

ULTIMATE

MARKETER'S

GUIDE TO

# BID TYPES FOR FACEBOOK ADVERTISING



Buying ads on Facebook means taking part in a worldwide auction.

The demand for reaching users is greater than the supply of ad space, so you're competing against millions of others all trying to get their message seen. When targeting a segment of Facebook's users, understanding different bidding strategies is key to making sure your ads come out on top.

MONTHLY ACTIVE USERS

1.32 billion

MOBILE MONTHLY ACTIVE USERS

1.07 billion

DAILY TIME SPENT (USA)

40 minutes

Before we get started, a note on REACH

TARGETED REACH

is determined by your targeting parameters (age, gender, likes, etc.)

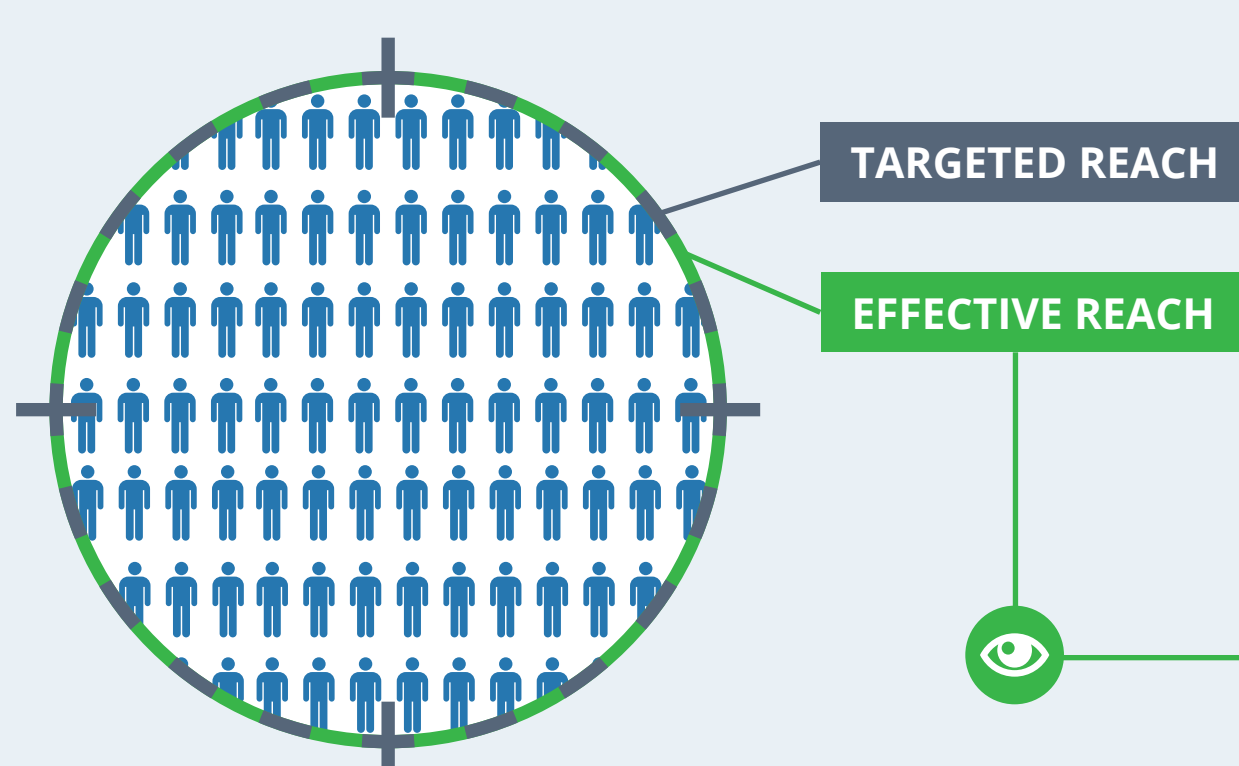
EFFECTIVE REACH

is determined by the bid type's refinement of your target audience



- What does it mean?**  
Cost per 1,000 impressions
- What is your goal?**  
Impressions

- What do you pay for?**  
Impressions
- What does Facebook optimize for?**  
Impressions



"When you bid CPM, since I'm in your target audience I'm just as likely to see your ad as anyone else you target. Facebook won't consider other factors—just that I've got eyes to see your ad!"

