

OuterBox[®]



Getting More From Your Ad Spend

How to Compete on Google Ads When You're Always Getting Outbid

Your competitors might have bigger budgets, but that doesn't mean you can't beat them where it counts.

A lot of people think of Google Ads as a zero-sum game: You spend more, you make more. That's not necessarily true. Success in paid search comes down to maximizing your strengths, testing new tactics, and choosing your battles wisely.

Smaller Budgets Demand Smarter Strategies

No matter your vertical, Google Ads is a vital digital marketing tool. But it can be difficult to compete when other advertisers are simply able to spend more.

If you're entering a paid search environment where multiple large competitors are already dominating, it can be a struggle to maintain visibility and win auctions consistently. But limited budget doesn't necessarily mean you can't compete—though it may force you to be more deliberate about how and where you show up.

In this piece, we'll explain how to approach intense competition on Google Ads. We'll start with how to assess what's actually happening in the market, work through common challenges and how to address them, and then look at how Google's AI innovations are creating ways for advertisers to expand their marketing while maintaining a tight budget.

Table of Contents

3	Assessing Your Competitive Environment
3	Using Auction Insights to Identify Competition
4	Cost-per-Click Trends as a Secondary Signal
4	Separating Competition from Seasonality
5	Evaluating Real Business Impact
5	What Happens When a New Competitor Enters the Fray
6	Common Competitive Scenarios (If → Then Problems)
6	IF Budget is a Limitation...
7	IF Performance Isn't Just a Budget Issue...
8	IF You Don't Have Enough Budget to Cover Everything...
9	IF You Can't Efficiently Compete on the Searches That Matter...
10	IF Competitors are Infringing on Your Turf...
11	IF You've Covered Your Most Important Searches...
12	How Google Ads (and Competition) Are Changing
12	How AI and Automation Expand the Playing Field
13	What AI Max Is (and What It Does)
14	The New Constraint: Data and Information, Not Budget
15	What This Means for Smaller-Budget Advertisers



"A bigger budget gets you into more auctions, but it doesn't guarantee that you'll win the ones that matter most for your business. That is what strategy is for."

– **Jeff Hirz**
Chief Revenue Officer,
OuterBox

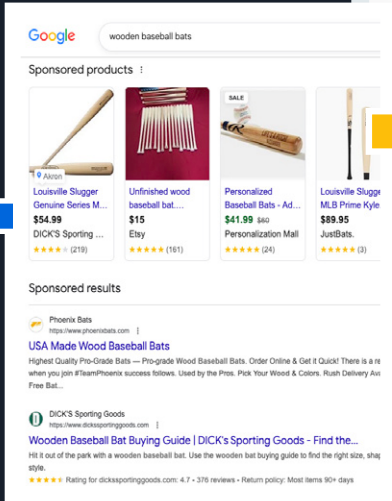
Assessing Your Competitive Environment

Whether you're launching Google Ads for the first time or just trying to figure out how to get more out of the platform, it's essential to understand the competitive environment around the keywords and concepts that your business is pursuing. This means identifying competitors, assessing the severity of the competition, and separating competition from other factors while trying to find the source of poor performance.

Using Auction Insights to Identify Competition

The **Auction Insights** view in Google Ads is typically the first place to look when assessing your competition. It provides the clearest indicator of direct competition in your keyword auctions: your Impression Share for the keywords in your account or campaign; which other advertisers are bidding on those keywords; your Overlap Rate with those competitors, and more.

To make the most of these insights, however, we can't just look at a single snapshot in time. At OuterBox, we'll export Auction Insights data from a representative date range—recent, but wide enough to be accurate—and use a tool like Optmyzr to visualize trends. That allows us to see how those competitive metrics are moving over time so we can get a clearer picture of who we're actually competing against and how aggressively they're competing in overlapping Google Ads auctions.



When identifying competition, be sure to differentiate between "similar" and "the same." An autographed bat or an unfinished bat are not the same as a finished recreational product.

