

Target ROAS for Shopping



+35%¹

Median increase in conversion value
with Shopping campaigns using Target
ROAS

+19%¹

Median increase of ROAS with
Shopping campaigns using Target
ROAS

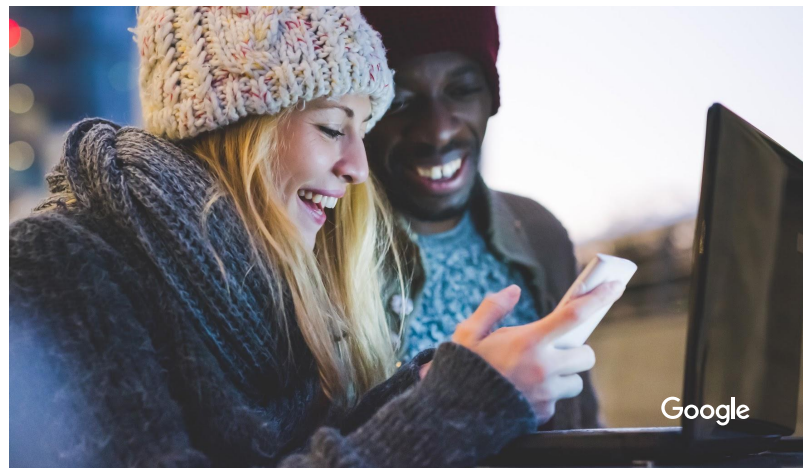
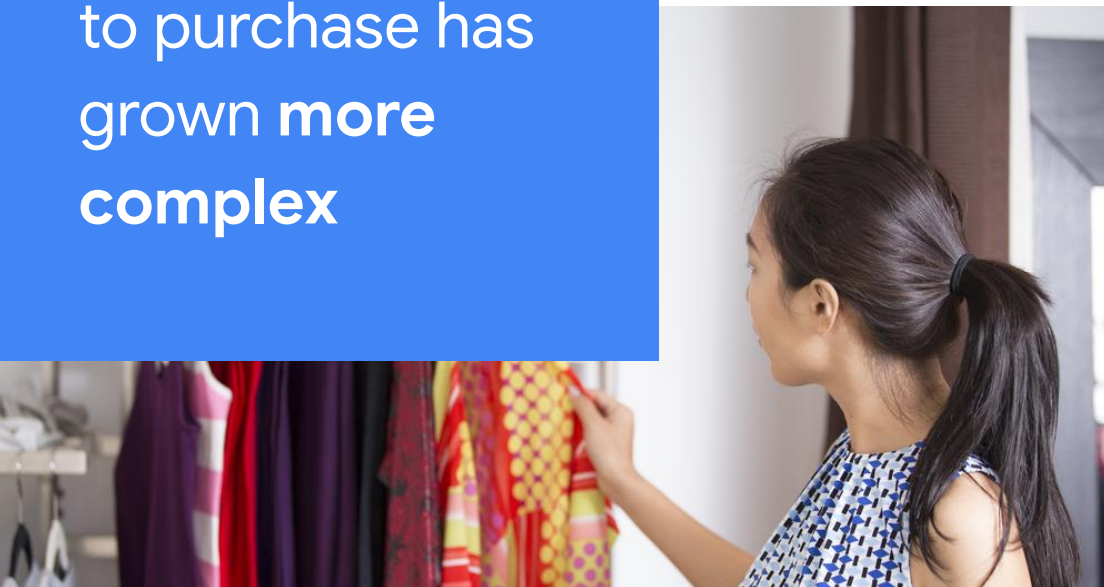
¹ Median uplift from week 10 to week 20 after opt-in to Target ROAS strategy. Based on historical analysis of 2,956 campaigns with at least 10 weeks history prior to opt-in and at least 4 weeks post opt-in



