

The Ultimate Facebook Ads Budgets Breakdown (+ Free Calculator)

Spend too little on your Facebook ads budget and risk missing out on conversions. Spend too much, and your monthly marketing budget will vanish into thin air. What's a social media marketer to do?

Never second guess your Facebook ads budget again! This guide tells you what you need to know about Facebook ads budgets—from explaining budget types to showing you how to make the most out of every ad dollar.



We've also included our free Facebook Ads Budget Calculator, which can tell you exactly how much to spend on Facebook ads to hit your marketing goals.

Whether you want to increase impressions or make more sales, you can figure out exactly how much to budget so your next ad campaign is a success.

Types of Facebook Ads Budgets

When determining your Facebook ads budget, you need to make two choices:

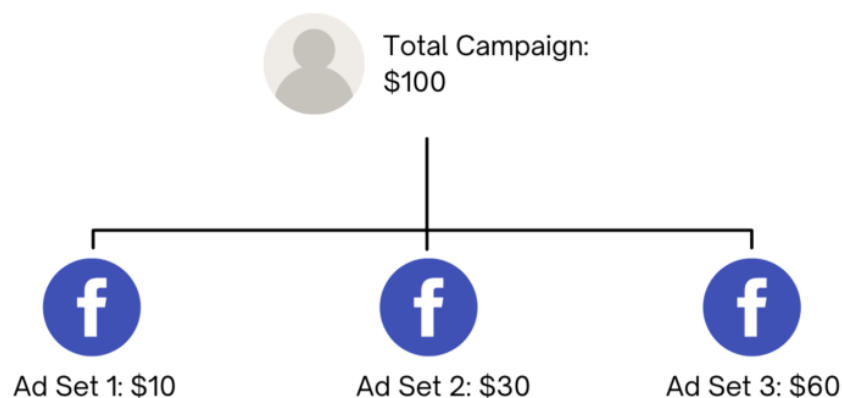
- How to divide your ad dollars between all of your ad sets (campaign budgets vs. ad set budgets)
- How each ad set spends its allotted money (lifetime budget vs. daily budget)

Depending on the kind of ad campaign you're running, these budget choices can help you maximize your hard-earned advertising dollars.

Campaign Budget vs. Ad Set Budget

Chances are you plan on having more than one ad set running on Facebook at a time. But how do you determine how much money is given to each ad set from your total Facebook ads budget? You're answering this question when you choose between a campaign budget or an ad set budget.

Campaign Budget



How a campaign budget works on Facebook

With a campaign budget, you set one overarching budget for all of your ad sets and let a Facebook algorithm called campaign budget optimization (CBO) decide how to best spend it. Instead of each ad set getting equal amounts of money, Facebook will determine which ad sets will net you the most return for each dollar spent.

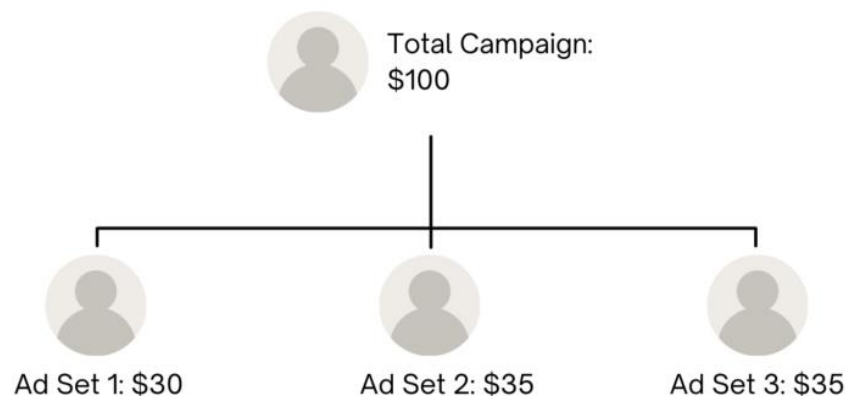
Campaign budgets are best for people who:

- Are more interested in optimizing at the campaign level rather than ad set level
- Manage campaigns with lots of ad sets

However, campaign budgets do have some drawbacks. The algorithm may not understand that one of your ad sets is valuable beyond just surface-level metrics. For example, if one of your ads is narrowly targeted at a small but important new market you want to break into, the CBO could take ad dollars away from it as it may not see the future value that these ads can bring.

An ad set budget gives marketers the ability to control how much money goes to each ad set.