Auction insights

Custom

Aug 1, 2025 – May 31, 2026

Show last 30 days

Display URL Domain	Impression share	Overlap rate	Position above rate	Top of page rate	Abs. Top of page rate	Outranking share
Competitor 1	18.11%	55.84%	57.52%	84.74%	48.59%	11.76%
YOU	17.32%	–	–	77.72%	40.10%	–
Competitor 2	10.34%	32.49%	30.74%	79.20%	10.77%	15.59%
Competitor 3	< 10%	33.55%	36.21%	84.37%	12.61%	15.22%
Competitor 4	< 10%	18.33%	20.31%	56.39%	12.03%	16.68%

Auction Insights will give you a quick but thorough snapshot of competitors that are outranking you for the same keywords in your account.

Cost-per-Click Trends as a Secondary Signal

Cost per click (CPC) prices are another solid indicator of competition. If they're rising irregularly, it typically means that more competition is pushing costs up. Like Auction Insights, it's best to look at CPCs as trends rather than a point-in-time metric.

In Google Ads, you can see a trend line of CPC performance across different time periods—daily, weekly, monthly—depending on the length of time you're observing. **If you see a change of around 10% or more in a short period (less than three months), then it's time to evaluate the trend line more closely.**

- If CPC prices are spiking and then reverting, pinpoint when they occurred and investigate those timelines against impression share trends.
- If there is a steady increase, it's time to look at ad group or keyword-level data to determine whether a small handful of keywords in the account are driving the increase or if it's happening more broadly.

Separating Competition from Seasonality

Not every change in performance is caused by competition, so a responsible marketer should seek to compare in-account trends against broader, industry-wide trends and raw performance figures.

For example, eCommerce advertisers typically experience a dip in both volume and CPC in Q1 compared to Q4—a comedown from the intense holiday season. To peel seasonal trends like those out of your competitive analysis, it's best to compare that Q1 vs Q4 delta against the same period from previous years. **If the drop in CPC is roughly comparable year over year, there's probably nothing to worry about. But if the drop is smaller than expected, that would indicate increased competition or other external factors.**



New Competition or Just Seasonality?

Sometimes the signals can be murky. Here's how to differentiate between typical seasonality and increased competition.

Signs it's **COMPETITION**:

- CPCs spike and stay elevated
- Impression share is falling
- Auction Insights shows new entrants
- Performance is worse than the same period last year

Signs it's the **CALENDAR**:

- CPCs rise and fall predictably
- Impression share holds steady
- Trends match prior years
- Tied to a known industry cycle

How to confirm:

Compare Auction Insights and CPC trends against the same period from previous years. Larger-than-expected delta points typically point to competitors, not calendars.

Evaluating Real Business Impact

Looking at cost-per-acquisition at the keyword or ad group level only tells part of the story. The more important question is what's actually creating incremental value in the business.

For example, a business with physical locations may not see many conversions attributed directly to Google Ads because clicks may be happening through Google Business Profiles via sponsored map listings served from Performance Max campaigns or Location Extensions.

Even if those interactions aren't fully captured in reporting, they may still be driving measurable lift. Decisions should be based on what's actually driving business outcomes rather than what is easiest to track.

What Happens When a New Competitor Enters the Fray

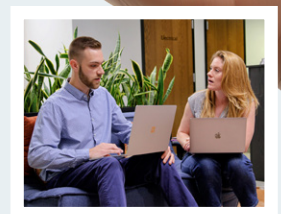
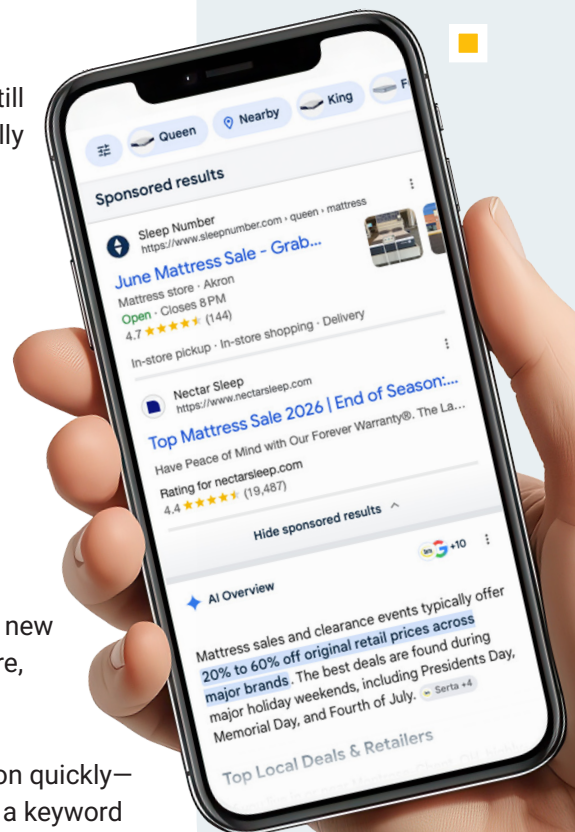
When a new competitor enters your Google Ads space, you may or may not see the impact right away. It all depends on the existing environment.

