require a human touch, but not merely from a setup and optimization standpoint.

Best practices are only best practices if they have been tested and continually stand up to new opposing strategies. The human element drives this effort to actively test and continue to determine the best possible course of action. You want someone who is trying to convince himself that best practices are really best.

Moving forward in paid media requires a commitment to data and the skepticism that accompanies it. Too often marketers focus on determining repeatable processes to increase efficiency. But when tactics go untested, where does that leave us?



While teams do regularly test, it is often without a focused plan. Ask “what are the last 5 tests you’ve done?” and this quickly becomes apparent. Another conversation starter is to consider: if you stopped sending reports, what questions would people ask? Which metrics would they want to see?

## BEING SUCCESSFUL IN 2019

Yes, automation is here to stay. On a tactical level, that certainly includes Smart Bidding for most brands. But businesses must understand that the promise of automation doesn’t necessarily guarantee results by itself.

You have to continuously and rigorously test every strategy, including automation, to ensure it’s capable of delivering stronger results. It’s a culture of healthy skepticism that inspires the right kind of change within your organization. It entails an endless pursuit of optimization, continuous testing plans, and a desire for the truth.

## NEXT STEPS

- Designate a specific leader in your organization to actively maintain a queue of new practices or tools to test based on their potential upside for your business. Partner with Google to help prioritize your tests based on the case studies and data they’ve gathered so far.
- Have your team use a structured and standardized testing framework that is reviewed by a senior paid search team member before launch.
- Test on a variety of accounts to validate a pattern of improved performance.
- After you’ve proven a new practice is better, amend your best practice internally with documentation and updated training materials so your team is always on the bleeding edge of innovation.

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# READY TO BE A CHALLENGER?



Contact Wpromote today  
and we'll guide you through  
digital strategies & more!

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