



# Machine Learning

## Is Like Wrestling Alligators

MQ&C | ADVERTISING

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# Introduction

## Who is Kevin Milani?

- 14 years running paid traffic
  - Expert in Google Ads
  - Have experience with nearly all paid traffic sources
- Work with many of the most successful online marketers in the world
- According to Google's own metrics had top skill score in the America's in 2019
- Personally manage \$3 million per month of ad spend
- All my clients want their ad spend to be highly profitable
- Am passionate about my work

# Machine Learning

- Machine Learning changes everything
- Buying traffic on Google in a machine learning world is dramatically different than how it was before machine learning.
- Ad Creatives (a/b testing) - Can't Do It
- Manual optimizations are often counterproductive
- Need to set up account structures and manage campaigns with the purpose of teaching the machine and eventually transitioning to the machine.
- When you get machine learning working it greatly increases revenue and profits from the campaigns (3X to 4X the traffic at a similar CPA)

# Machine Learning Essentials

- All Google Ads campaign types have machine learning options
  - Search
  - Display / Smart Display
  - Universal App Install
  - Youtube Trueview for Action
- Is best to have a protocol for getting high quality conversion data into the account to teach the machine learning before you launch the machine learning campaigns
  - Machine learning is only as good as the data you feed it

# Machine Learning Essentials

- 30 conversions in 30 days is the smallest amount of conversion data we can get to work with switching Search or Display campaigns over to target CPA or target ROAS. Will work far better if you have 200+ conversions in a 30 day period
- You need extreme patience as it takes anywhere from 1 to 4 weeks for campaigns to stabilize at a new baseline after any change
  - As an example, if you want to bring the CPA down, when you reduce your cpa target 90% of the time the CPA will go up for a week or two after the lowering of the target cpa. If you lower it again during that time frame, you just cause it to go up again because the system is buying kristalytics data to learn from. Eventually it will come down to the new level

# YouTube

- YouTube is arguably one of the most scalable out of all of the paid digital traffic sources.
- Have seen spends as high as \$100K per day on a single account
- YouTube is also extremely volatile from a spend perspective. You can see spends swing from \$2K one day to \$30K the next. Or from \$30K to \$2k. It also seems to be highly sensitive to advertiser competition (e.g., Christmas brand advertisers entering the auctions)
- Despite the wild variations in spend, it does do a halfway decent job of staying within a reasonable range on the target



# YouTube

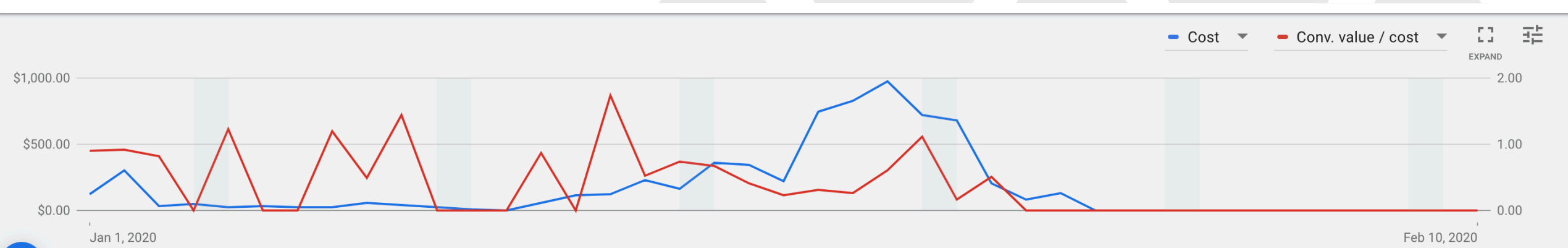
- Video creative is the *single most important thing* for YouTube. Over half of the success on YouTube comes from finding one or more videos that can convert your audiences to sales.
- You need to be able to convert large audiences for YouTube to work on a performance basis
- The approach that we have found to work the best is completely non-intuitive and took millions of dollars of spend and experimentation to uncover
- What worked for the last 6 months sometimes suddenly stops working, so we have to continuously adapt

# Reading the Tea Leaves

- Determining if you are in a growth phase or optimization phase
  - Growth phase is characterized by an increase in cost per click or cost per view. This results in more traffic and typically a significantly higher CPA or lower ROAS
  - Optimization phase you see lower CPC's or CPV's and a decrease in traffic and decrease in CPA / ROAS

# Campaigns Committing Suicide

- In Youtube, you see a huge amount of variability from day to day in spend fluctuations and some variability in CPA/ROAS performance
  - Can go from \$30K in spend on one day to \$3K spend the next day and also jump from \$3K back up to \$17K or higher a day or two later
- Sometimes campaigns will go into an aggressive growth phase and spend a lot but with terrible CPA. They then go into optimization phase to correct for the extremely high cpa at high spend and spends drop to under \$5 per day. You end up with a campaign that never comes back from the dead.



