# Advertising SOP: Steps to Reduction of Wasted Spend (Overspending Account)

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## Steps to Reduction of Wasted Spend (Overspending Account)

> **Who is this for?** This is designed for advertising specialists, campaign managers, and individuals responsible for managing advertising budgets and optimizing campaign performance.

> **Objective:** To outline a systematic approach to effectively reduce wasted spend and improve the efficiency of advertising campaigns.

## Steps:

1. To optimize our advertising campaigns, it is crucial to utilize **negations** for search terms associated with heavy spending, as determined by the STR (Search Term Report).

   a. Advertising SOP: Negation Guidance

   b. Implementing negations is particularly important for Auto, Broad, and Phrase match campaigns. Ensure to prevent excessive spending on targets that fail to generate sales.

   c. When employing negations, it is essential to consider the product price as a determining factor. For instance, if our product is priced at $50 and our target ACOS is 10%, any search term with a spending of $10 would result in a hypothetical ACOS of 20%. In such cases, implementing negations would be sensible, depending on the specific product price. By carefully analyzing these factors and implementing appropriate negations, we can ensure that our advertising budget is allocated effectively and in line with our target ACOS.

2. It is important to engage in a discussion with the seller before proceeding with the following steps, as they may potentially result in a decline in sales for the account. It is crucial to ensure that the seller is aware of the potential implications.

3. To identify overspending targets that may be overoptimized, underoptimized, or resulting in wasted spend without generating sales, it is recommended to download the bulk file for the past 30 days.

   a. Advertising SOP: Finding Overoptimized, Underoptimized, and Non-Converting Targets with High Ad Spent Using Bulk File

4. To identify underperforming targets, it is recommended to review the targeting tab using date ranges longer than 30 days and apply the following filters:

   a. ""Spend > $x" - The specific value of 'x' will depend on your product price. This filter allows you to set a spending threshold that aligns with your budget and product profitability.

   b. "Orders = 0" - This filter helps identify targets that have not generated any orders within the specified time frame.

   c. You can apply an ACoS threshold to further refine the analysis. The optimal ACoS threshold will depend on your desired level of aggressiveness in advertising. For example, a less aggressive approach could use a higher ACoS threshold, such as 100%, while a more aggressive strategy may warrant a lower ACoS threshold, such as 70%.

5. Change the Bidding Strategy from Up/Down or Fixed bids to Down Only. This step should be applied with extra caution and should be applied with an experienced advertising specialist.

   a. Advertising SOP : How to Convert UP & Down Bidding Strategy Account to Down Only

6. Thoroughly evaluating the relevancy of keywords is of utmost importance. It is essential to identify and eliminate keywords that are not fully relevant to the product or audience, as they may not effectively drive desired outcomes.

   a. For instance, consider the example of an account selling adaptive pajamas specifically designed for kids with disabilities. Upon reviewing the account, it became apparent that the broad match keywords for "pajamas" were not aligned with the super-specific nature of the product. In response, these keywords were paused, and the focus was shifted towards targeting keywords more directly related to "adaptive clothing" or "special needs." This strategic adjustment ensured that the advertising efforts were channeled towards keywords that accurately reflected the product's target audience and unique value proposition.

7. It is advisable to communicate with the seller regarding the possibility of pausing certain ASINs to reduce spending. If the seller agrees, the next step is to generate an ASIN-based report to identify the ASINs that are exhibiting less efficient spending compared to others. By analyzing the ACOS and conversion rate of these ASINs, we can implement more aggressive optimization measures, such as pausing or adjusting bids, to improve their performance.

   a. Advertising SOP: Finding ASIN-based ACOS and Conversion Rate in Ad Account

8. We have explored various techniques thus far in our efforts to reduce spending and it is important to closely monitor the impact of these changes. If you find that spending remains high despite your efforts, it is advisable

to proceed with the remaining steps outlined in this SOP. Please note that you should only proceed further if the issue of overspending persists.

9. Reducing the budget on high ACoS Campaigns

    a. Suppose we have two campaigns with a combined daily budget of $20, each spending $10. One campaign has an ACOS (Advertising Cost of Sales) of 10%, while the other has an ACOS of 30%. In such a scenario, we can effectively limit the spending on the campaign with the higher ACOS by setting a cap of $5 (used here as an example). By doing so, we ensure that we only reduce the budget for the campaign with the higher ACOS.

10. In order to optimize our advertising budget, it is advisable to pause campaigns that have incurred expenses but have not generated any sales within the past 30 days. This proactive approach ensures that we allocate our resources effectively by temporarily suspending campaigns that are not yielding the desired results.

11. Implementing a budget cap on the account is a strategic measure to manage and control advertising expenses effectively. By setting a predefined limit on the budget for the account, we can ensure that our overall spending remains within the desired boundaries. This approach allows us to maintain financial discipline and allocate resources in a balanced manner across campaigns, preventing any single campaign from consuming an excessive portion of the overall budget. By implementing a budget cap, we can optimize our advertising efforts and maintain better control over our expenditures. **Although this step is not encouraged since it will affect the performance of the account, we can use the budget cap if there is a potential for escalation.**