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HOW TO OPTIMIZE
ADVERTISING BUDGETS

on Facebook

A STEP-BY-STEP GUIDE TO
GETTING THE MOST OUT OF YOUR
FACEBOOK ADVERTISING BUDGET

C o r e y P a d v e e n

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About the Author

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Corey Padveen is the Director of Global Social Business Strategy at t2 Marketing International. He is a principal strategist for client-centered social business and data initiatives and is a leading authority on the notions of Social Equity – determining the economic value social media adds to your business – and *Responsive Branding* – leveraging digital data in order to develop successful marketing and brand initiatives.

As the author of t2's social business blog, a contributing writer to industry leading publications and a keynote speaker at digital marketing events around the world, Corey regularly shares his knowledge of social business and marketing data with audiences made up of both beginners and industry experts.

Introduction

Why does this matter?

As the first social network to launch an advertising dashboard for marketers, Facebook has long (a little over ten years) offered an advertising solution. Despite this, so many marketers watch their ad budgets disappear in the blink of an eye with little (if anything) to show for it.

The purpose of this eBook is simple: provide marketers with a guideline that helps them better manage and optimize their designated Facebook advertising budgets. Sure – there are some cases where the process listed here won't be of much use. But at the end of it all, the purpose in investing in our business (on Facebook or some other platform) is to measure value and generate a positive return.

At the end of this eBook, you'll be able to do exactly that.

PART ONE

Finding Your Audience

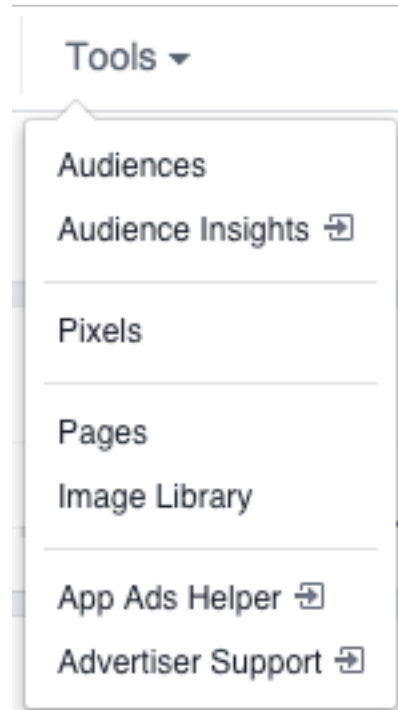
Finding Your Audience

Choosing the right targets.

One of the most under-utilized values of Facebook is user data. Yes, we look at Facebook data on a regular basis, but so rarely do we, as marketers, take the time to really study and segment our users in order to generate an even greater return on our investments.

There are several points to consider when building out the right audience on Facebook:

- **Determine Demographics:** More information is made available on Facebook than any survey, poll, questionnaire or other data-gathering mechanism has ever provided.
- **Segment Behavior:** Behavioral targeting is likely the most powerful segmentation criteria when it comes to Facebook advertising.
- **Hypertargeted Messaging:** Once you know who these audience members are and what types of behaviors they display, it's time to start targeting them with the most relevant messaging possible.



Determining demographics and hypertargeting with 'Audiences'.

Photo Credit: Facebook

In order to effectively hypertarget an audience, it is important that you start first by building out highly segmented audience pockets using your 'Audiences' dashboard in Facebook (shown above).

It is here that you can create audiences based on pages liked, age, location, interests, income, and even build out Custom Audiences from your email lists or website visitors (which is a great resource when running a remarketing campaign).

Once you have identified the audience(s) that you would like to target with a specific campaign, effective and relevant messaging is the name of the game.

It might be useful to have a control message (a generic message whose results you can measure against for more specific campaigns, or to push to generic audiences) but considering the detailed audience criteria you'll be using (for example, what interests they have and behaviors they exhibit online) you'll want to ensure that your messaging is highly customized for each of the audience pockets you've created/selected.



Creating hypertargeted messages for each of your audiences.

Photo Credit: Shutterstock.

PART TWO

Establishing Budgets

Establishing Budgets

Smart spending.

Any marketer that has run a paid campaign or two knows how easy it is to see budgets spiral out of control. As you test a theory here and increase your maximum cost-per-click there, it won't be long before you see that your spend has ballooned far beyond what you had anticipated.

There are a few pointers to keep in mind when it comes to setting your budget. With these tips handy, managing the money allocated to a campaign or project will be a much simpler task, and you won't have to worry about seeing those budgets skyrocket.

These helpful reminders and useful steps to follow will make any campaign budget just a little bit smarter.

