

Conversion Optimizer

Increase your profits with AdWords



Conversion Optimizer & Our Advertisers

A new analysis on the performance of campaigns which have adopted Conversion Optimizer has found that, on average, these campaigns achieved a 21% increase in conversions while at the same time decreasing their CPA by 14%.

The analysis compares the performance of Conversion Optimizer campaigns with a control set of campaigns and represents the average impact of Conversion Optimizer. The actual impact will vary from campaign to campaign (and a small number of advertisers could conceivably perform better without Conversion Optimizer).

The Conversion Optimizer is an AdWords feature that uses your AdWords Conversion Tracking data to get you more conversions at a lower cost. It optimizes your placement in each ad auction to avoid unprofitable clicks and gets you as many profitable clicks as possible. With Conversion Optimizer, you bid using a maximum cost per acquisition (Max CPA), which is the most you are willing to pay for each conversion. Using historical information about your campaign, Conversion Optimizer automatically finds the optimal equivalent cost-per-click (CPC) bid for your ad each time it's eligible to appear. You still pay per click but you no longer need to adjust your bids manually to reach your CPA goals.

Benefits of Conversion Optimizer

- **Increases profits:** Multi-dimensional bid management for AdWords better matches ads with customers.
- **Easy to use:** Improves AdWords' ease of use with less time spent managing bids, since the feature does a lot of the work for you. It's easy to turn on, as well. If you choose to turn off the Conversion Optimizer, your campaign will revert to the previous CPC bids you were using.
- **Bid with a Max CPA*:** Let Conversion Optimizer work to achieve your maximum CPA goals.
- **No additional charge for AdWords advertisers:** No extra fees or new interfaces to learn.
- **Improve your ROI across Google networks:** Now it's easy to get a good ROI while targeting customers across the various Google advertising networks. Experiment, expand, excel using new ad formats and let Conversion Optimizer help you achieve your campaign goals.

Which campaigns can use Conversion Optimizer?

To begin using Conversion Optimizer, your campaign must meet the following requirements:

- Have AdWords Conversion Tracking enabled
- Have received 30 conversions in the last 30 days
- Have received conversions at a similar rate for at least a few days and been running with conversion tracking for at least 2 weeks
- You should use Conversion Optimizer with existing campaigns because the longer a campaign has used conversion tracking, the more data the Conversion Optimizer has available

What is a maximum cost-per-acquisition (CPA) bid?

A maximum CPA bid is the amount you are willing to pay for a conversion. When you enable the Conversion Optimizer for a campaign, you set a maximum CPA for each ad group.

Please note that the maximum CPA is not a *target* or *average* CPA bid. For example, you may set a maximum CPA of US \$5.00, but average CPA is likely to be less (e.g., US \$2.50). This is similar to the relationship between a maximum CPC bid and the average CPC.

For More Information:
[www.google.com/adwords/
conversionoptimizer](http://www.google.com/adwords/conversionoptimizer)

***An important note:** Your actual CPA depends on factors outside Google's control, so it may exceed the maximum CPA you specify. The Conversion Optimizer uses historical conversion data to predict the likelihood your ads will convert. However, your actual conversion rate can be affected by changes to your website and ads, or external factors such as increased competition. If your actual conversion rate turns out to be lower than the predicted conversion rate, your actual CPA may exceed your maximum CPA bid.

Conversion Optimizer

How it works

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“Now, I can take some days off from worrying about my AdWords campaigns.”

- Moritz Daan, CEO Webgamic

How It Works

1. **Observes:** Conversion Optimizer studies your conversion tracking data to figure out how often each type of auction leads to a conversion.
2. **Buids:** Based on observed past performance, Conversion Optimizer creates a prediction model to guess which auctions will perform best for you in the future.
3. **Optimizes:** Adjusts your bids on an ongoing basis, so your money is efficiently invested in the best auctions. It generates an ad rank by your CPA bid, quality score and predicted conversion rate.