# Zombie Campaigns

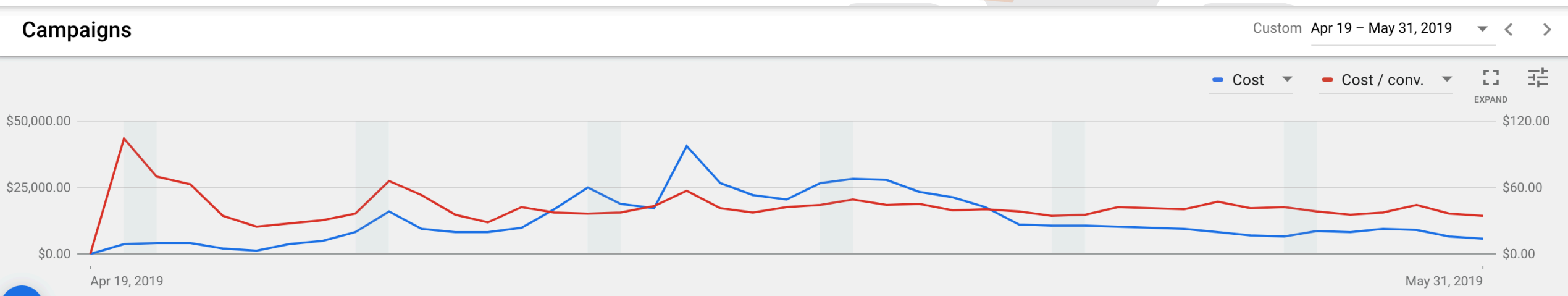
- If you have a bunch of campaigns that are enabled, but have been getting little to no traffic for some time, you are at risk of the Zombie army coming alive and really hurting you
- Occasionally for no apparent reason campaigns that hadn't been spending all decide to spend a lot out of the blue. This is usually a new learning phase for these campaigns, so the performance is terrible. It is best to pause out zombie campaigns rather than have them all come alive at random times

# Machine Gone Wild

- You have to be constantly monitoring performance (especially on Fridays and Holiday Weekends)
- There are randomly occurring extreme spending events where hourly spend rates can jump from \$100/hr to \$20,000 per hour for absolutely no good reason. And the results are always horrible when this happens. If nobody is watching, you could end up with \$100K+ per day ad spend for several days in a row with little to no sales to offset it
  - We had to build custom software to pull data every 15 minutes from the API that looked at the rate of spend and if the hourly spend rate is greater than our targets, we get text messages and robo calls within 15 minutes of a spend spike starting to happen
- Across our \$3 million in ad spend, we see this type of behavior at least once a quarter
- Have seen it occur in Display, Search and Youtube campaigns
- Getting a refund from Google is sometimes possible, but don't count on it

# High Risk / High Reward

- When you have a great video and a funnel that converts, you can scale very quickly with Youtube.
- Below we see a campaign that scaled from \$0 to \$40K per day in profitable spend in 2 weeks. Had to cut back to sub \$20K per day due to cash flow constraints as it took 3 weeks to get recoup the revenue from Clickbank
- We have had many \$1 million a month accounts and some accounts that even exceed \$100K per day in profitable spend on Youtube
- Top Smart Display accounts can be in the \$20K to \$40K per day spend range



# Analytics & Tracking

- Most companies have mistakes they are completely unaware of in their analytics and tracking.
- Double, triple or quadruple counting of conversions can be especially deadly.
- It is also common to completely miss conversions.
- Even with best in class tracking and analytics the data is never going to be perfect.
- Very important to look at overall marketing spend versus overall revenue growth.

# Attribution

- Complex customer journeys, browsers that block cookies, ad blockers, and multiple devices all contribute to the inability of anybody to get accurate attribution.
- There is no good answer at this time.
- People commonly cut out top of funnel traffic that looks like it isn't working, only to find their revenues dropping precipitously.
- Google Analytics is last click attribution which gives little to no weight to top of funnel and heavy weight to brand search, remarketing and email.
- You can't grow a business by making decisions based on a last click attribution model.

# Other Useful Tips

- 70% of success on Youtube is the Creative
- You don't need high production quality (aka expensive) videos
- Need to be really good at conducting a large quantity of micro tests
- Structuring Campaigns for Machine Learning
  - Search
  - Display
  - Youtube

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**Thanks for your time**

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