Facebook Ad Budget Guide

How To Go From Zero To 200,000 Followers On Facebook
How to Create a Realistic Facebook Advertising Budget

How are you supposed to come up with a budget for something like that? What is a ‘reasonable’ amount to spend? Especially if you’ve never run a single Facebook ad before.

That’s a good question.

Let’s start with a few other questions first:

• How much is your product or service?
• How many do you want to sell?
• What’s your conversion rate already?

If you don’t have the answer to any of these, that’s OK. We’re just trying to put together a few rough ranges. That way we can start estimating your sales.

For example, let’s say:

Product value: $100
You want to sell: 10
Conversion rate: 1%

Now a little basic math can help us figure out that to make $1,000 off of 10 sales with a 1% conversion rate, you’re going to need 1,000 visits (or clicks on your ad).

So... how much is it going to cost to get those 1,000 clicks? That’s what you want to figure out here.

Because it will tell you how much to set aside for a Daily budget, this is the max number you want to spend each day to hit your goal. It’s just a small piece of the overall Lifetime budget for the entire campaign.

After defining budgets, you can select an objective so that Facebook will automatically help you do a better job of reaching your goals. For example, you can select either Conversions or Link clicks as your Ad Delivery Optimization method to get the best results.
Why mess with these options?

Because Facebook will help you out, for example, if you select clicks, their own system will monitor and adjust to get you the most clicks.

If you choose conversions, they'll watch patterns for what's working (like what types of people, what times of day, etc.) and help self-correct the campaign as it runs.

So over the first few days, you can actually expect results to improve a little bit.

That's how you determine what you should be spending in total. Here's how to adjust the incremental bids (like how much you spend per click) to get the most bang for your buck.
Your two main bidding options are manual and automatic.

Manual means you can control the limits for how much you spend. But automatic is good when you have no prior experience of what an ‘acceptable’ limit should be.

The other important point here is that your Cost Per Click isn’t the primary metric you should be watching. Instead, the Cost Per Action (or Lead or Acquisition) is when you’re driving product or service sales. So by selecting Automatic bidding, it will help adjust things for you to maximize what matters: sales.

You can also use Delivery Schedules to adjust how much you’re spending by day of the week (or even time of the day). For example, it makes no sense to show ads on weeknights or over the weekend if your office is only open from 9-5 to take phone calls and respond to new leads.

After running campaigns for a few weeks, you might also notice that certain days or times generate the best results for the least amount of money. So you can use this option to control how and when your ads are shown throughout the course of the week.
Last but not least, Delivery Type dictates how frequently you want ads shown. For example, you can have them shown as quickly as possible (exhausting your daily budget the soonest). Or you can spread them out evenly throughout the day.