Ad Set Budget



How an ad set budget works on Facebook

This level of control makes it ideal for people who:

- Are testing ads to see how they perform

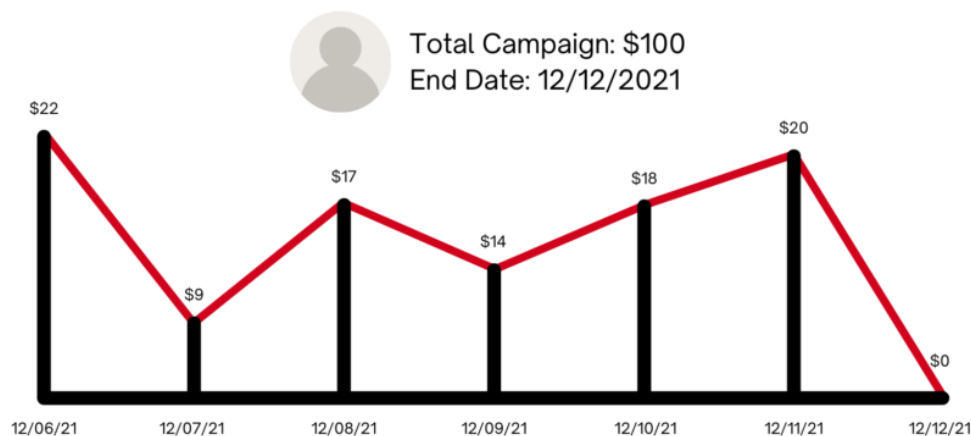
- Have ad sets that are valuable in a way that isn't obvious to a bidding algorithm
- Have ad campaigns that have only a couple of ad sets
- Have ad campaigns that have mixed audiences or campaign goals

Overall the most significant upside to ad set budgets is that they give you control. The downside is that you have to be the one monitoring and optimizing your bid strategies. When you have only a couple of ad sets, this can be fine, but mistakes can happen when the campaign grows.

Lifetime Budget vs. Daily Budget

Now that you know how you'll split your money between ad sets, you need to decide how each ad set will use its budget over a period of time. Facebook refers to this as budget duration.

Lifetime Budget



Lifetime budgets spend your money as effectively as possible over a set period of time.

Lifetime budgets are perfect for pre-defined campaigns. You start by putting in an end date and a total spend amount. After that, you let Facebook pick and choose the best times to show your ads.

Facebook's algorithm will show ads based on when it believes you'll get the best returns for your ad dollars. With this budget duration type, there will sometimes be a big difference in the amount of money spent day-to-day.

A lifetime budget is best for people who:

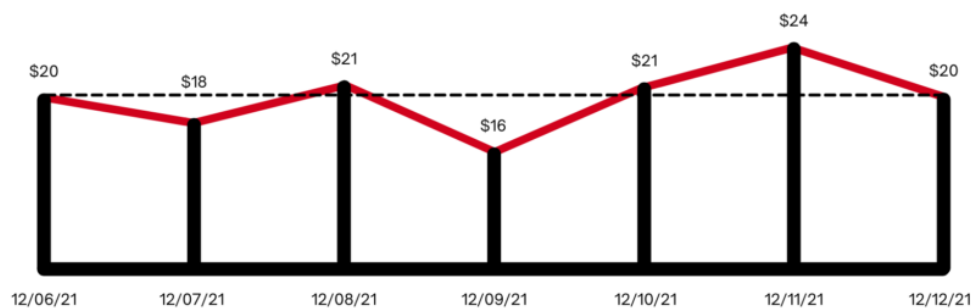
- Are running a campaign with a defined budget and end date
- Are running shorter, more targeted campaigns, like retargeting efforts or special promotions
- Don't care about consistent daily spending

Depending on your situation, a lifetime budget can be the best way to put your ads out there, especially if daily consistency isn't your main concern.

Daily Budget



Average Daily Spend: \$20



Daily budgets try to stick to an average spending amount over the course of a week.

In contrast, a daily budget has you set an average dollar amount per day, and Facebook will do its best to hit that target over the course of a week. Each day, Facebook is free to deviate from your average by as much as 25% if they feel they can get more value for you by shifting the numbers around a little.

A daily budget is for people who:

- Want a (mostly) consistent daily spend in their ad campaign

- Are running an ongoing campaign, like one that's building brand awareness

Each of these budget types has its upsides and downsides, and the best one for you is going to come down to what you want to accomplish.

Now that you know about the different budget types, you can start looking at how to determine your campaign's ideal budget.

How to Find Your Perfect Facebook Ads Budget

The perfect Facebook ads budget achieves your marketing goals without overspending to get there.

To help you find your best Facebook ad budget, we've built a calculator that crunches your numbers and spits out the amount you need to spend to reach your Facebook marketing goals. But it needs some raw data to work. The following steps will help you get those numbers so you can use the calculator to grow your business on Facebook.

If you're already running your ads on Facebook and just need the calculator to refine your budget, [click here](#) to download our Facebook Ad Budget Calculator right away.