Shoppers' path
to purchase has
grown **more
complex**








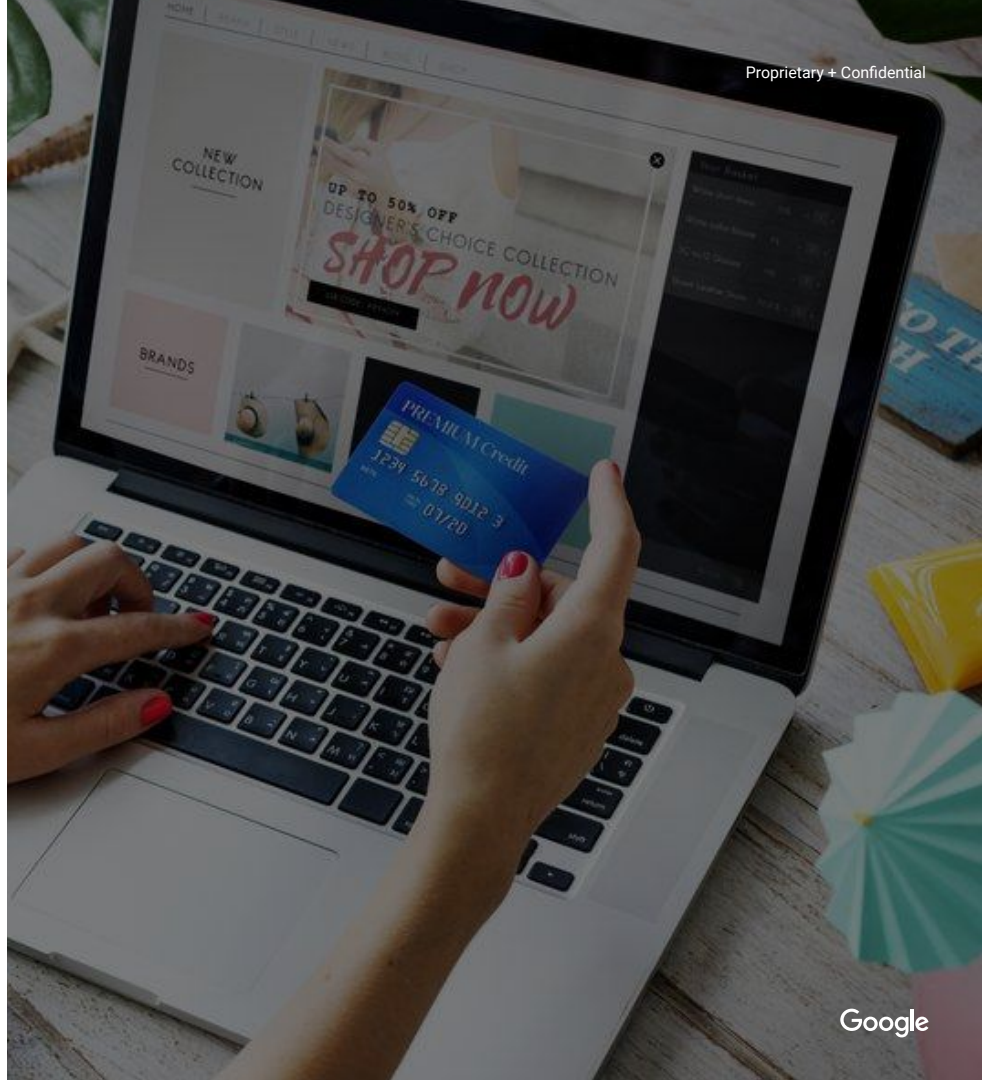
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Google

Managing campaigns and bids has also grown more complex and time intensive

-  Audience Targeting
-  Device Targeting
-  Multiple Campaigns
-  Bid Adjustments
-  Shopping Ads



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The image is a vertical collage of three scenes related to retail and e-commerce. The top scene shows a woman with long blonde hair, wearing a black jacket and grey leggings, walking away from a store window. She is carrying a white shopping bag. The store window displays mannequins in white winter coats and signs that say "30-60%" and "FROM 30% UP TO". The middle scene is a close-up of a person's hands holding a smartphone, with a red shopping bag visible in the foreground. The bottom scene shows a brown cardboard Amazon package on a tiled floor, with a person's feet in white sneakers visible in the background. The text "How do you efficiently drive sales?" is overlaid in white across the middle scene.

How do you efficiently drive sales?

