

FB ADS COST BENCHMARKS FOR 2020 AND BEYOND



Why Benchmarking Is Essential for Every Facebook Ad Manager

Facebook ads are a great way to gain exposure, keep in touch with existing customers, attract new ones, and the best one—close sales. Whether you want to increase sign-ups for your webinar or create a kickass Boxing Day sale campaign, Facebook has all you need.

But here's a question: As a Facebook Ads manager, are you taking benchmarking seriously?

Benchmarking helps you understand the current best practices and find opportunities for improvement in the existing ad campaigns.

Of course, benchmarking is a very broad term, so let's narrow it down a bit. For this particular article, we are referring to performance benchmarking related to Facebook ads.

To be precise, we will discuss the difference between 2019 and 2020 trends for cost-perclick (CPC), cost-per-like (CPL), and cost-per-install (CPI) metrics.

Without the current benchmarks, you'll probably fly blind and make mistakes. And what happens when you fly blind with Facebook ads? Well, it'll cost you a lot of money and produce terrible results.

If you believe in proper planning and gathering intelligence before taking action, then this article is definitely for you, and you should read it till the end.

Facebook Ad Cost-Per-Click (CPC)

Cost-Per-Click (CPC) Explained

If you search for the meaning of the term CPC online, you'd probably end up with more questions than answers. That's why we'll simplify it for you.

Cost-per-click is the price you pay for each click on your Facebook ad. Let's consider an example to make it even simpler.

Suppose you run an ad that has the CPC rate of 50 cents. In this case, you'll pay \$50 for 100 clicks on your ad.



But remember, this is an auction and you could end up paying less than 50 cents per click. However, you'll never spend more than 50 cents if you set it as your maximum CPC limit. However, there's one thing that must clearly understand about CPC—clicky users aren't necessarily buyers.

As you can see in the image, clicky users can significantly raise your cost-per-click, sometimes, up to a whopping 5.5 times. So, if you're running a Facebook ads campaign to increase sales, cost-per-click might not always be the be-all and end-all metric to measure.

That being said, let's analyze the monthly CPC of 2019 and 2020.

