



SMX Now: The Target Apocalypse & How We've Been Here Before

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August 19, 2026

Hi.



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Why Are We Here?

- Starting on Monday August 17th (2 days ago) Google announced a change in how Target Bid Strategies work.



August 16th: (Before the change)

- Target bid strategies were suggestions and treated as “Max.”

If Google could outperform the Target CPA or Target ROAS in a campaign limited by budget, it would.

(Current) GAFA Target	Actual ROAS or CPA
1.88	0.52
5.25	4.44
3.50	1.34
7.50	3.14
3.00	2.09
20.00	1.73

50.00	1.13
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August 19th: (After the change)

- Today: Target bid strategies are set as the performance target.

If a Target CPA is set to \$10, Google will continue to look for conversions at a \$10 CPA, even if it could get them at \$5.

- Targets will work the same way whether a campaign is limited by budget or not.



Pros & Cons To The New Changes

Pros

- Scale campaigns at a predictable ROI/CPA
- More stability
- Easier modeling

Cons

- Will likely push CPA and ROAS in the wrong direction for many clients in the short term as Google seeks to match target CPA as opposed to exceeding it
- Campaigns with target settings are less likely to outperform targets

Insert Panic Here



But Wait

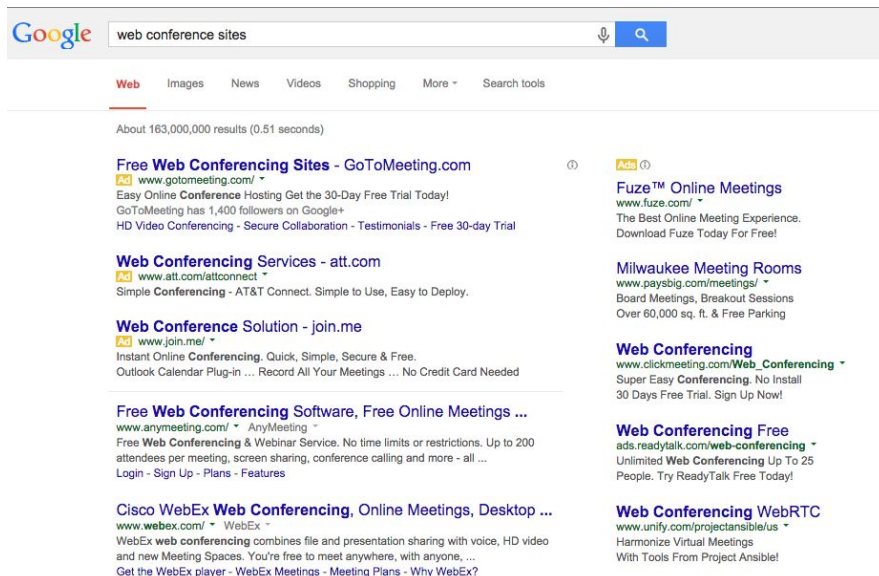




Let's Go Back In Time

To 2015

Search Campaigns Used To Look Like:



Display
Campaigns
Used To
Look Like:

The screenshot displays a weather website interface with the following sections:

- Left Sidebar:** A vertical menu with links: Monthly, Video Forecast, Map (highlighted), Forecasts (with a gear icon), Fishing, Home & Garden, Pollen, Travel, Road Conditions, and More.
- Weather Summary:** Shows three temperature forecasts: 75°F (Feels Like 75°, Fair, Past 24-hr Precip: 0.15 in (est.)), 82° (High, Mostly Sunny, Chance of Rain: 20%), and 70° (Low, T-Storms Late, Chance of Rain: 50%). Includes a link to 'Open Weather Details'.
- Hourly Forecast & PollenCast:** Links for 'Hourly Forecast' and 'Your Complete PollenCast'.
- Check Your Traffic:** A map showing traffic conditions with labels for Northridge, Reseda, Van Nuys, Sylmar, Encino, Sherman Oaks, Burbank, Glendale, Pasadena, Arcadia, Alhambra, and El Monte. It includes a 'NEW! Traffic & Commuter Forecast'.
- Our Favorite Stories:** A section with two featured images: 'PHOTOS: Vintage Bikini Models' and 'The Door to Hell'.
- Most Popular:** A section with a 'Today' and 'This Week' toggle, listing popular content like 'Rare Pinups: Vintage Bikini Models (PHOTOS)', '50 Places Straight Out of Nightmares (PHOTOS)', and 'End of the Line: 6 Creepy Train Graveyards (PHOTOS)'.
- Featured Videos:** A section with four video thumbnails: 'SPOTTED: Cloud Looks Like Jesus', 'Family Selfie Turns Deadly', 'Bad News for Coffee Lovers', and 'She Wants to Be Famous. She Did'.
- Top Right:** Two promotional banners for 'SHIMMER: THE COMPLETE SERIES' (DVD and Blu-ray).
- Bottom Right:** A large advertisement for 'BIRCHBOX' with the text 'OPEN FOR Beautiful', 'A monthly dose of beauty customized just for you!', and 'JOIN TODAY \$10/MONTH'.