The Factors Conversion Optimizer Takes Into Account

The Conversion Optimizer predicts a conversion rate for your ads every time they are eligible to appear. Here are some of the factors Conversion Optimizer takes into account when analyzing and optimizing your campaign's performance:

Search Targeting

- Broad vs. Exact match
- Particular broad match query
- Search partner site

Content Targeting

- Content site "topic"
- Actual Content site
- Match quality between the ad and content

User Attributes

- User location
- Operating system
- Browser
- Language Setting

By considering these factors every time your ads are eligible to appear, Conversion Optimizer can show your ads more when you are likely to get conversions. Without using Conversion Optimizer, you are much more restricted in the ways your bid varies from impression to impression, which is why Conversion Optimizer can get you much better performance than you might get with manual bidding alone.

Example: Improving Your Search & Content Campaigns

Let's say Tim sells custom surfboards online.

Over the past year, Tim has been excited to see how many sales Google AdWords has driven to his business. During that time, he used both the Search and Content Networks to bring qualified traffic to his site. Now that Tim had a solid account foundation set, he is looking for ways to improve performance. After a little research, he decides that Google's Conversion Optimizer is the best way to improve campaign performance while saving him time. Having successfully activated the Conversion Optimizer feature, Tim allows several days to pass before analyzing performance and making adjustments. When he finally checks in on his campaigns' performance, he is happy to see his average CPA had gone down by almost 5%. However, Tim remembers reading that it was a good practice to test out several max CPA levels, in order to find the level that maximizes profit. He decides to experiment by raising his max CPA by \$10, which leads to several more conversions at almost the same average CPA.



Conversion Optimizer

Examples

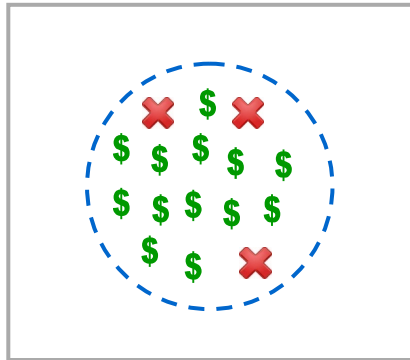
Tips For Success

- It's easy to try, so try it out! If you ever choose to opt out of the Conversion Optimizer, your campaign will revert to the previous CPC bids you were using.
- Remember the Conversion Optimizer bid is based on maximum CPA, not on average CPA.
- Keep in mind that Conversion Optimizer has a long-term vision. The feature is designed to adjust over time, with the goal of avoiding any conversion with a CPA higher than the stated maximum.

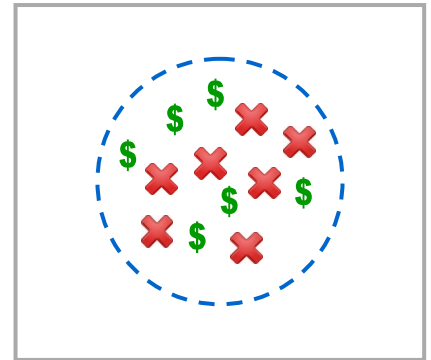
Here are two broad match keywords from Tim's account:

Simple Bid Management

Keyword: custom surfboard



Keyword: surfboard

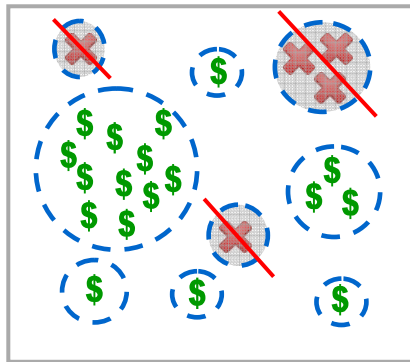


\$ = Conversions X = Clicks

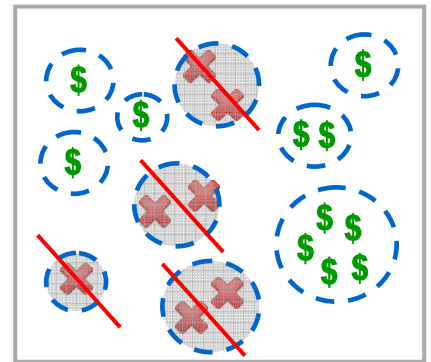
Before installing Conversion Optimizer, Tim chose different bids for each of these keywords, but used the same bid for all the clicks on each keyword. Simple bid management misses out on opportunities to differentiate between clicks.