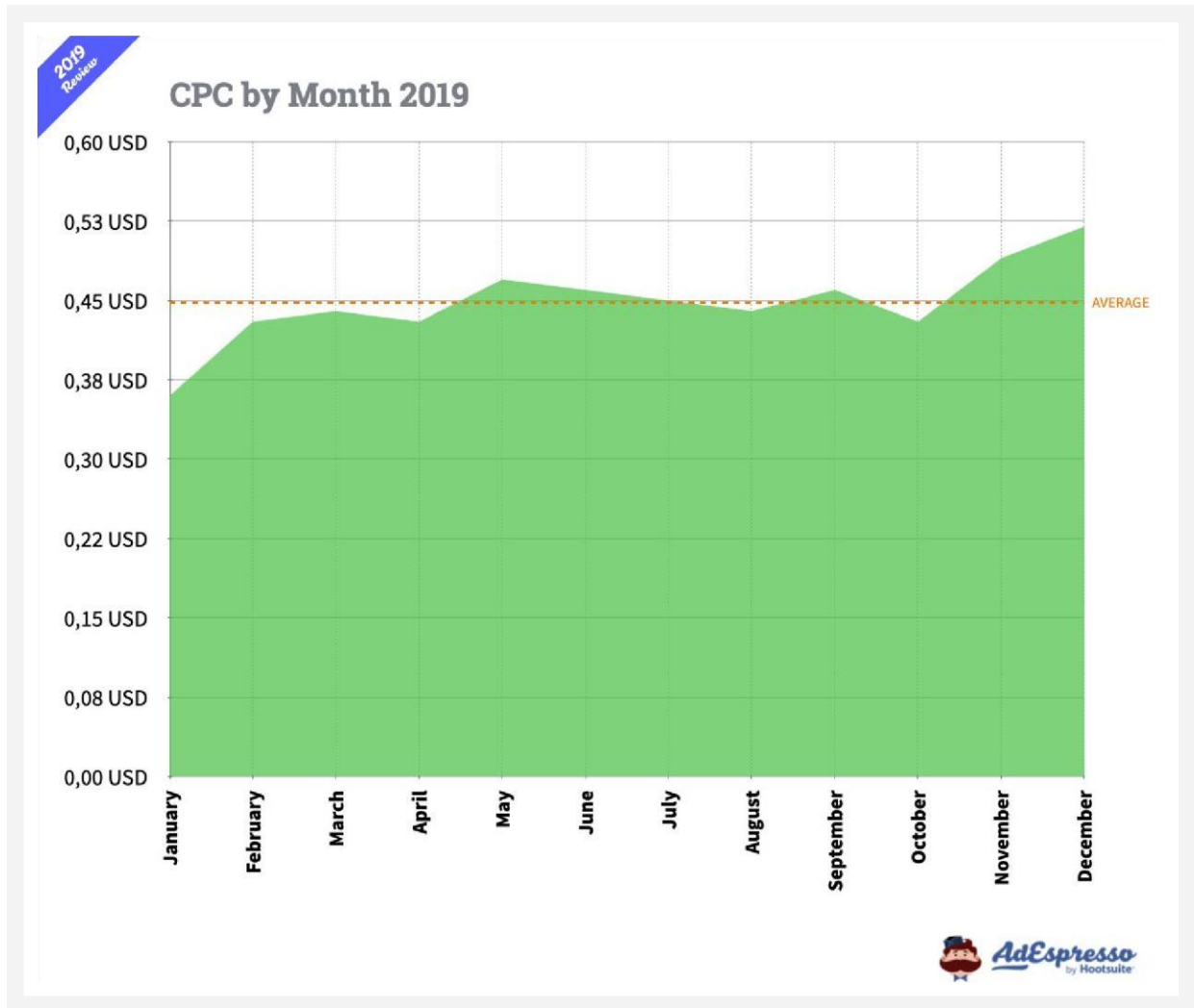
CPC by Month in 2020

The average CPC rose from \$0.31 in 2018 to \$0.45 in 2019.

The reason behind this increase lies in the supply and demand of ad space. The thing is: Facebook has more demand for ad space than it can supply. And what happens when demand exceeds supply? You guessed right—costs increase, and that's exactly what happened to Facebook CPC.

