Bizarro Analytics With Andrew Goodman

Presenter: All right. We're going to go ahead and get started with Bizarro, they started ahead of us. So apologies people on the Account Structure Panel, because you've heard this bio before but I think for the people who weren't in there you want to know who Andrew Goodman is. So Andrew Goodman is the founder and president of Toronto based Page Zero Media. A full service digital marketing agency founded in 2000, focusing on SEM and display ads. Clients include Direct Energy, Nuts.com, Wave Accounting and Post Media Digital. Andrew is author of Winning Results with Google Adwords, writes a regular column for Clix, and maintains a streak of speaking at every SES conference in North America since 2002, 40 and counting. Look at that. And the first of Hero Con, which is probably a bigger accomplishment, if you really think about it. In his spare time he enjoys hiking at the Fundy Trail Parkway near St. Martins, New Brunswick. Also in his spare time, he is a co-founder and director of Home Stars, a start-up in the consumer reviews space. Andrew Goodman.

Andrew: And I'll just seamlessly find the presentation and put it up here. Bare with me, PowerPoint. Could have done this before the intro. All right. Hero Con. This is how I do it. Final. Okay. So. It's kind of hard to summarize this quickly, to explain why I'm doing this and why it's called Bizarro Analytics, but I'll do my best not to do the broad summary for the whole presentation and to dig into some stuff.

One way to get at that is to look at the Account Structure Panel we just had here. So it was a really good panel, five people talking about accounts structure. And at the same time it really makes you think that in the industry you can start to, not in that panel, but with topics like account structure all they're really ever talking about is different actions, different approaches, different decisions you're going to take to alter, change, build an account. But you'll find, I guess, there's the good version of that, and the kind of fake version of that. if you ever stumble on an account managed by someone whose kind of faking their way through life, people are beginning to adopt techniques that are basically just for their own sake. There's now driving force behind the techniques, the techniques become their own to do list. So one of the things I'm trying to do here is to actually greatly reduce the extraneous and unnecessary parts of the job of analytics; and to kind of remind us that some of the things we do as a core of our job as paid search people actually makes us better without even being great, world famous statisticians. Day to day we're often much better than some of the people who are on top of the field in the analytics field.

Anyway, I'll get into it and hopefully all will become clear. So I've always felt a little, I put this table

together myself right, so it's obviously true, I've always felt strange when I go to analytics conferences and listen to people talk about actionable analytics. There's this suggestion that it's better than being a slow kind of corporate, slow moving pre-digital kind of actor. Yet I've always felt like what we do is yet much more actionable even than that. It hit me that what makes it so special, what we do is in the feedback cycles, and I've felt this ever since I pretty much wrote the first book on this.

Like many things you take ideas, you're reading about, Seth Godon had a great little bit of math, like the great synthesizer that he is. If you just do the math of a faster feedback cycle on a test, and multiple those feedback cycles against the competitor whose going twice as slow your profit is just racing ahead of the competition. So in here we kind of have all the old push marketing on one side. If you think about direct mail, it's considered to be performance based, it's considered to be somewhat granular, but of course it's light years behind what we do. The feedback cycle is as soon as we can collect data about what happened to people opening mail. So you know, you move up and to the right towards faster, and also driven by people's queries and specific requests and we get a very strange and wonderful world. Where we're responding immediately to very granular data, on a daily basis. Stupid pictures that mixed metaphors.

I don't even want to say that I'm being driven to work, because I want to say that what motivates me after ten years in the business, you can come to work every day and have a lot of tactics and tips, and that's actually my car but, we're going to come back to two things that really get us through.

If you just focus on the sort of the client, or the bosses side of it, which I would call it the lower purpose, which is making money in the account. Every day having some kind of analytics that tell you how much money you made in some fashion, then you'll be Okay. It feels like if you watch The Family Guy, it feels that client is when little Stewie is going to become a mobster and he's like, "where's my money, man?" You know that's daily right, with client. But you'll probably fail to be good at that job unless you recognize what to do and why you're doing. And the higher purpose is, of course, is what drives the customer, that database of intentions as John Battelle called it. It's search intent.