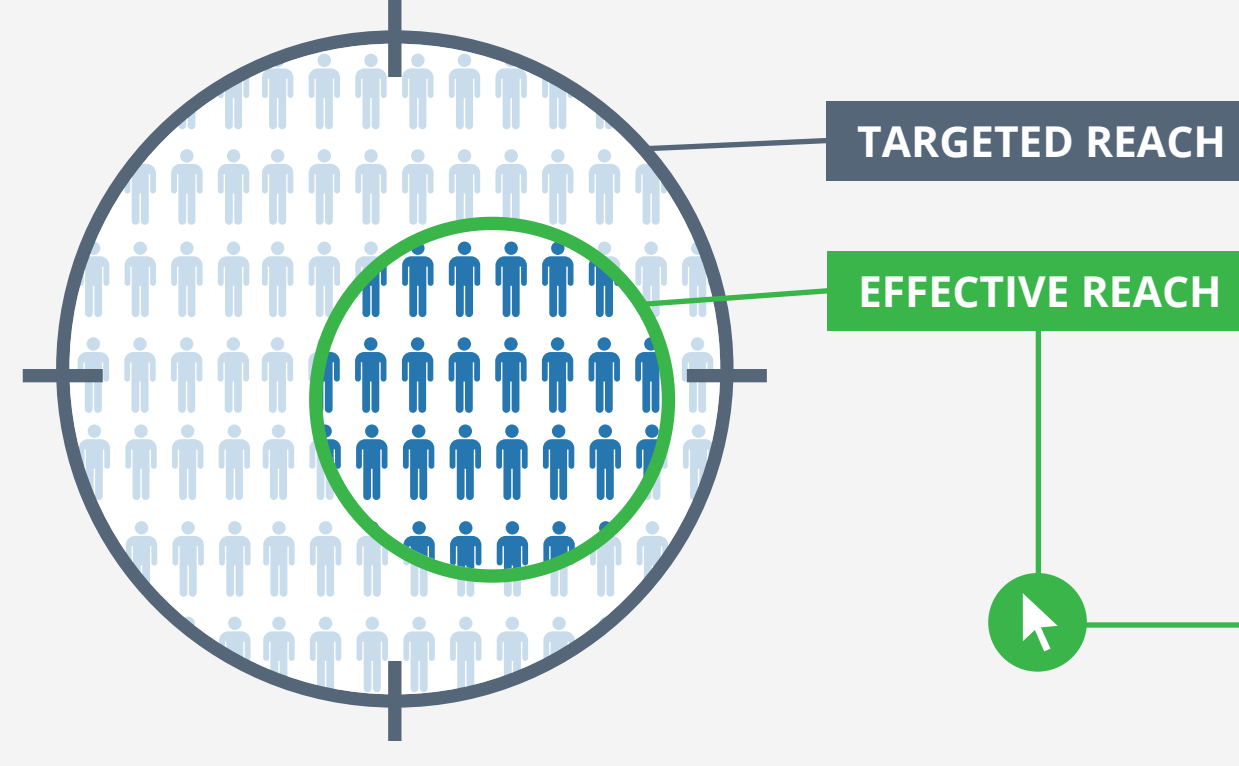
## ★ When should you use CPM bidding?

CPM bidding is ideal if you don't place any value on engagement or clicks and your only goal is eyeballs on your ads. This bid strategy may also be a smart choice when you're targeting a specific audience of your known best customers. For example, imagine you're promoting a special offer that's limited to a Custom Audience of previous high-value purchasers. CPM bidding will be an efficient way to drive clicks to your website among that audience.



- What does it mean?**  
Cost per click
- What is your goal?**  
Clicks

- What do you pay for?**  
Clicks
- What does Facebook optimize for?**  
Clicks



"Facebook will serve your ad to a subset of your target audience that's made up of people like me. We've shown that we're more likely than other Facebook users to click on compelling ads."