The Following Things Did Not Exist Yet

- Performance Max
- Demand Gen
- AI Max
- ChatGPT
- TikTok
- Apple AirPods
- Nintendo Switch
- The Cubs had never won a World Series





But What Did Exist Was Target CPA

<https://support.google.com/adwords/answer/6268632?hl=en>

Quickest way to explain it

How it works

Using historical information about your campaign, Target CPA bidding automatically finds an optimal CPC bid for your ad each time it's eligible to appear. AdWords sets these bids to achieve an average CPA equal to your target across all ad groups and campaigns using this strategy.

Some conversions may cost more than your target and some may cost less, but altogether AdWords will try to keep your cost per conversion equal to the target CPA you set. These changes in CPA take place because your actual CPA depends on factors outside Google's control, like changes to your website or ads or increased competition in ad auctions. Additionally, your actual conversion rate can be lower or higher than the predicted conversion rate.

For example, if you choose a target CPA of \$10, AdWords will automatically set your CPC bids to try to get you as many conversions at \$10 on average. To help improve your performance in ad auctions, this strategy adjusts bids using real-time details like device, browser, location, and time of day. It also automatically adjusts bids based on whether or not someone is on one of your remarketing lists.

Keep in mind

Because "target CPA" optimizes your bids based on real-time data, your existing bid adjustments are not used. There is one exception: You can still set mobile bid adjustments of -100%. Note that you don't need to remove bid adjustments—they just won't be used.

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Sound Familiar?

Then (2016)

<https://support.google.com/adwords/answer/6268632?hl=en>

Quickest way to explain it

How it works

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Now (2026)

How it works



Important: Starting August 17, 2026, Google is updating its bidding systems to deliver more consistent and predictable performance for campaigns that are limited by budget. If your campaigns use Target CPA or Target ROAS, these changes may cause temporary performance and traffic fluctuations. To learn how to prepare, review your settings, and use the new Bid Target Adjustment Tool (available starting on July 6, 2026), visit [Changes to target based bid strategies](#).

Target CPA bidding automatically finds an optimal bid for your ad each time it's eligible to appear by using historical information about your campaign and evaluating the [contextual signals](#) that are present at [Google Ads auction-time](#). Advertisers can start using Target CPA with no conversion history, and Target CPA is effective for campaigns of all sizes.

Some conversions may cost more than your target and some may cost less, but altogether, Google Ads will try to keep your cost per conversion equal to the target CPA you set. These changes in CPA take place because your actual CPA depends on factors outside Google's control, like changes to your website or ads or increased competition in ad auctions. Additionally, your actual conversion rate can be lower or higher than the predicted conversion rate.

For example, if you choose a target CPA of \$10 USD, Google Ads will automatically set your bids to try to get you as many conversions as possible within your budget at \$10 USD on average. To help improve your performance in every ad auction, this strategy adjusts bids using [real-time signals](#) like device, browser, location, time of day, remarketing list, and more.

So What Did We Do Then?

01

Define "Desired Target"

Treated Target CPA as an aspirational goal rather than a rigid limit.

02

Progressive Manual Lowering

Step-by-step reductions forced Google's bidding algorithm to optimize.

03

Drive CPA Improvements

Consistently tested system limits to unlock massive client efficiency gains.

And It Worked

-75%

CPA REDUCTION

In 2 weeks for a transportation industry client.

-50%

CPA REDUCTION

In 4 months for a B2B financial services client.

& More

ONGOING SUCCESS

And the list goes on as we consistently scaled performance results.