Target ROAS Smart Bidding: auction-powered technology

Target ROAS is a fully automated bidding solution that sets bids at the query-level for each auction to maximize revenue (i.e. conversion value) at a ROAS target that you set



Advanced machine
learning

Informed, accurate decisions



Unparalleled
optimization frequency

Precise adjustments for every auction



Auction-
time signals

Contextually relevant,
intent-based signals

Achieve your goals with advanced machine learning

Target ROAS bidding chooses the right bid for **every user** and **each auction**

Google insights



Queries



Time



Seasonality



Devices



Location



Retailer insights



Audience lists



Brand



Sales



Price & basket size



Product category



Ad creative

Getting Started with Target ROAS for Shopping

Target ROAS Implementation Checklist

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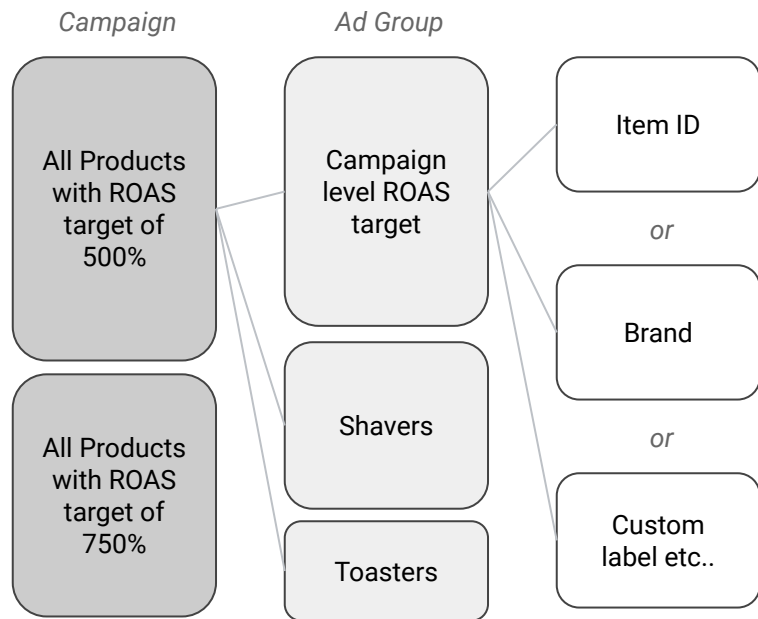
- 1 Check KPIs:** make sure maximizing revenue at a target ROAS is the primary marketing objective you want to optimize to
- 2 Setup tracking:** conversion and conversion value tracking via Google Ads or Analytics
- 3 Check for requirements:** Google ads requires 20 conversions over the last 45 days to turn on Target ROAS
- 4 For best performance we recommend:** **(A)** consolidated campaigns into fewer, larger campaigns **(B)** Campaigns are not budget capped
- 5 Structure campaigns:** For optimal performance, we recommend grouping and consolidate products around ROAS goals *see next slide for details*
- 6 Determine targets:** We recommend using the system generated ROAS target. If you would like to set your own, try and make it closely aligned to your last 28 days average ROAS and adjust it higher or lower once Target ROAS bidding stabilizes.

Campaign structuring best practices

General tips

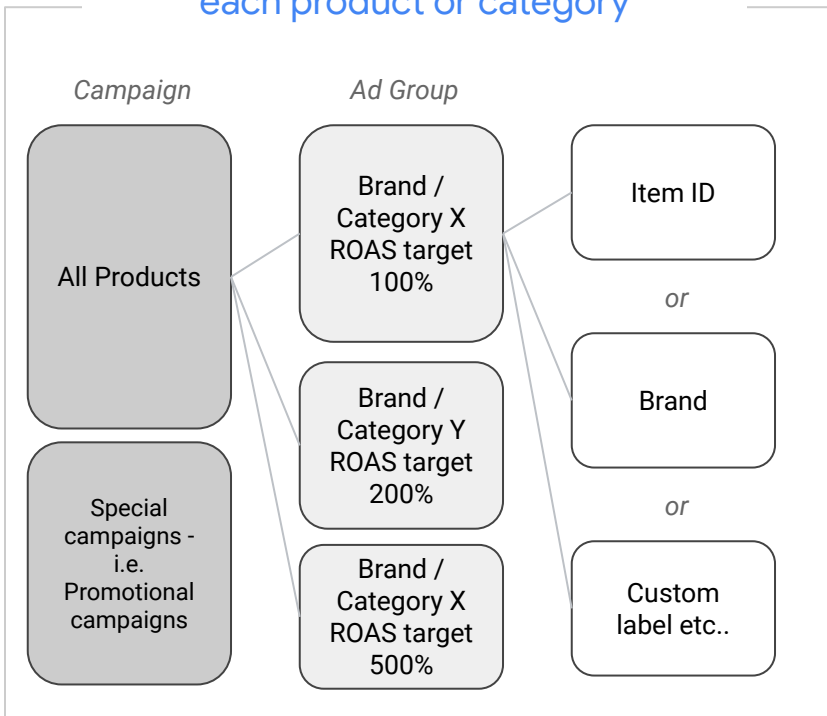
- Generally, the larger the campaign the better because smart bidding works best when it has more conversion data to work with
- Smaller, fragmented campaigns means less conversions for smart bidding to learn off of at the campaign level
- Portfolio bidding consolidates conversion data across all campaigns using the portfolio strategy