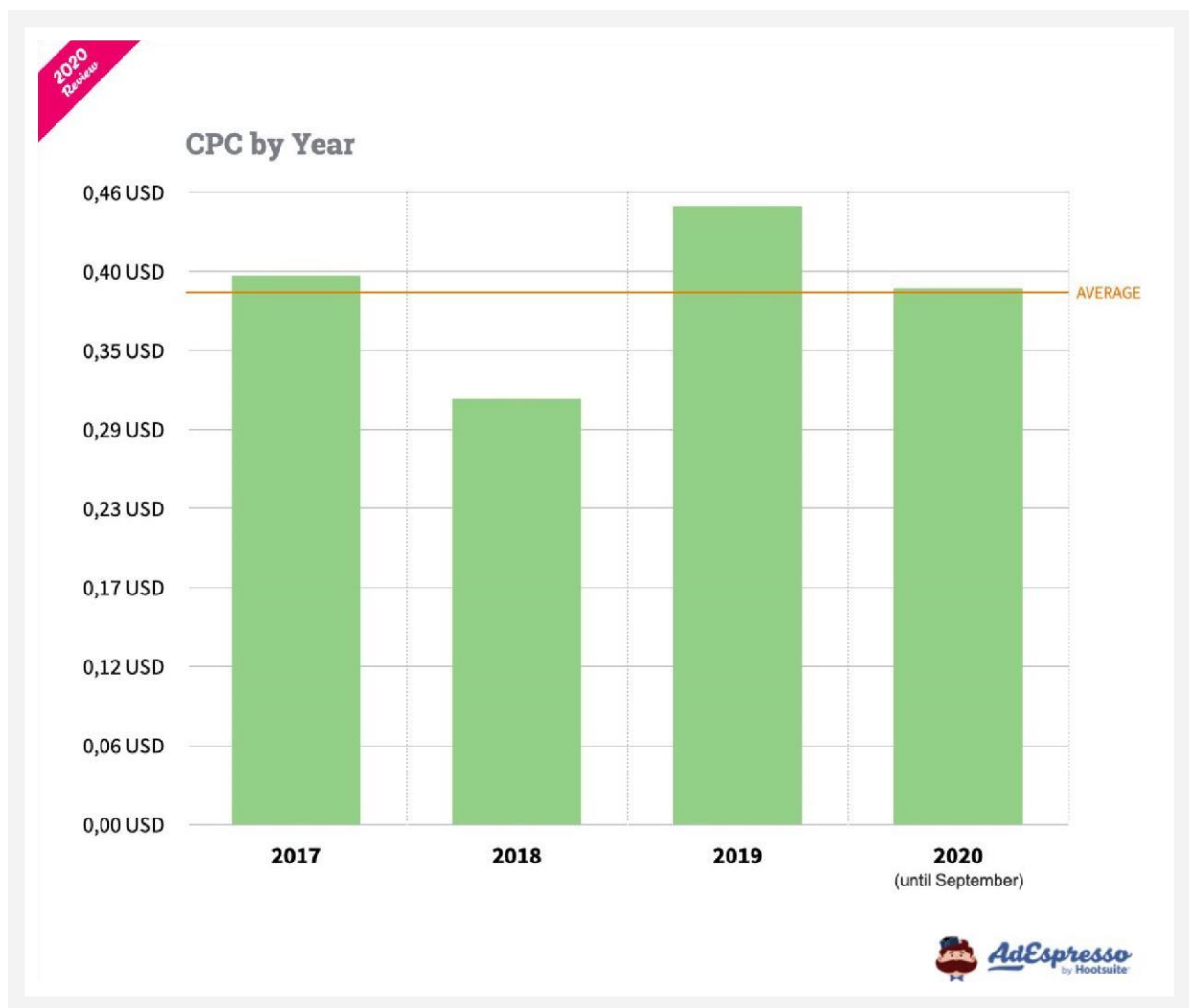
Now, because the average CPC in the year 2019 was \$0.45, one might expect a further increase for the year 2020. Well, that's not quite the case.

As of September 2020, the CPC average stands at \$0.39.