- Make sure to establish a maximum budget for your testing period. If you're unsure as to how much you'll need, an easy rule is to allocate no more than 10% of total spend to your tests.
- If you have a control group of ads, keep the spend allocated to these at roughly 20%. The goal of the control group is to identify new opportunities, not eat up your budget.
- At the outset of your ad program, divvy up your ad budget evenly across all campaigns. Monitor these very closely in the few days after launch before reallocating dollars to the campaigns that are out-performing others. (You might be pleasantly surprised.)
- REMEMBER: The value of a dollar on Facebook is significantly higher than it is on a search network like Google, for example. What does that mean? You can generate a lot more engagement with the same budget on Facebook than you can on Google, simply because of the maturity difference of these two platforms. Take that into consideration when setting a program budget (i.e. you don't need to break the bank).



Make your budgets a little smarter with some planning.

Photo Credit: Shutterstock.

PART THREE

Setting Benchmarks

Setting Benchmarks

Measuring your success.

It's always surprising to see a marketing initiative that doesn't have a clearly laid out set of benchmarks and measurement criteria. The question is simple: how do you know if you're succeeding at a particular initiative if you don't know what it is you're supposed to be measuring?

Despite the almost trivial nature of the question, marketers have a habit of forgetting to set their benchmarks early on. When it comes to ad spends and paid campaigns, that can be a significant issue.

While there is a virtually endless number of benchmarks that we can set for a specific campaign, those listed and described here are some of the more important ones of which marketers need to be aware when running a paid initiative.

Engagement

Engagement might be an obvious benchmark to monitor, but it is much more complicated than it appears on the surface.

First and foremost, marketers need to define exactly what engagement means to them. Then, perhaps more importantly, weight needs to be attributed to different forms of engagement. You might be vying to drive ‘engagement’ on a particular post on your Facebook page, but wouldn’t you agree that a ‘Share’ or a click is far more valuable than a fleeting ‘Like’? Then again, that will all depend on what you are trying to achieve.



Define what ‘engagement’ means to you.

Photo Credit: Iconfinder.

Conversion

Again, this might seem like a fairly obvious benchmark to monitor, but as with engagement, conversion is all about your definition.

It can be a site visit that lasts more than ten seconds, a contact form signup, an eBook or white paper download, or, of course, an actual purchase on your site.

Regardless of how you define your conversions (and how you might assign monetary value to the conversion) it is crucial that you determine what a conversion is and what it is worth so that you can find an appropriate breakeven point when running your campaign.



What's a conversion to you?
Photo Credit: Iconfinder.

Financial Benchmarks

When running a paid campaign, some of the most crucial benchmarks will be those related to your actual budgets. Paid campaigns on Facebook (and other social media) are living, evolving creatures. You need to pay them close attention in order to ensure that your campaign is running smoothly and your spends are generating results (at increasingly high returns). These are some of the financial benchmarks you'll want to watch:

- **Cost-Per-Click:** Are your improvements leading to a decreased cost-per-click over the course of the campaign?
- **Click-Through Rate:** As you make changes to your audience and the creative aspects of a campaign, your click-through rate should be increasing.
- **Cost-Per-Acquisition:** The CPA of your campaign should always be a focal point. After all, if you're spending more to acquire each new customer than their lifetime value (LTV), then the campaign is a failure.



Improve your financial performance.
Photo Credit: Iconfinder.

Benchmarking Tips

Benchmarking is an important practice, and with these tips in mind when setting and monitoring your benchmarks, the process will become significantly easier.

- When establishing your benchmarks for the first time, stay conservative. It is easy to get carried away, but you will want to hold back when starting out.

- Avoid setting outliers and your highest performing ad variations as

your benchmarks. As noted, these are outliers, and therefore should not set the standard for future analyses.

- If you're setting benchmarks for the first time (i.e. your first paid campaign on Facebook) look at your averages for similar content or other campaigns and set your initial benchmarks within 5-15% of those.

- At the outset, revisit your benchmarks every two to three weeks in order to ensure that you have set them properly and that your campaign is performing within those limits. If you see that it is not, make the necessary changes.



Keep some of these useful benchmarking tips in mind.

Photo Credit: Iconfinder.

PART FOUR

Incremental Bidding

Incremental Bidding

Make your ad spends work for you.

When setting the parameters for your Facebook ad campaign (and other digital ad campaigns) you are given an option to either set your own bids or optimize your bid for maximum results (shown below).

Optimize For ⓘ Clicks to Website ▾

Pricing ⓘ Your bid will be optimized to get more clicks to your website. You'll be charged each time your ad is served.