Step 1. Consider Your Goals












Start your budgeting by determining what concrete goal you want to achieve through your Facebook marketing efforts. Once you've settled on a goal, you can begin to figure out what you need to spend to get there.

Campaign goals are often split into three broad categories:

- **Awareness:** Bringing audience attention to your services, product, or brand
- **Consideration:** Having your audience consider you as a solution to their problems

- **Conversion:** Converting your audience into customers

Within each of these broad campaign goal categories, there are more specific marketing objectives for your ads. When you set up your ad campaign, you'll choose one of these objectives so that Facebook can optimize your ads with this goal in mind.

| What's your marketing objective? | | |
|---|---|---|
| Awareness | Consideration | Conversion |
|  Brand awareness |  Traffic |  Conversions |
|  Local awareness |  Engagement |  Product catalog sales |
|  Reach |  App installs |  Store visits |
| |  Video views | |
| |  Lead generation | |

The eleven different objectives you can choose from on Facebook ads.

For example, if you want to focus on lead generation, Facebook will help you create a lead ad where you can collect information on potential clients, which you can follow up on later.

In total, there are 11 different marketing objectives that you can optimize for. To find out more about these goals, check out our in-depth guide on marketing objectives.

Step 2. Understand How Much It Might Cost

Each kind of campaign goal can have different costs associated with it. Luckily, we have the hard data to help you understand how much you may need to spend to achieve your objectives before you start testing out your new ads.

But first, some background information for beginners.

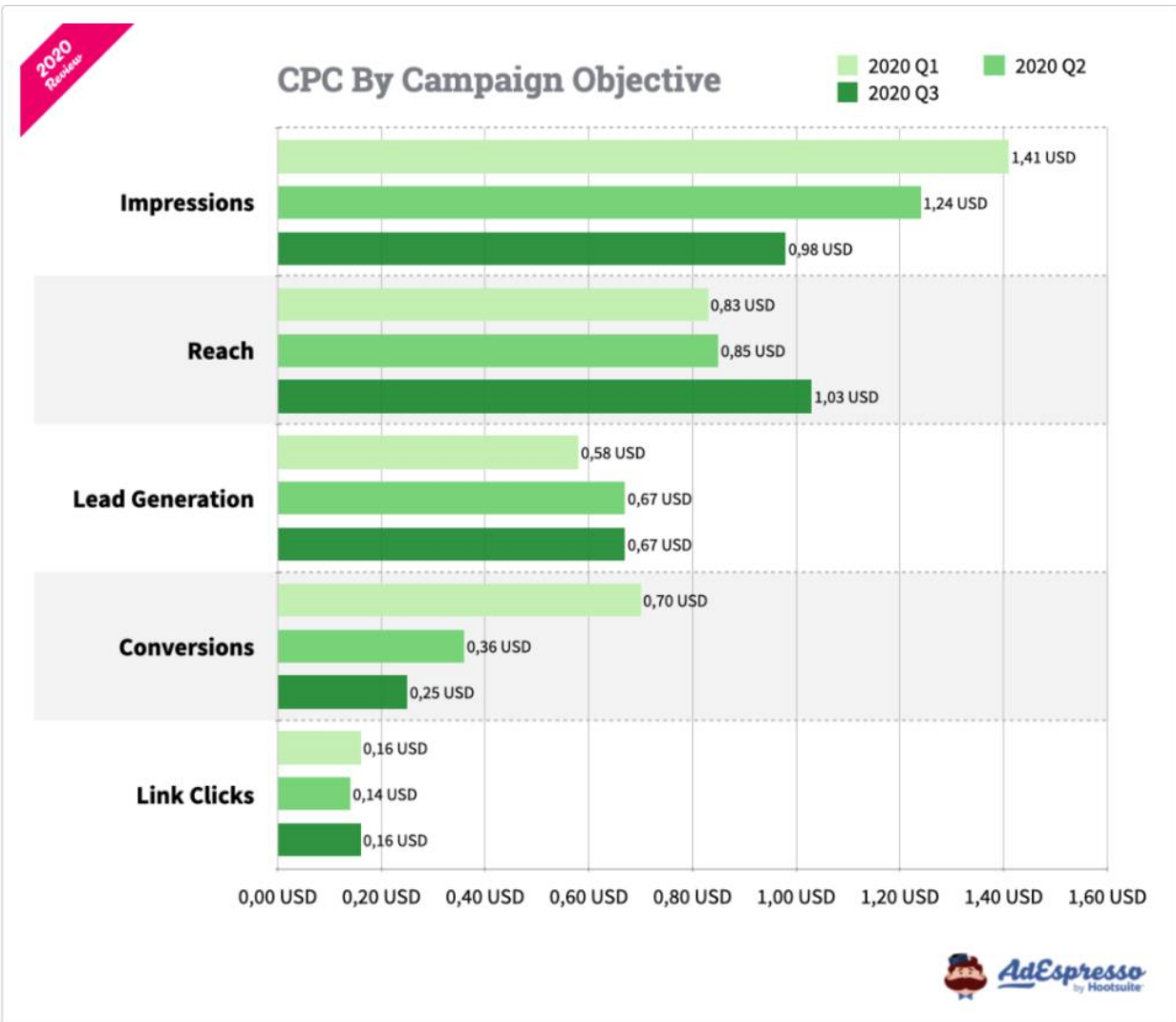
Facebook ads work on an auction system. Every time there's a chance to display an ad to a Facebook user, Facebook will hold an auction among the most relevant ads and then show the ad with the highest "value" (a combination of the bid amount, estimated action rates, and ad quality). Depending on several factors (including your goal, the target market, the time of day, etc.), Facebook ad costs can change.