In already-crowded spaces, the effect may not be significant because there are already multiple advertisers influencing auctions. Unless the new competitor is coming in and outspending everyone who is already there, they might not be noticeable for some time.

In less competitive spaces, however, new entrants can create disruption quickly—and whether you're the stalwart or the newcomer, you might end up in a keyword bidding war within weeks of launch.

Typically, a competitor with a lower impression share and minimal keyword overlap—say, 15% and 20%—will not materially change your ad performance. But if a new brand comes in capturing 50% of impression share and a 75% overlap rate with your auctions, it will have a significant impact on your performance and budget.

The increased cost driven by the new competitor(s) may not sound like a huge concern, but high-spending competition can make paid search a cost-prohibitive tactic to smaller advertisers. However, Google Ads offers several ways to keep a brand in the market, and the cost of those options can vary. In the upcoming section, we will introduce a few competitive scenarios and include approaches for managing costs without abandoning your paid search program.



Common Competitive Scenarios

(If → Then Problems)

Once you've determined how much Google Ads competition you're facing (and from who), you'll be left with a series of decisions to make about how to allot your budget. Let's talk about making those determinations and choosing the best courses of action.



IF budget is a limitation, THEN determine whether Search is the best fit

The very first decision? Choosing which Google Ads tools are the most viable for your brand.

Search ads are the most-recognized Google Ads format, and they're primarily what we're speaking about when we discuss keyword competition and impression share.

In some fields, like eCommerce, simply being present at the right moment can be most beneficial. When products are similar and pricing is comparable, users may click on the first ad they see and make a purchase without doing any comparison shopping, which is especially true with Shopping ads. For brands in these spaces, there are many ways to still find success on Google Ads despite having smaller budgets than their competitors.

For verticals with long sales cycles, like B2B services, advertisers may need to establish a certain degree of saturation before prospective clients decide to act. **When you're being outbid frequently, it becomes an issue of finding the right battles to pick and ensuring you can win those to get a solid return on your investment.**

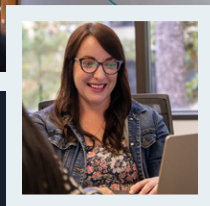
One of the most effective ways to do that is by expanding your search presence into new keyword themes. **Use Google's Keyword Planner or another keyword research tool to gauge the estimated price of a click for relevant terms you aren't already capturing with your current structure.** Multiply that CPC against your typical conversion rate to decide whether shifting spend into these new areas makes sense for your business.

If budgets are truly constrained and your field is prohibitively competitive to the point that you can't reasonably expect to maintain that level of saturation or visibility, then it may be worth pursuing other campaign types in Google Ads instead—we'll talk about those later.



"When budget is limited, we often have to trade one thing for another. The job is figuring out what you have to cover and what can wait."

– **Chad Stewart**
Group Director,
Paid Search



IF performance isn't just a budget issue, THEN fix structure before you spend more

Often, performance issues are less a matter of competition and more a matter of your own implementation. Poor structures can sometimes survive in non-competitive Google Ads environments, but they're exposed the second someone else starts putting money into the auctions.