Multi-Dimensional Bidding

Keyword: custom surfboard



Keyword: surfboard



Now that the Conversion Optimizer is installed, it is able to analyze past performance data and begin to optimize based on many more factors. In Tim's case, two major areas for improvement Conversion Optimizer identifies are: user location and strong performing broad match queries.

- **User Location:** For the term 'custom surfboard', Conversion Optimizer found that some non-converting clicks were coming from common geographic regions. In this case, users in Canada were searching for 'custom surfboard', clicking on Tim's ad, but not making a purchase. This makes sense since Tim doesn't ship to Canada. Conversion Optimizer was able to identify this trend and focus efforts on targeting users in the United States.



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Examples

Tips For Success

- Start with the recommended maximum CPA bid. You should see more conversions without much change to your CPA. If you set the bid below the recommended amount, you are likely to pay less for each conversion, but you may also get less traffic and fewer conversions.
 - Experiment. Try different CPA bids to compare profit levels. Monitor your campaign performance and adjust the CPA bids as needed.
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- **Strong Broad Match Queries:** Tim is running on the broad match keyword 'surfboard'. Conversion Optimizer is able to see that Tim's ad was also showing for queries such as 'order a custom surfboard' and 'custom made surfboard', both of which performed very well for Tim (low average CPA, high conversion rate). Conversion Optimizer is able to identify this opportunity and make sure Tim's ad showed as often as possible for these two related queries.

Example: Improving Your Content Campaigns

Candice sells new and vintage movie posters online. She has been using contextual targeting to reach potential customers while they spend time on movie blogs, read online entertainment magazines and chat with fellow movie buffs on cinema discussion boards. The Content Network has brought a lot of sales to her shop, but after looking at her key performance metrics, she thinks there is still room for improvement.

Candice decides to use the Conversion Optimizer. Setting up the feature is quick and easy; she starts with the recommended maximum CPA bid, which helps ensure a smooth transition. She then fills in some basic information and then lets Conversion Optimizer do the rest. A few weeks later, Candice checks in on her campaign's performance and is delighted to see her average CPA has dropped by several dollars and her conversion rate improved by over 0.5%! How did Conversion Optimizer accomplish this?

In order to improve Candice's Content campaign performance, Conversion Optimizer examined the campaign's historical and current performance. Here are three sample websites where Candice's ads appeared on the Content Network:



- **Website A:** Conversion Optimizer found that, over time, Website A drove conversions at a high cost by sending Candice many clicks that were not translating into conversions. Bid levels for this site were automatically lowered until Candice's ads stopped appearing on this website, thus freeing up budget for higher performing websites.
- **Website B:** This site is one of Candice's top performers, so Conversion Optimizer will make sure her ads appear there as often as possible, generating even more conversions.
- **Website C:** Conversion Optimizer found that, across the board, Candice's ads performed very well on sites with themes similar to that of Website C (theme: movie memorabilia). With this information, Candice's ads were shown on even more Content Network sites related to movie memorabilia; this expanded her reach on relevant sites and delivered new conversions to her business.