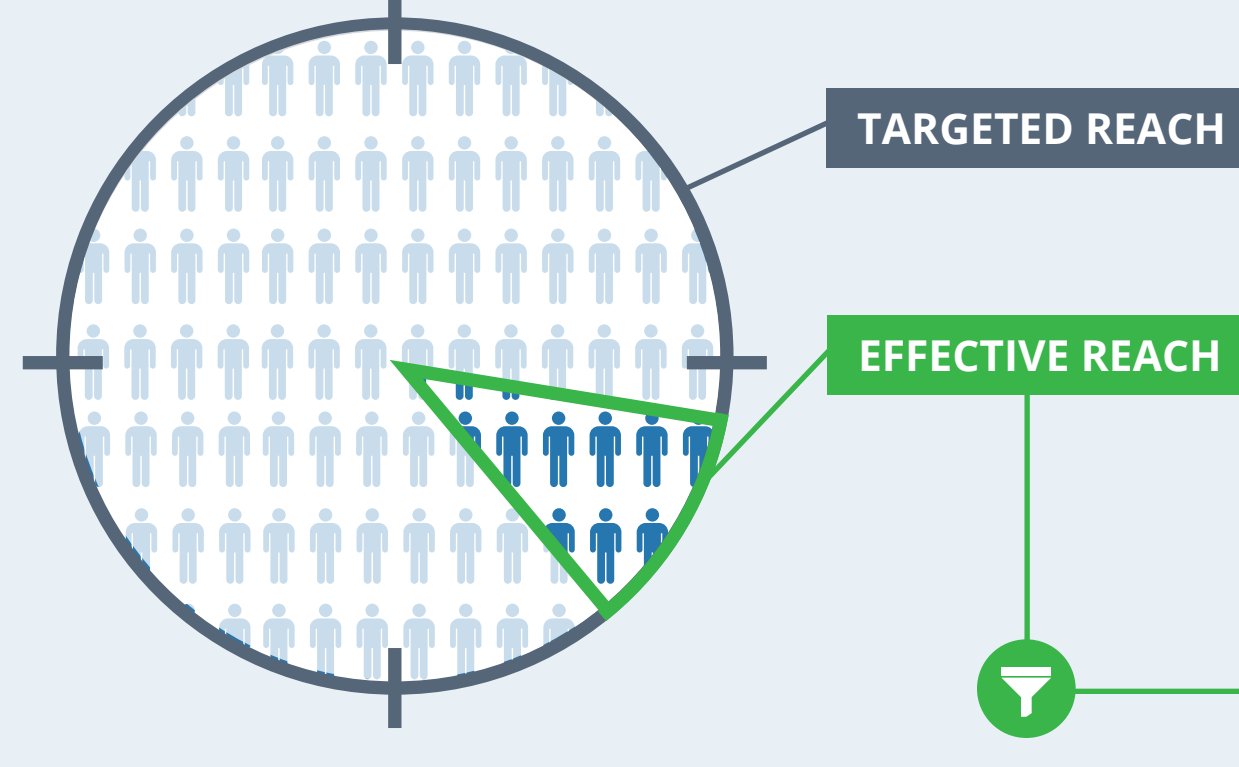
## ★ When should you use CPC bidding?

When you don't have a Facebook Conversion Pixel installed on your external website and there's no downstream action (like a purchase, registration, or download) to track, CPC bidding may be your best choice. Because you value more than just impressions, but not a specific subsequent action to optimize for, a CPC bid will deliver you the most bang (or clicks) for your buck.



- What does it mean?**  
Optimized cost per 1,000 impressions
- What is your goal?**  
Conversions

- What do you pay for?**  
Impressions
- What does Facebook optimize for?**  
Conversions



"My past behavior shows that I'm likely to complete your desired action (like making a purchase or registering on your site). Facebook will show your ad to people like me within your target audience."