In "The Search", John Battelle called it the database of intentions in that book in 2003/2004. You're talking about Google literally is sitting on the truth, right? The truth about what people want, but that truth is not just in a keyword. It's a dynamic truth that involves the user session, where they were in they were purchase process, what they might have done before if you have other data on that user and of course what happened afterward. So especially it's the keyword tied to the ad creative tied to what happened, whether they converted in some way.

As you gain that information, it's no longer a database of intention that Google owns, as you build your account of course it becomes a database of what happened and your molding and shaping that and your doing that all based on search intent. You're trying to avoid mistakes in search intent. So I've explained that all, I don't think we need these slides.

So that lower purpose is quite simple, ignoring complex business models we know that every significant segment in your account, every keyword, every segment can and should be managed to a business metric like cost per action or acquisition or return on ad spend. We know this. We also know that having these goals doesn't help you achieve them, you can’t just set that $5 CPA and get it and you can also get it by setting up any kind of rule or CPA bidding, you can use conversion optimizer and you can get low volumes by being really strict if you want. But that's not challenging. To have a pretty ROI but no volume. The hard part is building a bigger business.

So all of these other metrics, everything else that people want you to look at in Google analytics for example, I consider them informative. Probably you need to have it as part of your tool kit, but they're not mission critical, what we do everyday with the CPA numbers is mission critical and it does connect up with search intent. So what I'm saying is don't start with so called analytics. Don't start with what my favorite report, what's the favorite statistic. I'm going to start with what are the actions that we do, the most important actions that we do every day in an account.

Just to give a sense of what even top people in the business, Evan Ushkowitz , all he does is write about analytics and try to evangelize on analytics. He would be someone you would think would be trying to convince you to spend six hours pouring through a report. I think that one of his blog posts he actually said, "stop calling it data mining, stop telling the client you're going in and data mining" because that connotes finding a nugget of sort of trivial information that's really interesting buried somewhere deep. But of course, we have to become better at meaningful aggregation of data, not mining little pieces of data; but making big shifts every day based on a principle that achieves a goal.

So as you know, when it comes to actions and when it comes to rule based actions that you can automate, now we're beginning to get into the idea of, you know, I'm not just smart and I'm not just going to have a good account because I'm smart, I have to have a good organization that's rational, that always does things in the same way every time. Most of that's been about managing bids. Most market automation in our niche has been about managing bids, and the question I guess that I have is, what's so wrong about that? Is it wrong? Is that all we talk about and is that bad? Actually, I'm going to leave that to you to think for yourself.

So as you know, these are some of the actions, right? It's certainly not just bid management, we have to test ads, we have to fix intent with negative keywords, campaign organization, we had a whole panel on it. You have to understand match types; you have to understand campaign setting. But I think I'm going to hazard a guess that look, these other things are fine but we're not getting the bids right, even. We're not even doing that right. Maybe all of you are but I would guess that up until about a year ago, many people in the industry were still at the level of debating really, finding excuses not to automate, not having a conversation about which tool to use to manage bids, or which rules to use. So that's the conversation I think we should be having. That analytics in this case, really become "what's the CPS or return on ad spend number or the number of conversions?" And "Let's get our bids, in all cases, as accurate as we can. That's a routine decision then, if you go back on how decision-making has been studied. If you have this, if this was NASA or something like that, we certainly wouldn't have people double-checking things manually. I mean, you can't launch a space shuttle without 99.9% being computers. There are people on that space shuttle. So we've been loathed to admit this, I think. We say, "oh, that's going to take my job so I'll do a little bit of automation, and then I'll pretend that it's not really necessary." So routine decisions require automation, absolutely.

Let's consider that at least there are probably six or seven ways to automate bids and key performance indicator. I'll just look at four, and what I think of it is you're probably going to use three or four of these methods as you, in your organization or yourself. I find it fun to use a few different ones, they all have pros and cons. So just first of all, you know, to walk before you can run. I think a lot of people don't realize that if you just use simple sorting, sort by spend, by keyword at the account level, and then run a filter in Adwords and pick your date range, anything spending over $75 or something like that, that didn't convert. Or pick another filter that's anything with X number of clicks that had a return on ad spend below a certain amount.