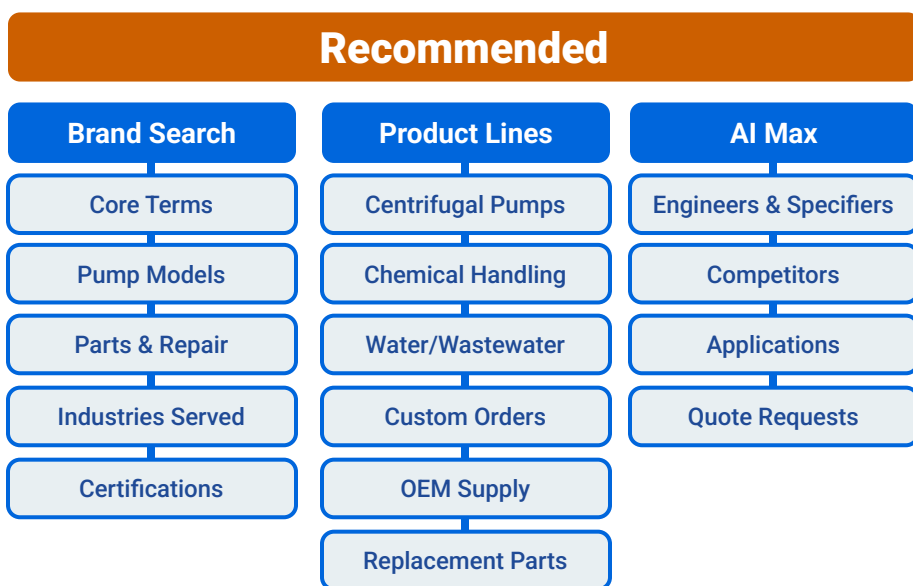
Account structure is vitally important because it dictates which levers you can pull to guide performance.

If you find yourself thinking, "Performance is terrible, but I can't really do anything about it because I only have one campaign running," that's usually a sign that the issue isn't just performance; it's that the account isn't set up in a way that allows you to respond.

In that situation, adding more budget or continuing to optimize within the same structure is unlikely to change outcomes in a meaningful way. Instead, the first step is to re-evaluate how the account is built, including whether campaigns are segmented in a way that reflects different priorities, whether there are enough points of control, and whether different parts of the account can actually be managed independently.

Typical Keyword Structure

(Industrial Pump Manufacturer Example)





IF you don't have enough budget to cover everything, THEN choose the searches that matter most

A typical Paid Search strategy might include:

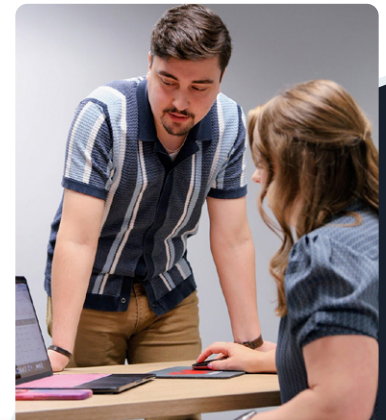
- Branded campaigns that cover your company and specific product names
- Non-Branded search campaigns that target product types/categories
- Long-tail non-Branded search campaigns that target specific product needs or questions
- Location-based campaigns (for location-based businesses)
- Competitor campaigns that target other brand and product names

But if your competition is heavy and your budget is not, it might not be feasible to cover every possible query—so you're trying to make sure you're present in the places that matter most.

In practice, that often comes down to concentrating budget on high-intent queries and protecting the areas that are most directly tied to your offer.

For example, we may decide that we can't justify bidding on competitor terms because we need to concentrate our entire budget on specific, Exact match, short-tail keywords that are hyper-relevant to our offerings.

When it comes to trimming the fat, long-tail campaigns and competitor campaigns are usually the first to go. Campaigns that are removed at this stage should only be revisited after you've established a firm share of visibility for the queries that matter most to your business. And even then, you should only start thinking about expanding if you have enough budget left over.



Keep or Cut?

If you don't have the budget to do it all, sometimes hard decisions have to be made:

KEEP first:

- Exact match, high-intent non-branded terms
- Top-converting product/service categories
- Location-based campaigns (if locally driven)

CUT first:

- Competitor campaigns
- Long-tail non-branded campaigns
- Broad awareness or top-of-funnel terms
- Low-converting keyword themes

Branded search campaigns can fall into either column: If competitors are bidding on your brand name, they may be wise to keep—if your brand is safe for the time being, budget can be allocated to those other key campaigns.



IF you can't efficiently compete on the searches that matter, THEN change how and where you compete

In those cases when Search does get too expensive, advertisers don't necessarily have to move away from Google Ads to find effective ways to grow their business. They should instead look into automated campaign types that are more focused on discoverability, efficiency, and intent.