Option 1: Restructure around KPIs with one ROAS target for all products

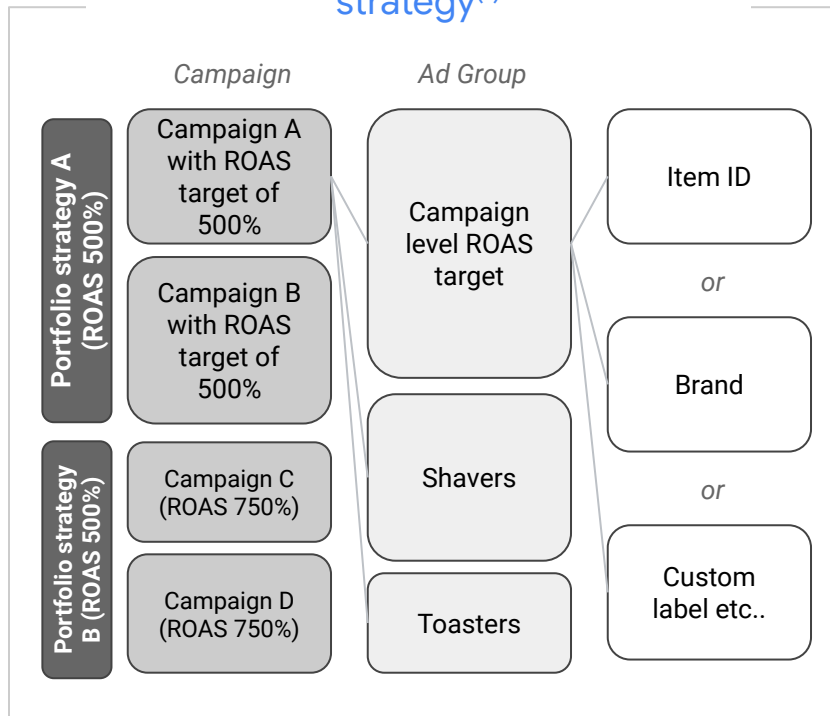


Campaign structuring best practices

Option 2: Different Target ROAS for each product or category





Option 3: Use a portfolio bid strategy⁽¹⁾



(1) Please note that a portfolio strategy will aim to achieve that ROAS target in aggregate of all campaigns, not for each individual campaign. I.e. if you set portfolio strategy of 500%, one campaign may achieve 250% ROAS and another campaign may achieve 750% ROAS

Setting up Target ROAS Portfolio bid strategy in shared library

1. Log into **Google ads account**
2. Click on '**Tools**' 
3. Click on '**Bid Strategies**' under Shared Library
4. Hit the  button and select '**Target ROAS**'
5. **Name the bid strategy**, e.g. Target ROAS 800%, and provide the Target ROAS percentage you desire to achieve (careful: if you set a max bid limit, this can restrict AdWords' automatic optimization of your bids).
6. Under **Campaign Settings** for the campaign you want to use the Target ROAS strategy for, scroll down to **Bid Strategy** and select the new **Target ROAS** bid strategy you just created (alternative: you can also select multiple campaigns in the All Campaigns view and assign the Target ROAS strategy to multiple campaigns at once)

Evaluate Target ROAS Performance

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**Implement
Target ROAS**

Learning Period
~2 Weeks

Test Period
2-3 weeks

Evaluate
only use data from
test period

Optimize

Please see next slide on best practices
during the learning and test period!