Conversion Optimizer

Getting Started

Installing Conversion Tracking

Not only is conversion tracking a great way to monitor the performance of your AdWords investment, but it is also required in order to use Conversion Optimizer. To set up Google AdWords on your site, you will need to place a snippet of code on your conversion confirmation page(s). Here's how to obtain the code and begin tracking conversion data:

1. Visit <https://adwords.google.com/select/ConversionTrackingHome>. You can also reach this page by clicking **Conversion Tacking** at the top of your account's **Campaign Management** tab.
2. Click **Create Your First Actions**.
3. Follow the steps provided. We will guide you through the process of receiving your code, placing on your website and completing the set-up.

An important note: Don't remove your conversion tracking code from your website or move it to a different location while running Conversion Optimizer, as it may interfere with your campaign's performance.

Getting Started with Conversion Optimizer

Here are some quick steps to turn on Conversion Optimizer for a campaign:

1. Sign into your AdWords account.
2. Select the checkbox next to the appropriate campaign or campaigns (remember, to qualify they must have had 30 conversions over 30 days).
3. Click **Edit Settings**.
4. Find the **Networks and Bidding** section of the page. Click **Change Bidding Strategy**. This takes you to the bidding page.
5. On the **Bidding Strategy** page, select the radio button next to Conversion Optimizer. (See figure)

Choose one:

- Manual bidding**
Max CPC bids
 - Set the highest price you're willing to pay for each click
 - Choose this option if you need maximum control of each bid
 - [Learn more](#)
- Conversion Optimizer New!**
Max CPA bids
 - Set the highest price you're willing to pay for each conversion
 - Google will optimize your performance to aim for the best possible return on investment
 - You must use Google Conversion Tracking (and have at least 30 conversions in the last 30 days)
 - [Learn more](#)
- Budget Optimizer**
No bids needed
 - Set a 30-day budget
 - Google will manage your bids, trying to earn you the most possible clicks within that budget.
 - Choose this option for the simplest bidding experience. Great for new users
 - [Learn more](#)

When you choose the Budget Optimizer:

 - Any content bids you have set will be turned off.
 - All existing settings will be saved in case you return to manual bidding in the future.
- Preferred cost bidding**
Average CPC bids
 - This option is no longer available. It will be retired completely on January 26, 2009.
 - [Learn more](#)

The current pricing model, CPC, cannot be changed. ⓘ

[Save and Continue >](#) [Cancel](#)

6. Click **Save and Continue**.
7. The system will then ask if you'd like to start with the recommended bid or create a custom bid. For most advertisers, it is a good idea to start with the recommended bid and then tweak the bid up or down to find the ideal level.
8. Click **Save Changes**. Conversion Optimizer is now on. (Note: On the main campaign page, you will see a Max CPA column that has replaced the Max CPC column)



Conversion Optimizer

Getting Started

(instructions continued from p. 5)

Once Conversion Optimizer has had a few weeks to run, it is recommended that you compare the pre-implementation and post-implementation statistics in order to see how much improvement was made.

You can change your Max CPA bid as often as you like. When you do want to change it, click Edit Bids. If you want to increase traffic and conversions, increase your Max CPA bid. If you want to lower your average CPA, lower your Max CPA bid (which will likely decrease your traffic.) You can set the same or different Max CPA bid for each ad group.

Common Questions

Q: Will Conversion Optimizer work if there is seasonality to my business or during times when my conversion rate fluctuates?

A: Yes, the Conversion Optimizer will automatically adjust to gradual changes in conversion rate. If there are sudden changes to your conversion rate (e.g., you move your conversion tracking code to another page), you may want to turn off the feature for several weeks as it adjusts.

Q: Will Conversion Optimizer work on both the Search and Content networks?

A: Yes, Conversion Optimizer will help you on both Google Search and Content, as well as on our AdSense For Search (AFS) network..

Q: Which AdWords features will not work with Conversion Optimizer?

A: If you are running Conversion Optimizer for a campaign, the following features are not currently compatible:

- Position Preference
- Advanced Ad Scheduling (Basic Ad Scheduling is supported)
- Separate Content Network bids (because Conversion Optimizer automatically optimizes bids across both networks)