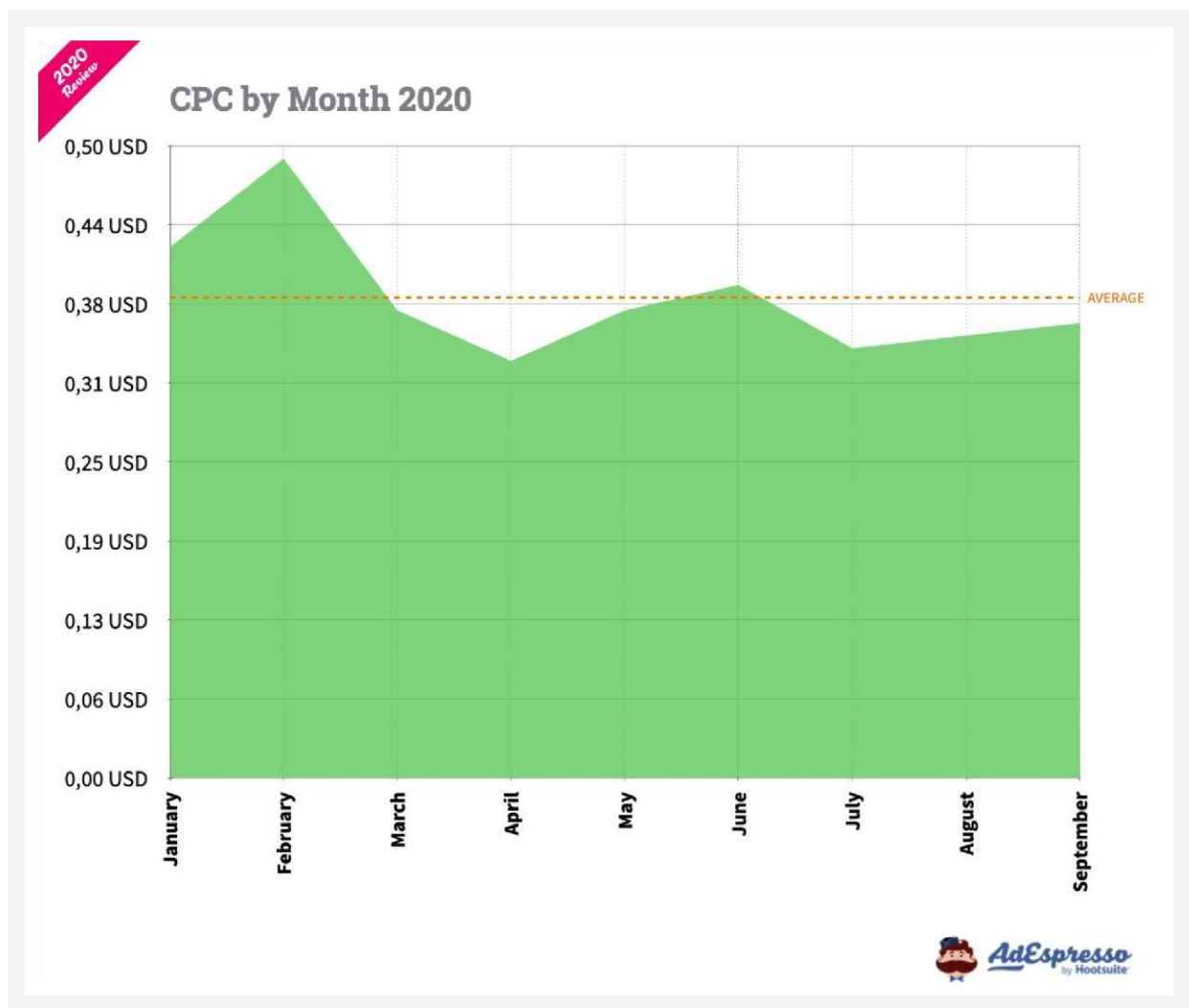


The COVID-19 pandemic caused panic among a lot of business owners who had to decrease their ad spend almost immediately. For this reason, the ad cost has been lower from March 2020 till September. It's safe to assume that the 2020 average will be lower even if we don't take Q4 into consideration.

Now, let's rewind back to the year 2017. The average CPC in 2017 was \$0.40, and now, in 2020, it's \$0.39. If the CPC of the fourth quarter of 2020 increases the aggregate for this year, we can assume that the average CPC for this year will approximately be near to that of 2017.



So, what was the magnitude of the price fluctuation caused by the coronavirus pandemic? Well, not much. Take a look at the stats for April 2020. This is when the biggest drop occurred and the CPC came down to \$0.33, which is 10 cents lower as compared to April 2019. Percentage-wise, the drop was 23%, which is substantial, but not as drastic as many claimed it was.