Wait at least 15 days: Give system time to optimize before initial evaluation

Account for conversion delays: You may see spend increasing before you see the conversions arriving, especially if you have large conversion delays of several days

Don't react to daily fluctuations: For example, today you sell an expensive product so revenue doubles. The Target ROAS algorithm knows that and won't double spend because of this rare event. Instead, it accepts ROAS jumps for a day but optimizes to the target on average.

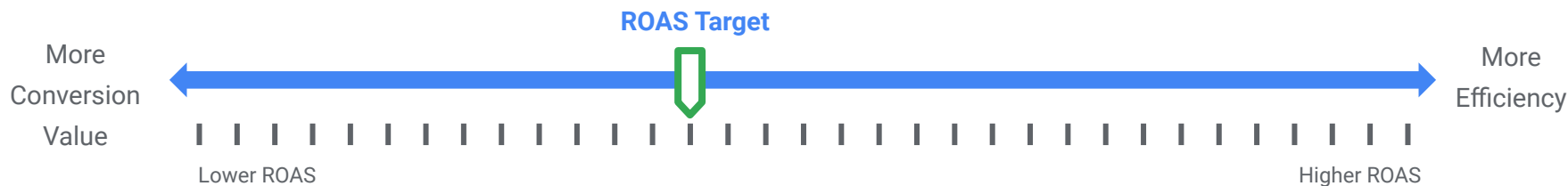
Focus on the right metrics: Conversion value and ROAS. Clicks may decrease and CPCs may increase, which is a good sign Target ROAS is doing its job of bidding up to win high-value clicks and bidding down to not show for low-value queries.

Learning Period Best Practices

- 1 Understand the campaign will slowly spend more as it calibrates
- 2 Ensure the campaign is spending - i.e. you can change the ROAS target, but avoid setting it so high that the campaign does not spend much
- 3 If you set the ROAS low to encourage more spending, be prepared to raise the Target again as spend ramps up

Adjust Target ROAS to Work for Your Business Goals

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Want More Conversion Value?

If volume of sales is your goal, and you want to drive more Conversion Value, then lower your ROAS target! Lowering your ROAS target will allow Target ROAS to enter more auctions and drive more Conversion Value. Please note that this will be at the expense of efficiency.

Want Higher ROAS?

If efficiency and higher ROAS is your goal, raise your ROAS target! Raising your ROAS target will limit Target ROAS to entering auctions that we believe are more likely to lead to a conversion. This means higher ROAS, but less volume.

Case studies



“While humans power the creativity behind Etsy, marketing is increasingly becoming a math problem, and machines are simply better at math than humans. Using Smart Bidding has helped us discover a meaningful pocket of opportunity to scale our paid search program.”

David Zhang, SVP & General Manager, Etsy

Etsy boosts sales, achieves greater efficiency with Smart Bidding

Etsy wanted to leverage new automation technology to scale its marketing efforts and improve cost efficiency. After testing Target ROAS and Target CPA bidding, the brand saw an increase in conversions and ROAS.

Target CPA strategy on Search yielded

113% increase in conversions

109% increase in ROAS

Target ROAS strategy on Shopping yielded

47% better returns vs. third-party auto-bidding solution.

About Etsy

- Etsy is an online marketplace for unique and creative goods—from handcrafted pieces to vintage treasures— that aims to “keep commerce human.” Founded in 2005, the brand currently has 1.9M sellers and 33.4M buyers worldwide (as of Dec. 31, 2017).

Goals

- Leverage new technology.
- Scale marketing initiatives.
- Improve cost efficiency.

Approach & Results

- Ran two-month test comparing manual bidding, third-party bidding, and Google Ads Smart Bidding to identify which method would maximize sales volume and improve efficiency.
- Identified Smart Bidding as the winning strategy, optimizing bids based on auction-level signals.
- Rolled out Smart Bidding across all always-on Shopping ads and Search campaigns.