## ★ When should you use oCPM bidding?

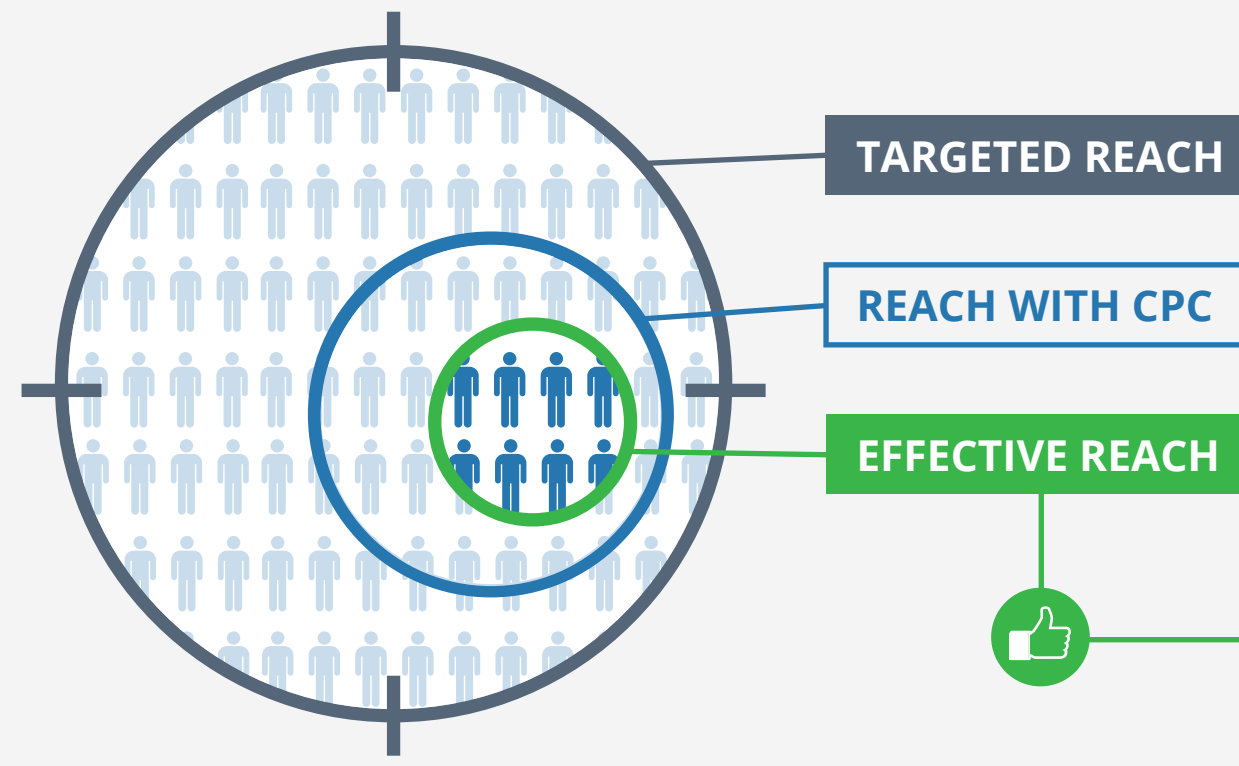
oCPM bidding can be a smart strategy when you want to show your ad to users most likely to complete a specific Facebook Action (such as Page likes, app installs, offsite conversions, etc.). You'll need a Facebook Conversion Pixel on your site to optimize for off-Facebook actions. If conversion rates with oCPM aren't meeting your goals, consider bidding on a more upstream action (like with CPC) so there's more data for optimization.

The size of the "pie slice" representing your effective reach grows and shrinks based on your oCPM bid amount—how much you're willing to pay for your goal conversion.



- What does it mean?**  
Cost per action
- What is your goal?**  
Actions

- What do you pay for?**  
Actions
- What does Facebook optimize for?**  
Actions



"Not only does my past behavior show I'm a 'clicker,' but it also shows I'm likely to take the specific action you're optimizing for. So Facebook will show your ad to a smaller subset of action-takers just like me."

## ★ When should you use CPA bidding?

CPA bidding is best when you're aiming to get people to take action on your ad. For example, if you're trying to drive users to install your mobile app, you'll only pay for the people who click and then install. When you want control over how much you pay for specific actions, CPA bids provide a powerful solution.

You may want to use CPA for all your ads, but this bid type is only available for the following actions: Page likes, offer claims, link clicks, or mobile app installs.

## Tips and Tricks



- Always be testing! Experiment with different bid types to find the most effective strategy to reach your target audience and achieve your campaign goals.
- If achieving specific actions at scale while staying within a certain budget is your primary goal, stick with an action-based bid type such as oCPM or CPA when available.
- When targeting an audience you know is top-notch, don't let your bid type potentially limit the people in that group (like only frequent "clickers" or only frequent "Likers") who could see your ad. Have an exclusive sale to promote to repeat purchasers? Try bidding oCPM to efficiently get the most eyes from that audience on your offer.