- Get the most website clicks at the best price
- Set the amount a click to your website is worth to you

You have two options when it comes to bidding on Facebook ads.


Photo Credit: Facebook

By default, networks like Facebook will select the automated option, but when an incremental bidding system is put in place, your ad budget can go much further.

Optimize For  Clicks to Website 

Pricing  Your bid will be optimized to get more clicks to your website. You'll be charged each time your ad is served.

Get the most website clicks at the best price

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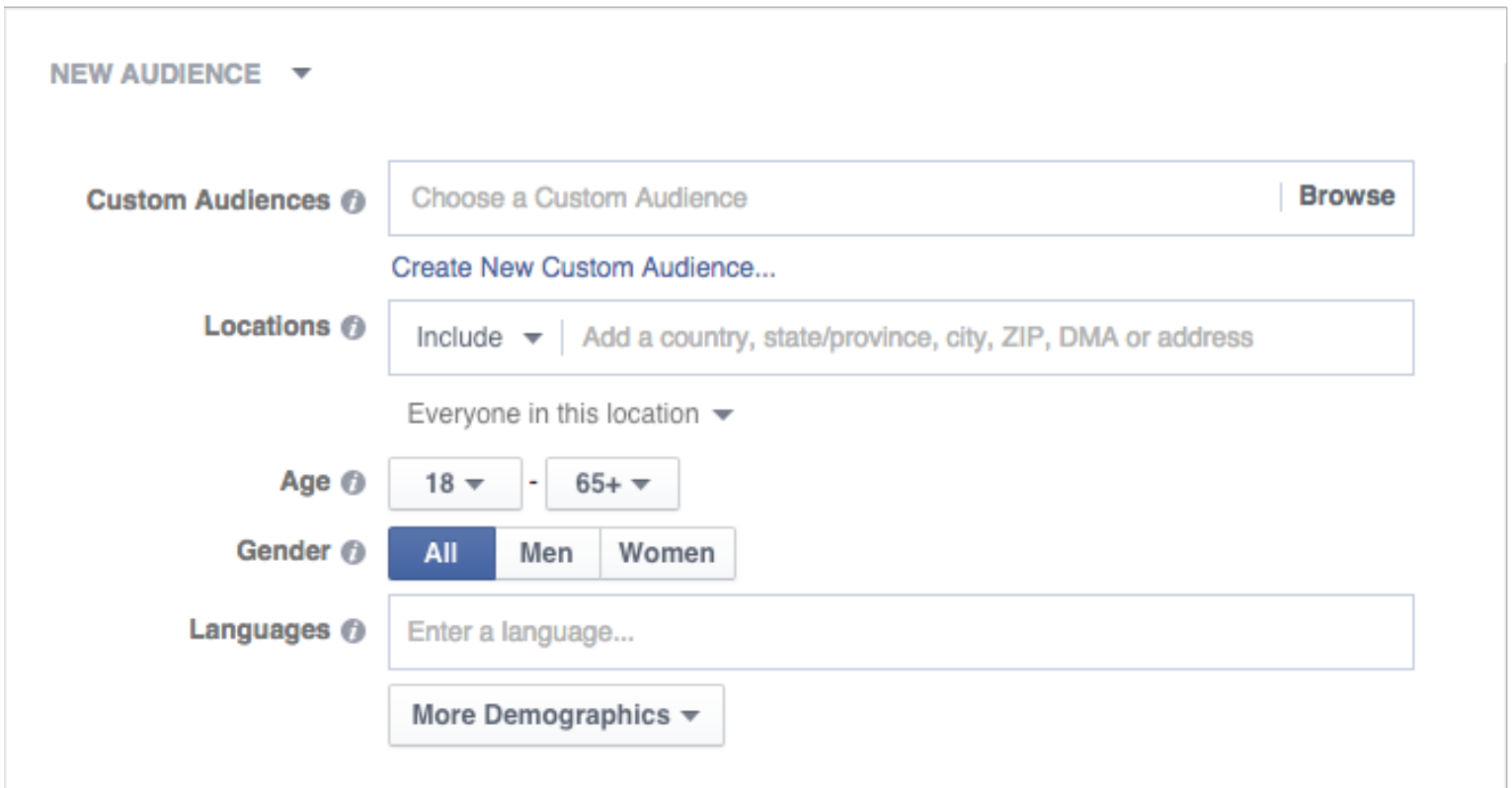
Make sure to set your own bids when running Facebook ads.