Some of these include:

- **Demand Gen:** Reaches new audiences across YouTube, Discover, and Gmail to drive awareness and engagement.
- **Performance Max:** Uses automated insights to serve ads across all Google channels (including search) to drive conversions based on your goals.
- **Video Reach:** Maximizes efficient reach on YouTube using skippable and non-skippable video formats.

Demand Gen and Performance Max are intent-based and built upon Google's rapidly-learning advertising AI, while Video Reach leverages audiences to target YouTube viewers. They're all designed to do as much as they can with the budget they're given—they do so by leveraging Google's intensive audience data and inferences about where and when users will act upon different ads.

These can be a great way to drive impressions and gain clicks at a much more cost-effective rate than Search, so even if you can't compete with the giants in your field, you're still utilizing Google Ads to draw new users into your funnel.

For location-based businesses, like a regional contractor, another interesting option is Local Service Ads (LSAs). These are separate from traditional Google Ads but are still intent-based and served when Google believes they can help a searcher find the specific service they need based on their query. LSAs are set up on a cost-per-action basis, such as cost per appointment or cost per call, so you're only charged when users actually convert.



Demand Gen

Reaches new audiences across YouTube, Discover, and Gmail to drive awareness and top-of-funnel engagement.



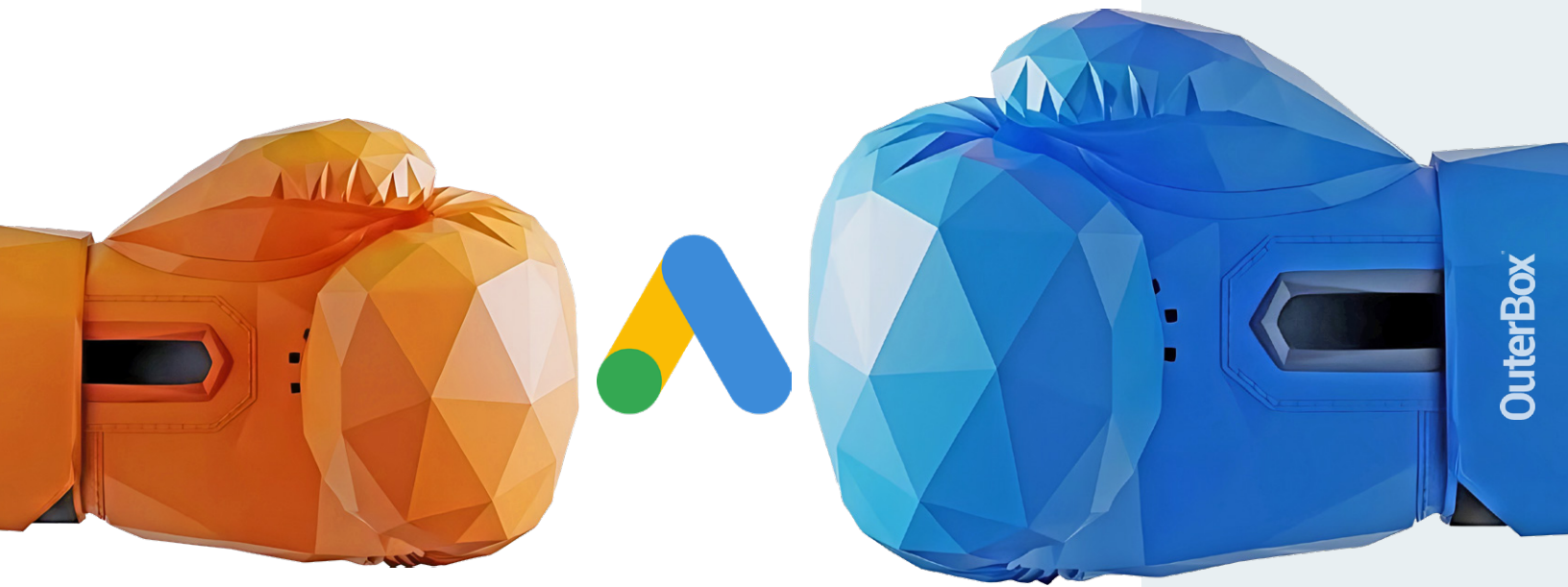
Performance Max

Serves ads across all Google channels simultaneously, using automated optimization to drive conversions based on your goals.



