Gerardo Perez:

Establishing your budget can be hard. I'm going to walk you through a process that's going to help you think of your budget in a more methodical manner. So first things first, I want you to consider your optimization event. If you're doing app instals, maybe it's a cost per instal. If you're doing something e-com related, this could potentially be the cost per purchase. Let's go ahead and use this mouse as an example. Hypothetically, let's say it's a hundred dollar product and we want to get our cost per action, right around $30. How do you even get to that $30 mark? Well, there's essentially two ways. Number one, it could be from prior experience, maybe advertising on different platforms. Or number two, it can actually be based off of your current campaign data. Then you're going to want to go ahead and use this equation right here, (CPA X 50)/7.

In this case, it's going to be CPA, $30 X 50, divided by 7. The magic number in this equation is 50. There's a reason for it. This is the number of events that you need to actually exit a learning phase at an ad group level. This target must be met within seven days, if not, technically you exit the learning phase. So let's say for example, you're optimising for complete purchase. Well, you're going to actually have to have 50 purchases within those seven days to exit the learning phase. The biggest advantage of exiting the learning phase is essentially TikTok having more conversion signal to better optimise your campaigns. So if we go back to our equation and do the math of 30 X 50 divided by 7, that puts us right around 214 per day. Hypothetically, we would have to establish a budget of $215 per day to be able to exit the learning phase.

If after you do the math and you realise that you're able to afford or allocate that specific spend on a daily basis towards your campaign, then go ahead and do so. If you don't actually have that specific budget allocated for these campaigns, then don't sweat it. Just because you can't reach that target just yet, it shouldn't discourage you from actually advertising on the platform. So if you're in the situation where you can't necessarily afford to allocate that budget just yet, what I want you to do is go ahead and reduce that. You can go ahead and reduce that budget in different intervals. Just for example, sakes. Let's go ahead and say that we're going to reduce it down to 25%. That would put us roughly right around $50, $55 per day. If you begin to see profitable results within those given ad sets, then you can make it your goal to eventually bump it up to that original equation that we first outlined. I know we've gone over a whole bunch of different information and trust me, you're doing great. I'll go ahead and see you in the next lesson.