That is something that basically when you do that sort and you do the right date range you can find the

holes. For client friendliness, not ever, ever getting yelled at if you just did that weekly, that would be all the bid automation you would need to eliminate the major gaps in your keyword performance.

So bid automation using third party tools and rules, obviously is a bit more sophisticated than that; but I think a lot of us until recently didn't even just do that one. Some of you may not have seen this up until recently if you were doing that kind of sorting and the rule based bidding in Adwords you could actually factor in the revenue component, the ROAS number, it was only CPA's, which is pretty limiting. So that's in there now, it's in the drop down. So you can also use Adwards bid automation using rules. Obviously Marc from Aquizio has talked about using a third party tool to build your own rules. It's very similar to what Adwords offers but obviously a lot of other types of automation you can use.

And then there's artificial intelligence, which gets more predictive, right? This would be ideal I think, if it worked and we weren't so afraid of losing our jobs. But certainly something that Google has said with conversion optimizer there's something like a regression analysis that's happening. Where that user session, you know, the probability of a time of day even the browser type maybe in the future will be demographic information that Google has as privacy policies change. So it won't be just this keyword, it will be Google trying to predict based on other factors as well, what to bid. So that's another way.

So the question becomes which is best and where's the role for the smart analyst? I think there are tons of things we still do, right? For example, just to give you an example, of the things that we do all the time that has nothing to do with the computer is understanding search intent. Know the client; know the quirks of lets say buy words or high volume words. We have words for Nuts.com, probably shouldn't say all of this, it's Candy.com, it's Meat.com, it's not Nuts.com. Wholesale and bulk are words that are great words. We love wholesale and we love bulk; and it's much more important to get large orders than small orders.

As you know and in your organization people come and go. If you have someone new and they don't know all the same keyword intent that you do, they're very excited about words that don't work as well as the seem to work on paper. So wholesale and bulk are two different things. Bulk works really well because it matches the intent of more people. So let's say it was "bulk candy" or "bulk almonds" or something like that. A lot of retail customers who are looking for a semi wholesaler, kind of a very low priced retailer whose almost wholesale, that's what Nuts.com would be, like the site. People are typing in wholesale really actually want a wholesaler and they're not a wholesaler. So the wholesale words really don't actually always go well for us.

So to just take that one example, you can change your strategy tomorrow by doing a filter again in Adwords. For every word across the account there's probably five thousand phrases in the account that contain the word wholesale. I'd love to stack up the aggregate return on ad spend of all of our wholesale words that we're so cocky about and have overbid, and I would bet that they are below even the ordinary, the average of the whole account. So things like that are certainly beyond automation.

So here's a screen shot of the automate by Google feature. How many people are using this currently? Automating bids with Google tool? I mean, it works great, it starts out with fewer features but not I really think it works great. My probably biggest pet peeve on it is the look back period, the last 30 days. So if you're doing it by ad group it might work but by keyword you're running against just useless volumes that you can't really make a decision statistically at that insignificant. But anyone else have any pet peeves with this thing or do you like it, dislike it? Like it.

Anyway, that's, this is exactly what you should be doing, of course, assuming that the tool worked better and we could do a longer look up period. This is a very simple, but I think the type of rule that people should be using. You want to just look for inaccurate bids that are too high and instead of pausing things you just decrease it and that cycle continues. The only other thing that I find and it's just a personal preference is, I really don't trust, again maybe it's that mistakes can be made by people who are tired or inexperienced, you'll just find it will catch a lot when you preview the rule it's catching things that really don't qualify that they may have on average higher order size. There may be some reasons why you want to have it not follow the rule. So I always, I never let them, I never schedule the rules, I always preview them, look at the whole list and then hit go and let it do the changes. I really don't feel comfortable with just every week this thing running while I sleep.