Video Reach

Maximizes cost-efficient impressions on YouTube using a mix of skippable and non-skippable formats.



IF competitors are infringing on your turf, THEN defend it!

Clients of all sizes often ask us if it's really worth bidding on their own brand name instead of just letting organic search handle those queries. For those with limited budgets who need to focus on high-priority product or service terms, it's a completely sensible question. But in most scenarios, our answer will be yes—and it's particularly important when Google Ads competition is a factor.

The goal is to maintain control over branded demand and ensure that users who are already looking for you are not redirected elsewhere. Branded search is often a low-cost, high-yield way to ensure interested users take a traceable final step toward conversion.

When competitors begin appearing on branded searches, the appropriate response depends on how frequently that overlap is occurring. If the overlap rate on those branded searches isn't significant—say around 10% or lower—you can keep a relatively low budget on your Branded terms and rely more heavily on organic results for the majority of those clicks.

However, if you see a competitor appearing 25% or more of the time when users are searching for your brand name, you likely need to ramp up your brand search presence until that overlap begins to fall back into the acceptable range.

Branded Search is especially important for advertisers who have a longer sales cycle. If you've paid for numerous clicks while a user is learning about specifications, comparing options, and evaluating pricing, it becomes difficult to justify losing that final interaction when the user is ready to convert and searches for your brand by name. It's better not to cheap out on the very last step and risk losing that business to a competitor.

Monitor Competitor Activity in Auction Insights.

Spot new entrants before they erode your position.

Watch Your Overlap Rate.

At 25%+, it's time to consider or increase branded spend.

Know When to Act.

Not every new competitor warrants an immediate response.

Protect the Final Step.

Don't lose hard-nurtured leads at the last interaction.



IF you've covered your most important searches, THEN expand beyond them

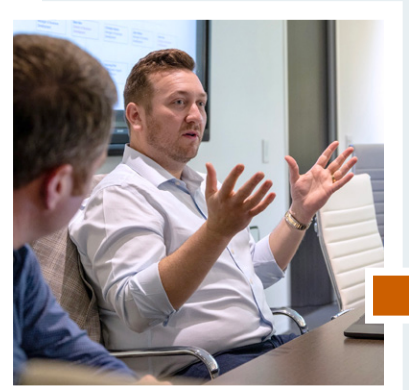
So you've picked your battles, defended your turf, and are starting to see results. That's great! When you're getting ample coverage in the key, high-intent terms that matter most, and performance is stable, additional growth typically comes from expanding beyond that initial coverage.

The expectation isn't that these campaigns outperform your core efforts, but that they contribute additional volume by reaching users who may not have otherwise engaged.

That can include:

- Expanding back into more long-tail keywords to find additional customers for core offerings
- Testing automated campaign types like Performance Max and Demand Gen to generate demand rather than just capturing it
- Beginning to bid on competitor terms to try to take a slice of their pie

While competitor campaigns are probably not going to be your most efficient tactic, they can be a way to continue extending your reach and generating incremental volume.



■ How Google Ads (and Competition) Are Changing

Historically, advertising on Google Ads has primarily meant competing over a relatively small group of high-intent keywords, with performance often tied to how much an advertiser could afford to spend.

While keyword-based, advertiser-controlled Search campaigns are still vital to this effort, the evolution of both Google Ads and Google itself will continue to open up more avenues for advertisers with any-size budgets. The set of queries and placements that can drive performance is broader, and advertisers are less constrained to the most competitive parts of the auction.

There are now more viable paths for smaller-budget advertisers, particularly when they are able to provide the data needed to guide how these systems operate.

How AI and Automation Expand the Playing Field

Google Search has changed a lot, and users have responded by searching differently. **With AI now attempting to infer the intent behind every search, user search behaviors are no longer so concentrated on typing out specific terms or questions.**

That means innovative advertisers have many more opportunities to reach users by getting into those new search paths. Google is also building off the behavioral changes it is fueling by releasing new campaign styles meant to address them.



"Google is essentially telling advertisers 'Give us better inputs and we'll find you better opportunities.' Businesses that take the time to curate clean product feeds, tight landing pages, and well-structured campaign assets are going to reach queries their competitors can't."