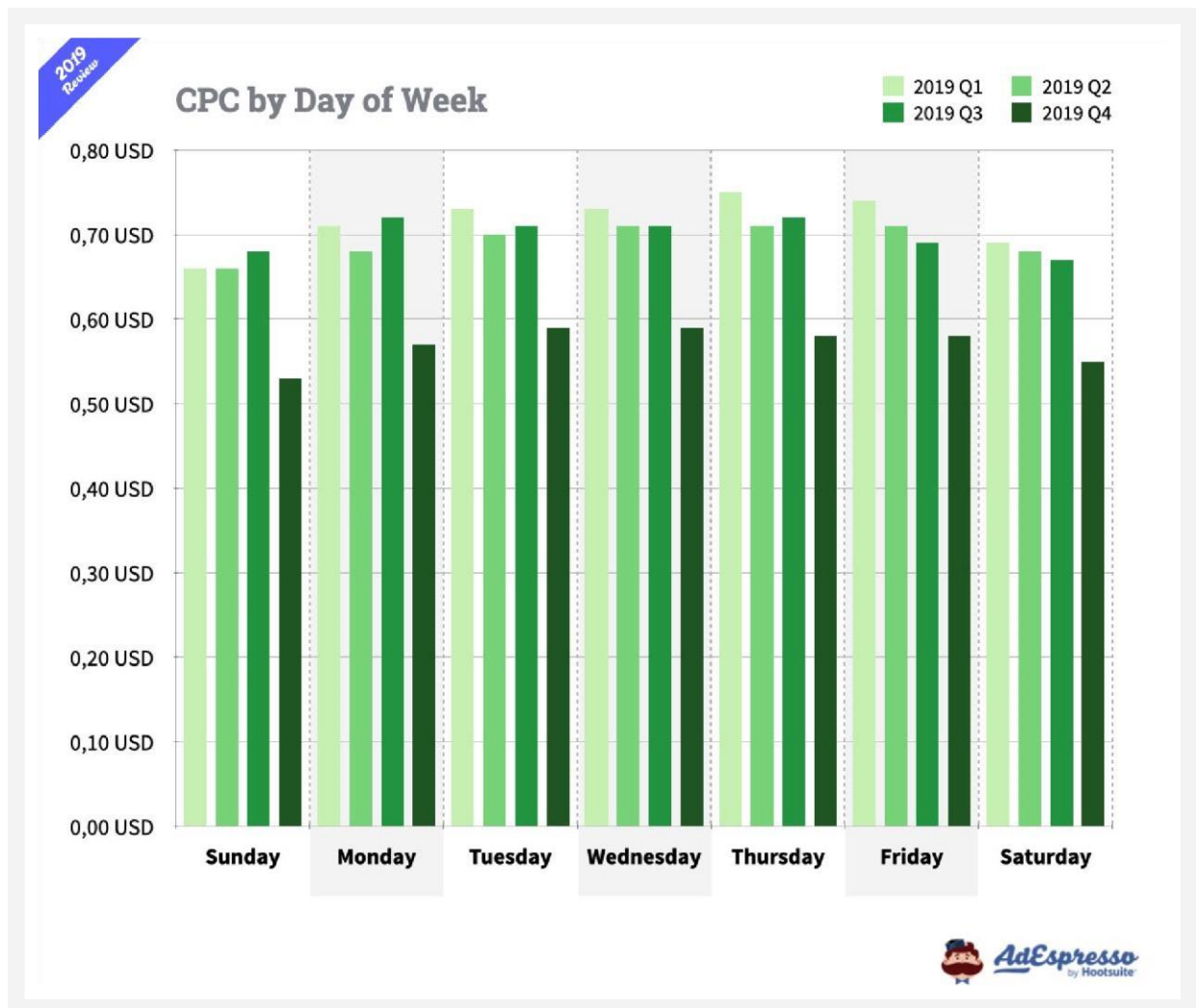


Most importantly, if you look at the 2020 graph, it looks like the cost-per-click peaked in February 2020. However, this is not the case. In reality, it's just that there was an unprecedented drop between the months of March and May 2020. So, the peak is an illusion, but the drop is real.