So some complications with using bid rules. The problem with using bid rules blindly, here's one of them. The bids aren't the only thing people do in accounts. Presumably we are building something good, and we're testing things that are going to improve so let's say you're running ad tests, you have a lot of confidence that winning ads in an account, let's say across a whole campaign, you're expecting 30 to 40% better performance to result from when the ad tests are all completed. So that target is inaccurate, you know, the ROAS result that you're looking at for bid management may be inaccurate. And you're really now under bidding on things where if you looked into the ad rotation and the ad test, you know, half the time or more it's hitting your target, and when that bad ad is showing it's not as good. So that's an inaccuracy right there.

There's a kind of a mismatch or a collision, I guess, in goals or outcomes, between two good things I guess, or one good thing gets trumped by a bad thing and that is we like buy words and again, wholesale might have been one of them but buy smoked meats might be a great word. The problem is when we have multiple match types and we're automating and for whatever reason these, let's say the broad match is getting a lot more attention. It's a buy word so it gets pulled up to the top and it's actually now pulling all the impressions away from phrase match by "smoked meat". So you know, you do find that just because it has and it's not as good, so, you do find that, I find that match type can really kill you. You get these mediocre result because you kind of have broad matches getting prioritized, because they just happen to get more impressions. So I think you're always trying to keep the match types in proportion. Whether you do that in Ad groups or not, you simply need to bid those phrase matches and always keep them kind of up and getting their fair share of impressions and deliberately without even using automation and then the broader match ones down, to keep them from crossing, you know. When the bad match type crosses through the other one and is always higher it's just wrong, and it's just going to be mediocre over time.

The tight leash problem is when the client says something like, go ahead and just keep pausing everything no matter how minuscule it is, if it falls below a certain threshold. I'll get to that and why that might not work on another slide coming up. You have a choice oftentimes, between your cost per acquisition target and your more revenue based return on ad spend figure and if you're on very small sample sizes, on a keyword, if it has a really high or a really low return on ad spend but the number of conversions looks good then that's misleading. Order size could vary a lot on a small sample size. So unless the sample size is large, return on ad spend is like you happen to get a lucky big order or you haven't been lucky enough to get big orders yet. So you want to look at both the CPA and the number of conversions as well, as return on ad spend. So like in terms of really plugging holes, I don't consider a slightly ROAS on keyword to be a big hole in the account, when I'm plugging holes I'm looking for things that have zeros in recent times, no conversions, that's bad.

Some of the other, obviously the other complications, when you're automating is your client may be getting more and more good keywords not being attributed with last click attribution but the brand keywords may be getting more and more credit. So you know, there will be attribution complexity but bid automation is getting worse at taking account of. So what is the tight leash problem? What if you could program your analytic software to sniff out all bad CPA's and ROAS on every conceivable segment, so it was like this Swiss cheese would suddenly just, you've plugged all the holes and it would just be the perfect account? You've scaled everything back. The problem is some of the bad performance is just random based on small sample sizes. In fact, if you had ten thousand volume keywords, a bunch of which had some conversions, probably 500 of them would have no conversions for no good reason. They would eventually, in the future, be good. They were just at the bottom of the list of bad luck, not the bottom of the list for any reason.

The idea is you're perfecting ad groups and types of keywords. Some of these keywords sound like other keywords, just one of them converted and the other one didn't because that's just statistically one of them had to. By moving towards a goal and building the account, if you read Dan Ariely's books on rationality, "Predictably Irrational", and there's another one. There's a really good part of it that did experiments where if you pay people a small amount to put together this Lego, they're very happy when they leave. But if you then smash it as they leave the room, say here's your money and you smash the whole thing it's like, "well what was I building? I had this, my work wasn't used." The same goes if someone writes research reports that the company just throws in the garbage. All of that. So it is very demotivating to have the account shrinking and always getting smaller.

The question becomes "what if this thing leaks?" but it's easy to plug leaks. It doesn't matter if it's this crappy little dinghy. What would that be if you were just to plug the leaks there? It would be a really good, tiny little boat then. And if you have a big battleship and you had a really big budget and lots of tax revenues coming in everyday than that would be great and it's just, plugging leaks is routine. It's routine. So the real challenge is not to plug leaks, the real challenge is to build a bigger account.

