

Ask A PPC: How Can You Tell If You're Overspending? via @sejournal, @navahf

Recently, I've been getting a lot of requests to audit accounts for overspending, so I thought I'd share my checklist of questions I ask of accounts.

Note this is going to be very Google oriented, but there are still ideas in here for all channels.

While there are other questions you can ask, these are the main questions to determine overspending:

- Are the conversion actions accurate?
- Is the cost per click higher than average?
- How many exclusions are present?
- Is the budget pragmatic for the targets it's being asked to support?

Conversion Actions Accuracy?

One of the biggest culprits of overspending is actually the efficacy of conversions.

If conversion tracking isn't accurate, you're setting up bidding strategies to over-allocate the budget to parts of your account that don't deserve the budget.

Here are the most common reasons conversion tracking can go awry:

- **Double Counting:** This happens when an action gets triggered multiple times for the same user or when multiple actions track the same action.
- **Conversion Values Not Set:** The default \$1 value is okay

for launch campaigns but not useful for long-term success. Make sure to either lean into micro conversions or set true conversion values grounded in offline conversion uploads.

- **Counting Too Many/Few Actions As Primary:** Primary conversions are the ones that will influence your reporting and bidding. If you have too many or too few set as primary, it could mean you're getting false positives or negatives in your conversion metrics.

To check your conversion tracking, you'll need to go to the goals section in Google Ads.

The screenshot shows the 'Edit "Submit lead form" goal' window. It has two main sections: 'Account-default goal settings' and 'Conversion action optimization options'. In the first section, the first radio button is selected. In the second section, there is a large empty box with a black border on the left and four 'Primary action' dropdown menus on the right. At the bottom are 'Save changes' and 'Cancel' buttons.

Edit "Submit lead form" goal

Account-default goal settings

All new campaigns will automatically use your account-default goal to guide bidding optimization and reporting

☒ Use "Submit lead form" as an account-default goal

☐ Do not use "Submit lead form" as an account-default goal

Conversion action optimization options

Primary actions are used in bidding optimization and reporting. Secondary actions are only used for observation.

[Empty box with black border]

Primary action

Primary action

Primary action

Primary action

Save changes Cancel

Screenshot from Google Ads, January 2025

Cost Per Clicks Higher Than Average?

While cheaper CPCs can be a sign of irrelevant queries and placements, expensive CPCs are just as bad. They can be a sign

of the following:

- Your campaigns are pulling you into unintended auctions with higher CPCs.
- The locations you're targeting have too much of a spread in auction prices.
- A new competitor entered the space and is driving up CPCs.

The best way to understand the root cause of increased CPCs is to check the reports under the “Insights” section. Using “When and Where” ads served, you’ll be able to sort placements by cost.

Insights and reports

Insights

Auction insights

Search terms

When and where ads showed

Landing pages

Stores

Report editor

Dashboards

Campaigns

Assets

Audiences, keywords, and content

Matched locations

United States

Cities

Last 30 days

Dec 11, 2024 – Jan 9, 2025

Show last 30 days

▼

Add filter

Account view

Segment

Columns

Download

Expand

☐ Matched location	Clicks	Impr.	CTR	Avg. CPC	Cost	Conv. rate	Conversions	Cost / conv.
Total Locations	3,381	101,919	3.32%	\$5.44	\$18,377.26	3.88%	139.38	\$131.85
☐ Charlotte, North Carolina, United States	822	34,899	2.36%	\$3.95	\$3,245.75	4.47%	41.00	\$79.16
☐ Richmond, Virginia, United States	337	10,522	3.20%	\$6.23	\$2,099.72	2.53%	9.00	\$233.30
☐ Wilmington, North Carolina, United States	144	2,865	5.03%	\$4.26	\$613.55	6.85%	10.00	\$61.35
☐ Rock Hill, South Carolina, United States	84	2,448	3.43%	\$8.52	\$715.75	11.36%	10.00	\$71.58
☐ Greenville, South Carolina, United States	80	3,275	2.44%	\$8.77	\$701.32	4.65%	4.00	\$175.33
☐ Spartanburg, South Carolina, United States	79	2,689	2.94%	\$7.63	\$602.98	1.19%	1.00	\$602.98
☐ Petersburg, Virginia, United States	71	1,396	5.09%	\$7.83	\$555.68	8.22%	6.00	\$92.61
☐ Glen Allen, Virginia, United States	68	1,577	4.31%	\$8.10	\$551.03	7.14%	5.00	\$110.21
☐ Midlothian, Virginia, United States	61	1,776	3.43%	\$3.40	\$207.47	3.17%	2.00	\$103.74
☐ Jacksonville, North Carolina, United States	57	1,885	3.02%	\$4.42	\$252.21	2.46%	1.50	\$168.14

Screenshot from Google Ads, January 2025

Interestingly, lower-volume locations can sometimes be more expensive than high-volume locations.

Make sure you assess locations by probability of profit instead of emotional attachment.

Search terms	Search term	Match type	Added/Excluded	Ad group	Keyword	Clicks	↓ Impr.	CTR	Avg. CPC
When and where ads showed	Total: Search terms ?					893	13,127	6.80%	\$4.38
Landing pages	☐ hearing test	Exact match	✓ Added	Hearing Testing	hearing test	23	261	8.81%	\$8.20
	☐ tinnitus sound therapy	Broad match	None	Tinnitus	tinnitus hearing aid	1	197	0.51%	\$0.33
Stores	☐ ringing in ears	Exact match (close variant)	None	Tinnitus	tinnitus causes	6	186	3.23%	\$2.30
Report editor	☐ tinnitus relief	Broad match	None	Tinnitus	tinnitus causes	11	121	9.09%	\$1.38

Screenshot from Google Ads, January 2025

As we can see in the search term report, “tinnitus sound

therapy” is dramatically cheaper than “ringing in ears.”