– Matt Prater

*Executive Vice President,
Innovation, OuterBox*

What AI Max Is (and What It Does)

Google’s new AI Max campaigns combine Google’s understanding of your site content and users’ intent signals to expand your advertising to a broader range of relevant search queries.

Instead of relying on a fixed set of keywords, it dynamically assembles site content into ads in real time to match relevant queries you didn’t explicitly target. The goal is to capture incremental demand—surfacing ads in places where they wouldn’t have appeared under a traditional keyword strategy. In practice, that shows up as growth in the number of unique search queries driving conversions over time, rather than simply increasing volume on the same set of terms. This type of efficient demand capture will be invaluable for smaller-budget advertisers who struggle to compete across the full range of traditional Search auctions.

After expanding into AI Max, we monitor search query reports to see how the number of unique search queries that drive conversions grows over time. As an example, one of our emergency care clients recently tested converting some of their campaigns to AI Max. The number of conversion-driving search queries in its Google Ads account rose by about 16% quarter over quarter, with an interesting effect: By expanding into new queries, the client began to capture and convert many searchers who were in the “what is wrong” and “what should I do about it” phase of their care research rather than just those needing immediate services.



AI Max

AI Max is a Google Ads campaign modifier that uses your site content and Google’s understanding of user intent to serve ads against relevant queries you never explicitly targeted. Rather than matching ads to a fixed keyword list, it reads what a user is actually trying to accomplish and assembles ads in real time to match. For smaller-budget advertisers, that means more opportunities to show up without paying to compete on every keyword individually.

	Traditional Search	AI Max
Targeting	Predefined keyword list	Intent-based, site-informed
Ad Content	Manually written	Dynamically assembled
Query Reach	Mostly limited to matched terms	Expands to relevant variations
Advertiser Control	High	Moderate
Best For	Precision, high-intent terms	Incremental reach, broader coverage

The New Constraint: Data and Information, Not Budget

As advertisers embrace more and more automated campaigns like AI Max, Performance Max, and Demand Gen to make decisions and deliver ads, those that stand out won't necessarily be those that spend the most. They will be those that provide the best inputs for Google to work with.

Is Your Business Ready for AI-Driven Advertising?

As LLMs like ChatGPT and Google's Gemini supplant traditional search for many user queries, it's important to be prepared. Ask yourself:

- Is my website current and detailed?
- Do I have conversion tracking tied to real outcomes?
- Have I uploaded customer data to Google Ads?
- Am I tracking the full funnel, not just purchases?

A robust digital presence will allow the AI to best identify users who fit your target audience and will help dynamic campaign types like AI Max to assemble accurate ads to present to them. This also applies to organic search: as users increasingly turn to AI agents like ChatGPT for product and service advice, a robust digital presence will better position you to surface in those chats.

To better optimize automated campaigns, you'll also need to make sure you've supplied Google Ads with appropriate data and goals on the back end.

These include:

- Accurate on-site event tracking
- Enhanced conversions tied to real business outcomes
- Multiple conversion actions that reflect the full funnel
- First-party data and audience signals based on real behavior

In many cases, advertisers leaning more into automation and AI will only find success if they are able to gather, organize, and share helpful data with advertising platforms. In many cases, providing better data is the most important lever we can pull.

What This Means for Smaller-Budget Advertisers

“Too often, advertisers who struggle on Google Ads assume they’re losing because their budget is too small. In reality, the issue is that their strategy isn’t built for the budget they have. That’s a solvable problem, and it’s exactly the kind of work we’ve spent twenty years helping our partners navigate.”

– **Jeff Allen,**
OuterBox CEO



Competing on Google Ads with a limited budget starts with making decisions about whether Search is the right fit; structuring accounts to maximize performance; defending your brand from direct cannibalization; and understanding that not every campaign type or keyword target deserves equal investment.

Increasingly, however, it also means embracing newer AI-powered campaign tools available in Google Ads. With the right data foundation in place, tools like AI Max, Performance Max, and Demand Gen can help advertisers build out comprehensive full-funnel Google Ads programs that work within your existing budget and goals—competition be damned.

The strongest Google Ads programs now combine both: clear budget decisions and smart use of automation. If executed correctly, smaller advertisers may be able to scale enough to take on their biggest competitors across the board and eventually become the big fish brand that the next round of upstarts need to strategize against.

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