So what are the alternatives to the leash? Be patient, focus on longer look back periods. So you know, if you've had some recent non-success in a keyword, don't forget, maybe over a six month period it did good things. As I said, bring a priority ideas about match types and don't see keywords in isolation. So, to have this bid automation running all the time and pulling things up and down and now the wrong match type is leading and all of that, you know, consider that multiple variance of the same keyword are really part of a bucket and so if one of them converted and the other has zero it's just not fair to blame the one that didn't unless it goes on and on and on for a long period of time.

Always manage and don't cause keywords. They're not inherently good or bad unless they're really terrible. You know, you're looking to bid accurately, not to get rid of bad things. So, just keep moving forward, the cool thing about bidding, like I said, just bidding to CPA metrics is limiting so you might have an account, for example, where it's just very difficult to attribute a conversions and you're company knows that more engaged visitor tends to phone next week or whatever. You have companies with difficult attribution, but they also have metrics. So if in the past you were using Google Analytics manually again, so this is part of my pitch to you know we had this client where we used to go in and kind of revisit the whole accounts bidding structure based on what we could get from some of the time spent on site, bounce rates and all these other things from GA. But until recently it was pretty hard to just press a button and tie it in and make a rule do that. So it was very time consuming, it was three hours of bid changes.

Now with Aquizio or other third party tools, you can always connect through these API's and create a

rule. So in this one, Mark probably already showed this one, we love playing with these kinds of rules and making our own, in this case. If they visited greater than three pages on the website and the average position of your ad is high, and so on and so forth. Sorry, the average ad position is not above 1.5, it's below 1.5, then you're going to increase your bid. So this is something that tells you to increase your bid if they are reasonably engaged, and it's something you don't do manually.

Speaking Aquizio, we're going to take a quick break for this, but I think I'm going to run out of time so very quickly I have to find out whether I should fly with my wife or drive with my wife, ten hours to Aquizio's festival and summit in late June, keeping in mind plane tickets cost us 650 each, including taxes and fees. Should I bring my wife? Should I fly or drive? The math is not simple. The answer is always you just do whatever your wife wants to do. So that's sort of obvious.

Quality score is a statistic. So we're told that that's a statistic that's an engagement method or there's some other statistics that we should be looking at, CPA's and all these other things. Because of search intent, because you're ROI goes up when you master the art of quality score, you do need to look at quality score. You need to turn it on and you need to account and understand how you can get a better account by looking at quality score, and realizing that it's tied to search intent. So in something like this, even at low quality scores Google is always going to say there's no problems with keyword relevance. Whatever, so that's you're report, it's for intent, but it's not good, it's not great.

Is it actionable? Of course it makes you money, it's connected with search intent. Some of you may know this already, but it used to be that quality score was kind of a lingering statistic that stuck to your keyword. In fact, now what your seeing is an average that every time there's an auction now quality scores determined for your ad based on that particular user, based on the other advertisers in that auction. So you might have 3's and 7's throughout the day on the same keyword and what you're getting is an average.

Anyway, moving on to what we should do about that, building a more relevant campaign, it sounds obvious but some of what we need to do is to maximize quality score, all else being equal. Brad Sessions probably going on right now or next, one of the things you really need to do, you can't do it right here, but go out and look for any good info from Brad or myself, coming up soon on quality score myths. Or if you can get Fred Valley or Nick Fox at Google to write about quality score myths. You hear them all the time, don't think that exact match is a loophole you can use for quality score, you know. There's a whole lot of things that don't work and aren't going to improve it.

Ad testing is the most under appreciated factor, right? We know that we can get higher click through rates on keywords or structure an account better to have it a little more granular, but the ad testing really is the key. You're always, most people are looking only at ROI with their ad testing, and they should be. It's very hard to get the perfect ad that gives you the best ROI but Google is rewarding us for click through rate, so you can't throw click through rate out the window. You have to keep working and keep testing. If you can find the one that's closer to search intent without bringing in a whole bunch of uninterested people clicking then that's the big win and it doesn't happen overnight but if you select that ad that's got this ad has the highest click through rate and the highest conversion rate. If you had instead settled for one that had a high conversion rate but had a lower click through rate that's just key, and overtime you will see, obviously, that all else being equal the CTR's in that ad group will start to decrease, but you need to keep the same ad position. You will find yourself pulling away from your competition.