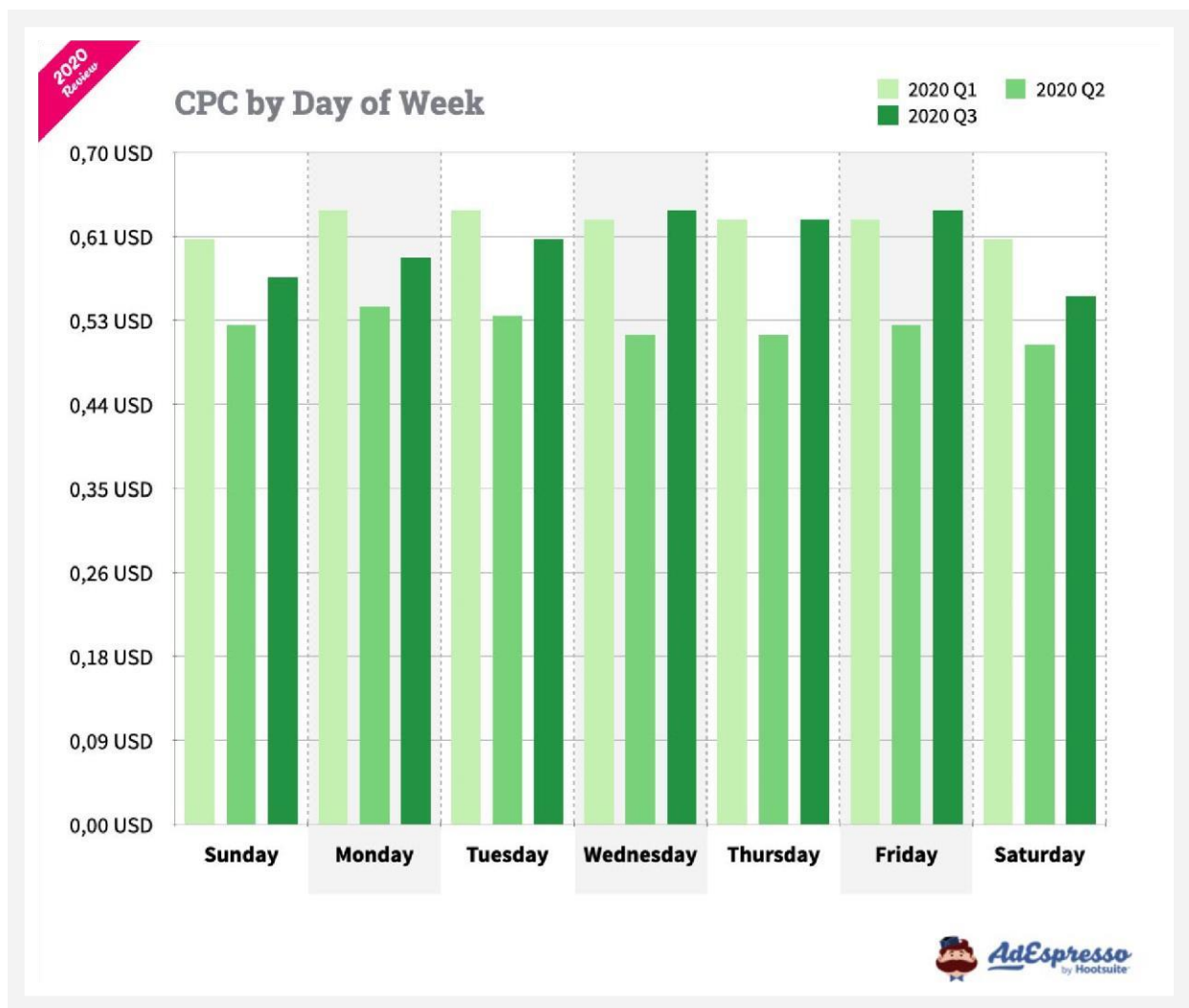
CPC by Day of the Week in 2020

In both 2019 and 2020, the CPC tends to be slightly cheaper during the weekend. At least, in this case, these two years have something in common.

However, there's one interesting trend that needs to be discussed. Changes between weekday and weekend CPC got smaller during the COVID-19 peak. In the year 2019, the fluctuation in cost-per-click between weekdays and weekend days was up to ten cents, and in 2020, it was just two-three cents.



The reason behind this is simple. The lockdown made Facebook users forget the difference between weekdays and weekends. Every day was the weekend, basically, because apart from essential workers, no one was going to the office and everyone was inside their homes spending lots of time on social media.



But even if it wasn't for the pandemic, the CPC during the weekend would still be lower than weekdays. Again, it's all about supply and demand. The number of advertisers remains almost the same throughout the week, but the number of active social media users increases on the weekend which increases the size of the ad space and makes the CPC more affordable.

That being said, the day of the week should not be a deciding factor when setting up your Facebook ads campaign. You should rather strategize your campaign based on the nature of your business and high-demand seasons in your industry.