While both are of debatable value to the advertiser, one is much easier to justify retaining spend.

Auction insights

Last 30 daysDec 11, 2024 – Jan 9, 2025Show last 30 days

Display URL domain	↓ Impression share	Overlap rate	Position above rate	Top of page rate	Abs. Top of page rate	Outranking share
You	24.38%	—	—	57.04%	21.73%	—
	15.50%	35.31%	61.75%	74.93%	35.84%	19.06%
	14.29%	29.56%	57.71%	67.01%	28.45%	20.22%
	< 10%	20.07%	49.57%	65.36%	20.93%	21.95%
	< 10%	11.34%	38.40%	50.60%	21.79%	23.32%
forbes.com	< 10%	8.59%	49.13%	74.42%	20.42%	23.35%

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Screenshot from Google Ads, January 2025

Auction Insights allows you to see if there are new competitors, as well as if you’re suddenly competing with content that doesn’t make sense for you.

If you’re spending too much, you might be in auctions with competitors bidding aggressively or entering the wrong auctions altogether.

Are Exclusions Present?

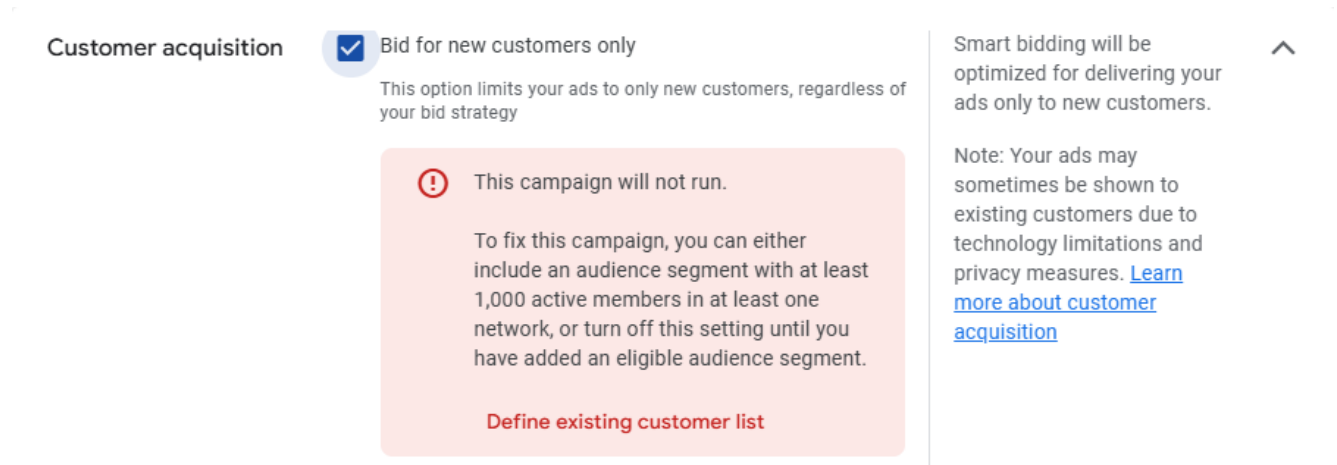
Surprisingly, not every brand uses negative keywords, placement, or audience exclusions.

This might be because they’re using smart bidding and want to lean into the AI, or it might be because the interface changes, and it’s hard to keep track of how to add exclusions.

Negative keywords are important because they block waste and ensure budget is directed effectively.

Placement exclusions can be website or location-based. Audience exclusions can use first-party or ad network audiences to filter out existing customers or people who are close but not quite the ideal customer.

While most exclusions can be added at the account level, it's still important to check campaign level and ad group exclusions (especially negative keywords).



Screenshot from Google Ads, January 2025

Performance Max allows you to exclude audiences – though you need to do so at the Campaign level.

By specifying any of the audiences that have shared consent with you, you can exclude them from PMax campaigns by choosing to bid for new customers only.

If exclusions aren't present and CPA is high/ROAS is low, there's a good chance you're overspending on wasteful clicks.

Can The Budget Support The Targets You've Set

Wasted spend can come from too many campaign targets (locations, audiences, keywords, etc.). This is because different targets have different auction prices, as well as overall value to the business.

If a campaign is asked to support all parts of the business, it likely has a lot of budget misallocation.

For example, if a company offers three services (\$500, \$5000, and \$2,500), there will usually be different margins and

acceptable ROAS associated with each service.

If they're all sharing the same campaign, it will be hard to ensure each service gets enough volume.

Similarly, if you ship products nationwide, but you know you have an easier time fulfilling orders from certain parts of the country, you may have an easier time focusing budgets by region. This also applies if you have established demand vs. emerging demand.

While manual bidding and ad group-specific targets can offset this to a certain degree, all ad groups share the campaign budget.

Ultimately, whatever is driving conversions will get priority access to the budget. This could mean high-value and expensive parts of the business lose out because cheaper volume plays to win.

Conversely, you may not get enough volume because the more expensive ideas won out.

Final Takeaways

It's normal to worry about overspending in PPC. However, if you take the time to audit your account for potential hurdles and strategic pitfalls, you can ensure your budget is always operating at peak efficiency.

Build in a weekly audit to check for auction prices and placements, with quarterly audits to ensure targets are aligned.

More Resources:

Featured Image: Paulo Bobita/Search Engine Journal

<https://www.searchenginejournal.com/ask-a-ppc-how-can-you-tell-if-youre-overspending/536644/>