The advantages of higher click through ads it's a proxy for quality score. So one of the most important

statistics that we were told was baby stuff, right? Go away from click through rate, don't worry about that, look at ROI only. We really need to accept that what Google is telling us that users are speaking, they're voting with that click, right? Google profits from it, as we know. The affect of CPM may make for more clicks on the same ad inventory is of course higher. So, the chances are you won't need to revise this strategy, if you're always working on, of course look at ROI, but retesting ads to raise the click through rate, that's never going to change. That’s always going to be true.

More volume, all else being equal means more, a bigger account for you so if you take an account and across the board, let's say you were running at 3% and now you're running at 4%, you actually have a 25% bigger account now if the profit margins were the same you have 25% more profit. Your business is actually pushing around your competitors and actually harming them, if you will, by having more to invest back into it. So a lot of people underestimate that so I would just sell you on the idea of quality score and click through rate as absolutely vital statistics to look at.

And quickly on ad tests. Should you look at just the conversion rate on the ad or if you're looking in an ad test or looking are you looking at the revenues, are some ads; somehow triggering higher order size? So over on the right hand side I see a return on ad spend of 2 versus one at 3.3. The one that says 3.3 here, I'm just going to jump ahead to my hunch on some of these things and those are anomalies that in ad testing most of the time given time that will just, that will even out and it will revert to the mean. Ads aren't a particularly good way to generate higher order sizes even if it was to save buying in bulk actually doesn't help. So, yeah, I would say just be cautious of ROAS as a reliable metric in ads, unless you have a huge amount of data.

Skip ahead to two more slides, because we're running out of time. What do you low qualities scores tell us? They don't tell us the whole account is screwed up or that you should do something to try to improve the quality score on that keyword. It can actually be the canary in the coal mine that will remind you, hey, you know, I wasn't thinking through what people are buying. So in this case, we print panoramic pictures, it's a picture that prints all large formats and different media so the 7's all say "print panoramic photo". They're fine and they work well. But the 3 comes in here, it's because Google is already predicting that many, many people are searching panoramic photos of Naples online, and you will continue to suffer if you keep pursuing this broad inventory. So I find that quality score is a great way to remind yourself of, hey, come back to the search intent of what people actually doing to transact with you, not just to look for those informational inquires.

Okay. To wrap it up. Framing, there's this notion in the psychology literature that anyone who is smart can fool you into doing something by, you know, setting parameters that seem like the range that you should be in. Google is great at that, making preview tools and other things that say, "hey, the bid should be this". The thing that says first page bid. Uh-oh, I'm below first page bid, I need to bid up or I won't even show. And then you know that's not true, because sometimes you do show up and sometimes you do get clicks. So Google has really mastered a whole range of these framing tools. I would say don't be influenced by what seems to be the correct range for a bid, and look out for that.

One of the great tools that I do like, last slide, is the bid simulator. So what it does, you've probably used it, but if you're not familiar with it, it's based on real data from the last 7 days; and it shows you all of the volumes that you would get, not only impressions and clicks, but possibly the top level impressions that you might get in premium position. So you may be going along in ad position 1.6 or something like that, you're like, "well, I can't really go much higher. There's not much more volume to be had so there's no point in me bidding higher", and the problem with that is on some broader key words or the fact the way that weigh quality score works it doesn't, quality score today doesn't just

determine position it determines eligibility.

So, as you bid high, if you're in to that, if you think you can do well and profit from recklessly high bids, it expands your eligibility on more queries so in that high ad position those bid simulators tool, who might be showing you hey, there actually is a lot more inventory out there at these higher bid levels and the problem with that, of course, is that they will always show that on very broad keywords which is ridiculous and you know you can't always get more inventory on an untargeted keyword. So beware the frame but also use the bid simulator if it does help. So that's it. I would say make some money, but remember that the real reason it's being made is search through intent. Thanks very much.