Back To The Future

August 17, 2026



While We've Gained A Lot of Things

- Performance Max
- AI Max
- Chat GPT
- AirPods
- 5g Mobile
- K-Pop Demon Hunters
- Nintendo Switch 2
- TikTok
- Teslas

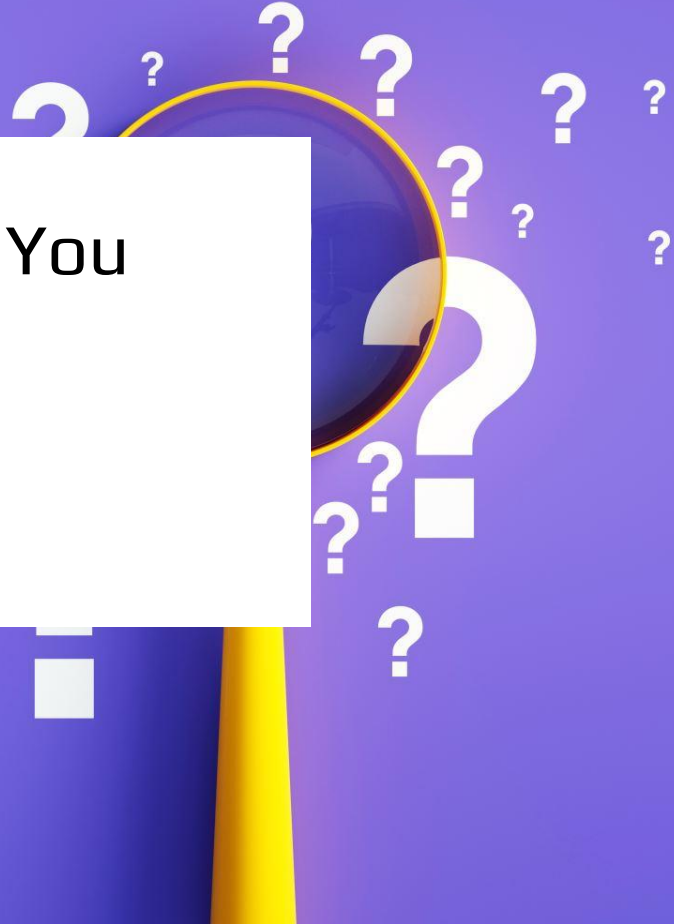


Some Things Are Back Where They Started

- Like Target CPA



So What Do You
Do?



The Path Forward: Decision Tree

Aligning Bidding Strategies with Goals



Step 1: Determine Your Goal

If you had to pick, is success:

Volume or Efficiency?

Step 2: Pick The Appropriate Bidding Method

- If your goal is volume, use max conversions or max conversion value.
- *Max conv/conv value is designed for max volume/value when you have a specific set budget or don't know / have specific performance targets.*
- If your goal is efficiency, use target CPA or target ROAS

Step 3: (for Target Bidding): Pick A Target

- Now that Google is bidding to an exact target, what is the efficiency goal for the account?
- Set the goal as your target.
- Targets will work the same way regardless of whether your campaign is limited by budget (This is already how they've been working in unconstrained campaigns)

Step 4: Monitor & Adjust

1. Check the actual CPA (or ROAS) against the target CPA (or ROAS) weekly/bi-weekly/monthly (depending on the campaign volume).
2. Check if campaign is limited by budget.
3. If the actual is at or below the target (give or take) and the campaign is limited by budget, manually reduce the target 10-20%.
4. Monitor and check back after 1-2 conversion cycles.
5. Repeat.

Everything Works Out Ok in the End

Yes, change is scary. And sometimes it feels like the digital marketers can't catch a break. BUT, digital marketers do one thing extremely well:

Target bid strategies have changed before and they may change again. But we know how to take our learnings and adapt. Take a breath. Determine your goals. Pick a target. Monitor and adjust.

Everything will work out. You've got this.



In Summary:

Just like 10 years ago, advertisers will once again need to manually adjust Target CPAs/Target ROAS in order to drive increased efficiency gains for clients.

We survived then. We will survive now.

You've got this.



Questions?



DOING DIGITAL
MARKETING THE
RIGHT WAY.

We help small and medium sized businesses advertise
online efficiently and effectively.

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Thank You!

And a big thanks to Anu & Search Engine Land for having me!

For more info & resources:

www.digital4startups.com/smx-now