Photo Credit: Facebook

At every level of bidding (from the \$0.01 bid to the \$10.00 click) there is click potential. The key to stretching your budget as far as it can go is by implementing a proper bidding system that truly extracts the full potential at each of these levels.

There are a few steps to follow in order to execute a proper incremental bidding strategy.

Step 1: Choose Your Audience



The screenshot shows the 'NEW AUDIENCE' selection interface. At the top, there is a dropdown menu labeled 'NEW AUDIENCE'. Below it, the 'Custom Audiences' section includes a search bar with the text 'Choose a Custom Audience' and a 'Browse' button. Underneath is a link to 'Create New Custom Audience...'. The 'Locations' section features a dropdown menu set to 'Include' and a text input field with the placeholder 'Add a country, state/province, city, ZIP, DMA or address'. Below this is a dropdown menu for 'Everyone in this location'. The 'Age' section has two dropdown menus set to '18' and '65+'. The 'Gender' section has three buttons: 'All' (which is selected and highlighted in blue), 'Men', and 'Women'. The 'Languages' section has a text input field with the placeholder 'Enter a language...'. At the bottom, there is a 'More Demographics' dropdown menu.

Start an ad campaign by selecting one of the audiences you've built.

Photo Credit: Facebook

If you've taken the time to create Custom Audiences in Facebook (discussed in Part One of this document) then you'll start by selecting that audience to kick off your ad campaign.

Building an audience is another way to go, too, but you'll want to always try and restrict your audience to a specific time zone (explained in the next step).

Step II: Set Budget and Schedule

Optimize For ⓘ Clicks to Website ▾

Pricing ⓘ Your bid will be optimized to get more clicks to your website. You'll be charged each time your ad is served.

- Get the most website clicks at the best price
- Set the amount a click to your website is worth to you

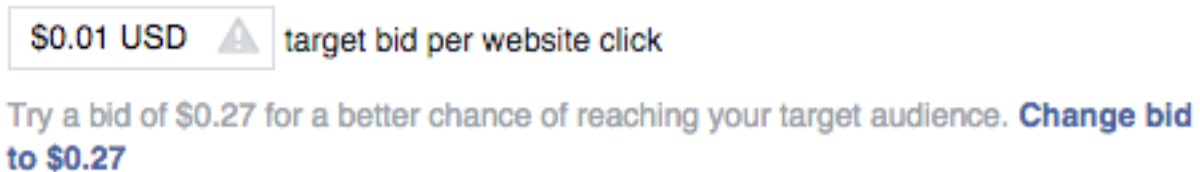
\$0.01|USD target bid per website click

Ad Scheduling ⓘ Run ads all the time
[More Options](#)

Set your bid (manually) and your schedule for showing your ads.

Photo Credit: Facebook

There are two components to this step. First, you'll want to start by setting your own bid for clicks to your landing page. Start at \$0.01, and there will likely be a message that looks like this:



Facebook will suggest to you the lowest viable bid to start showing your ad to the selected audience. Choose it.

From there, set your schedule to show ads when your audience is active (hence, the same time zone). If you aren't sure, cover all hours of the day (showing your ad constantly) then adapt.

Step III: Incremental Bidding

As your campaign begins to run, you'll want to pay close attention to the number of clicks and impressions you receive over the course of each day. As you start to see your numbers dip, you'll want to adjust the maximum bid you are willing to make in order to capture an audience at the next level of bid value.



Results of this strategy show increased clicks at each increment with decreasing average cost-per-click.

Photo Credit: Facebook

As shown in the graph above, with this strategy effectively implemented, clicks increase at each level of the bid while average cost-per-click decreases (due to the effective use of ad dollars at each level).

Continue with the incremental changes until such time as you've exhausted your ad spend.

AND LASTLY...

Conclusion

Conclusion

What have we learned?

There is a lot of competition in the world of digital and social advertising, and while advertising on Facebook is still an extremely valuable option, costs are certainly increasing.

The strategies and pointers discussed here are designed to help any social advertiser or marketer (whether you are a local business or a Fortune 500 company) get a better grasp on the dollars that are being invested in these media. By implementing an incremental bidding system and monitoring it closely in order to maximize results, you'll certainly have a leg up on the competition.

Long gone are the days when marketers and advertisers can expect to blindly throw money at a campaign yet still generate positive results by virtue of pure luck.

Now, with the right direction and grasp of the platforms, we can optimize and maximize our ad dollars *as* they are being spent.

Contact t2 to Learn More!

Are you interested in improving the efficiency of your ad spends and get more out of your next social advertising campaign?

Get in touch with t2 today to find out how we can help maximize your ad budgets across the digital realm.

FIND OUT MORE