

7-3 - Facebook Ads: Budget And Bidding



S1: Hi there and welcome back. In this module, we will be walking you through the fundamentals of Facebook ads cost. Understanding Facebook ads cost is important so that you are able to work within your budget and maximize your Return On Investment (ROI).

How Much Does Facebook Ads Cost?

- ▶ Everything from your audience to your bidding plan influences your cost.
- ▶ The cost you spend on your ads is also dependent on how you align your budget.

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S2: There are a lot of factors that affects your Facebook ads cost. Therefore,

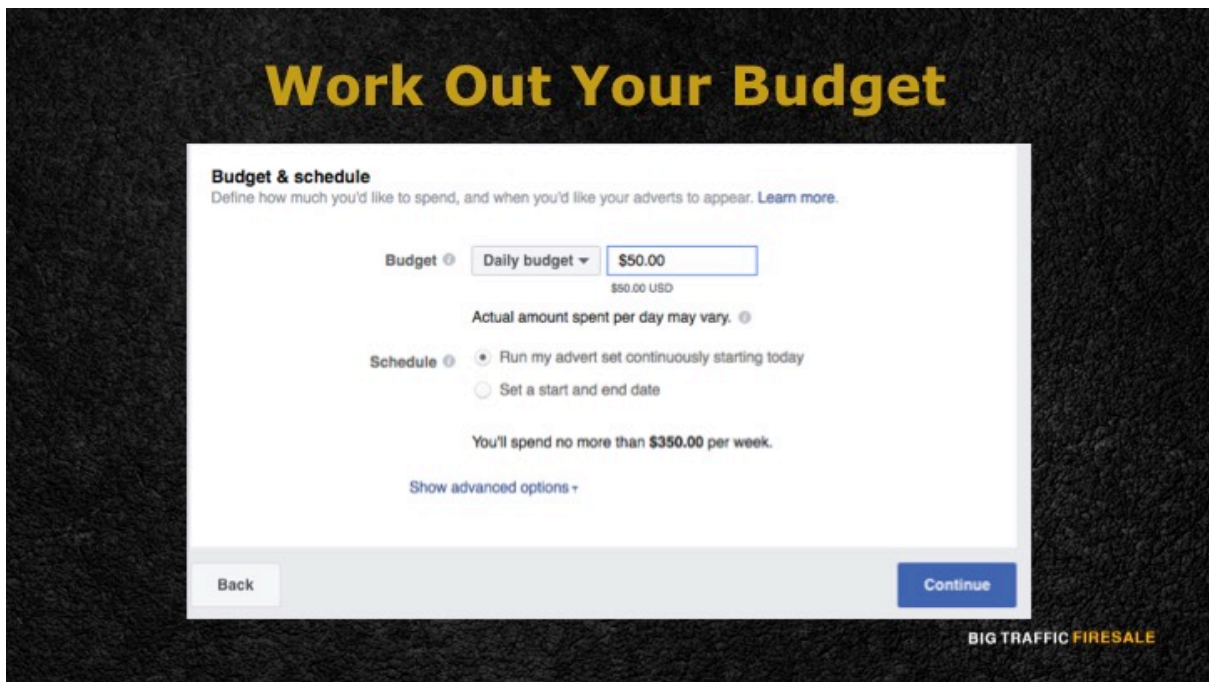
there is no fixed answer to the famous question, “How much does Facebook ads cost?” Everything from your audience to your bidding plan directly influences how much you are going to pay for your ads. Always bear in mind that the cost that you spend on your ads is also dependent on how you align your budget.

Align Your Budget

- ▶ As an advertiser, you can fix how much you are willing to pay for your ad.
- ▶ You can manually adjust this on the price and bidding section.
- ▶ If you choose not to, Facebook will manually adjust this according to your budget.

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S3: This means as an advertiser, you will state how much you are willing to pay for an ad. You can manually adjust this on the pricing and bidding section. If you choose not to, Facebook will automatically calculate a bid for you within your budget and how long you choose to run your advertisement.



S4: Assuming that you are relatively new to the Facebook advertising scene. Let me recommend a budget that works for you. Let's begin with \$50 if you are opting to drive conversions for 5 days. Everyday, Facebook will take up \$10 per day in advertising your ad. The reason why we do not go beyond \$50 is because you want to test your ad first before deciding to invest in a higher amount.

Imagine if you start investing \$100 for your ads and the results does not even make up to your advertising cost. This proves to be a waste of investment. Hence, test it out first and scale it upwards when you have discovered the advert the works for your campaign objective.



S5: What are the factors that affect your Facebook ads cost? There are three factors, which includes your target audience, the quality of your ads and the time of the year.

Target Audience

- ▶ The audience that you choose will directly affect how much you will pay for the ads.
- ▶ Other companies are also targeting your audience.

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S6: Firstly, let's discuss your target audience. The audience you choose will directly affect how much you are paying for your ads. This is because; it is possible that other people are also targeting your audience.

For instance, my company is selling handmade shoes. The audience that I am targeting is not going to have handmade shoes as their only interest. These customers also love baking, fishing, travelling and fine dining. Multiple companies will target each of these traits uniquely. All of us are inevitably competing against each other to place an ad on this group of audience.

The Quality of Your Ad

- ▶ Can cause your ads cost to skyrocket or be lowered dramatically.
- ▶ Two factors in evaluating the performance of your ads:
 1. Relevance score
 2. Click through rate

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S7: This brings us to the second factor, which is the quality of your ad. The quality of your ad can cause your ad's cost to skyrocket or lower dramatically. There are two factors that you want to keep in mind when evaluating the quality of your ad, which are the relevance score as well as the click through rate.

Your ad's relevance will be scored from 1-10, and is assessed based on how relevant your ads are to your target audience. You can obtain your ad's relevance score by heading to your Ads Manager account where the ads relevance tab is added to your ads report. The higher your relevance score, the lower you'll pay for your ads.

Your Click Through Rate (CTR) is the number of clicks divided by the number of impressions. A higher CTR will indicate a higher relevance thus, more value to your audience and lower cost for an ad to be advertised.

Time Of The Year

- ▶ There are peak times of the year where advertisers are flocking to Facebook.
- ▶ The competition is higher and resulting in you paying more.
- ▶ For instance, Black Friday and winter holidays.

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S8: Last but not least, the cost of your advertisement is dependent on the time of the year. There are peak times in a year when advertisers are all flocking to Facebook for their ads. During this period, the competition is higher and as a result, you'll pay more. Black Friday and winter holidays are the most demanding and busiest times of the year, but it still can be worthwhile with the extra cost as you can attract more audience to your offer.

Start Small And Test Out

- ▶ Test out different variation of your ads to get the right conversions for your target audience.
- ▶ Scale your budget higher as you go.
- ▶ Relevance is key.

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S9: The most important thing to note when aligning your budget for Facebook ads is to start small and test your ads out. You have to keep trying different variations of ads to get the right conversion for your target audience. When you've found an ad that bring in high conversions, scale your budget higher for your ads. Remember, relevance is always key and this may directly affect your ads cost.