This is all fascinating, you say, but how much is it going to cost me? Well, let's look at the stats.

In 2020, AdEspresso did a study of advertising costs on Facebook. We found that:

- The average cost per click (CPC) for the first three quarters of 2020 was \$0.39
- The average cost per like (CPL) for the first three quarters of 2020 was \$0.20
- The average cost per app install (CPI) for the first three quarters of 2020 was \$3.40

When we accounted for campaign objectives, we found that the prices varied by a lot.



Different campaign objectives can have very different CPC averages.

As you can see, some objectives are far pricier than others. If you want to create an ad set designed to increase impressions, it's going to cost you more than just link clicks.

This means you need to be confident that you're going after the best campaign objective for you. Choosing the wrong objective won't just waste your time but also potentially a fair amount of money. Start to get a picture of what your budget may need to be for your goal.

Step 3. Start Small and Track Your Metrics

You won't know what works in the wilds of Facebook until you test it. Testing allows you to see which ads are the horses to back and which ones need to be put out to pasture.

Generally, you should start with small ad spends across 3–5 days (even \$2–\$5 per variation will do) to see how well different ad sets perform.

The longer you run the ad, the more data you'll have on it, and the better Facebook will be at showing it. By leaving the ad up for about five days, you should have enough performance data to evaluate the campaign. You don't want a good ad thrown out over one bad day.

- Here are some key metrics you'll want to keep an eye on when evaluating your ad's performance:
- **Cost per result (CPR):** The average cost of a pre-determined result based on your campaign objective (i.e., view counts for a video views objective). This is important because it can indicate how efficient your ad will be at turning your marketing budget into your desired outcome.
- **Cost per thousand impressions (CPM):** The average cost of getting 1,000 ad impressions. A single impression is counted when your ad is displayed for the first time in a session.
- **Click-through rate (CTR):** The rate people are clicking on your Facebook ad. A high CTR can be an indication that this ad is working well.
- **Conversion rate:** How often your ad leads to a conversion when it gets clicked on. A low conversion rate may indicate a disconnect between the ad and the landing page, so make sure your ad is selling exactly what you're offering (and that your website is ready to convert visitors).

After you've collected your data, you'll begin to see which ads are working best, and you can start rolling out your ad campaign.

However, you should never forget to continue to refine your ads as your campaign continues. Get a full rundown on how to do A/B testing like a pro by checking our [Beginner's Guide to A/B Testing Facebook Ads](#).

Step 4. Ramp Up Ad Spending

After five days or so, you should begin to see what is (and isn't) working in your ad strategy. It's time to spend your budget and achieve your goals.

- You can change your ad budget on Facebook by accessing the Facebook ad manager. Once there, you'll want to:
- Move your mouse over either the ad set or campaign that you want to edit (depending on which kind of budget type you chose)
- Click on "Edit," then make the changes to your budget
- Make sure to click "Publish" before closing

Monitor and optimize your campaign based on how well the ad is performing. You can learn more about how to tell if your campaign performance is crushing it or not by reading about [Facebook optimization strategies](#).

Wait, wait, wait. Did we miss a step? How do you know how much to spend on Facebook ads to accomplish your marketing goals? Trial and error? Tarot card reading?

You could try those things, but it would probably be much easier to just use our [Facebook budget calculator](#).

If you're working with fewer ad dollars, you can still market yourself on Facebook. To see how, check out our guide on how to succeed with Facebook marketing on a small budget.

How Much to Spend on Facebook Ads: Our Ads Budget Calculator

Our Facebook Ads Budget Calculator will help you determine the amount of ad spend you need to meet your ad campaign's marketing goals.

All we need you to do is input your data in the left column, and you'll get your results in the right column.