CPC by Hour in 2020

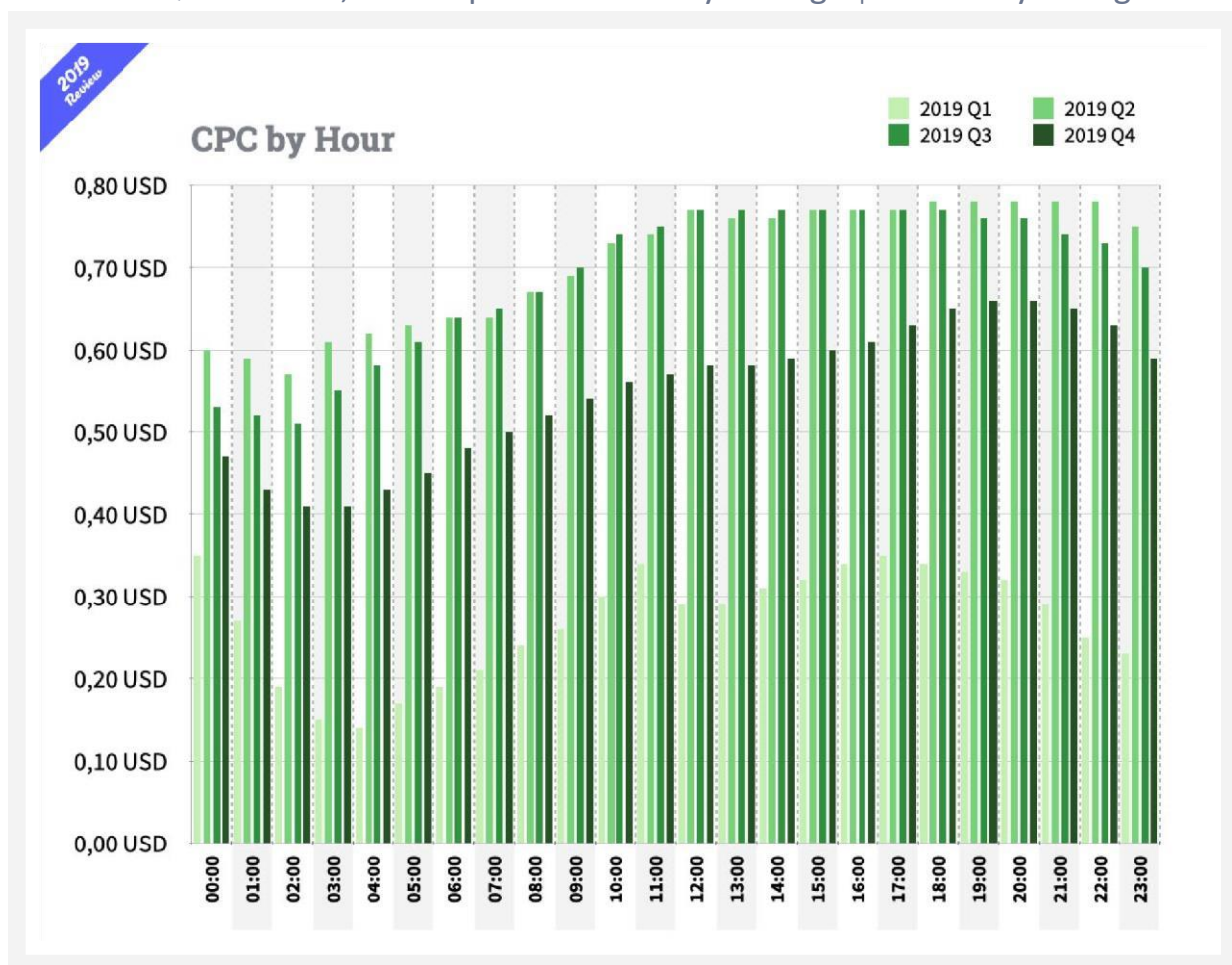
In the 2020 graph, we can see another created trend by the pandemic. As each quarter passed, the evening hours became more and more affordable. Here are the most expensive hours for every quarter in 2020:

Q1: 8am - 11pm

Q2: 7am - 7pm

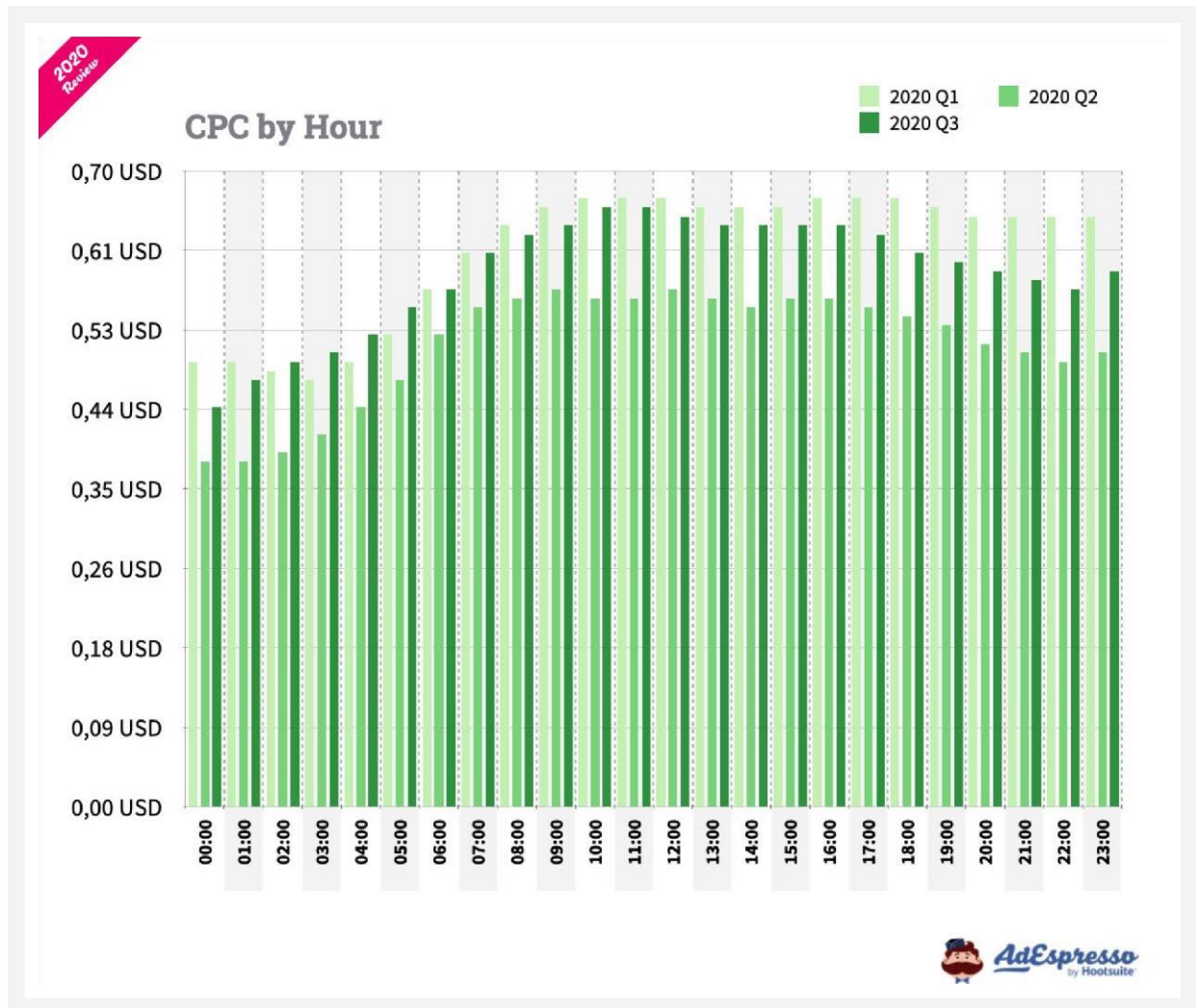
Q3: 9am - 5pm

Because of the Q3 numbers, the shape of the CPC-by-hour graph is slowly taking a bell curve.



In 2018, the hours between 8 AM to 10 PM were the most expensive. In 2019, the costly hours started a couple of hours late, meaning that the hours between 10 AM to 10 PM were the most expensive ones. And in 2020, the expensive hours all happen to be daytime hours between 9 AM to 5 PM. Yes, you're right. It is because of the pandemic.

Again, your approach to CPC-by-hour should depend upon the nature of your business. For example, ice creams and cold drinks are more likely to sell when it's hot outside. People are more likely to order fast food on Friday nights.



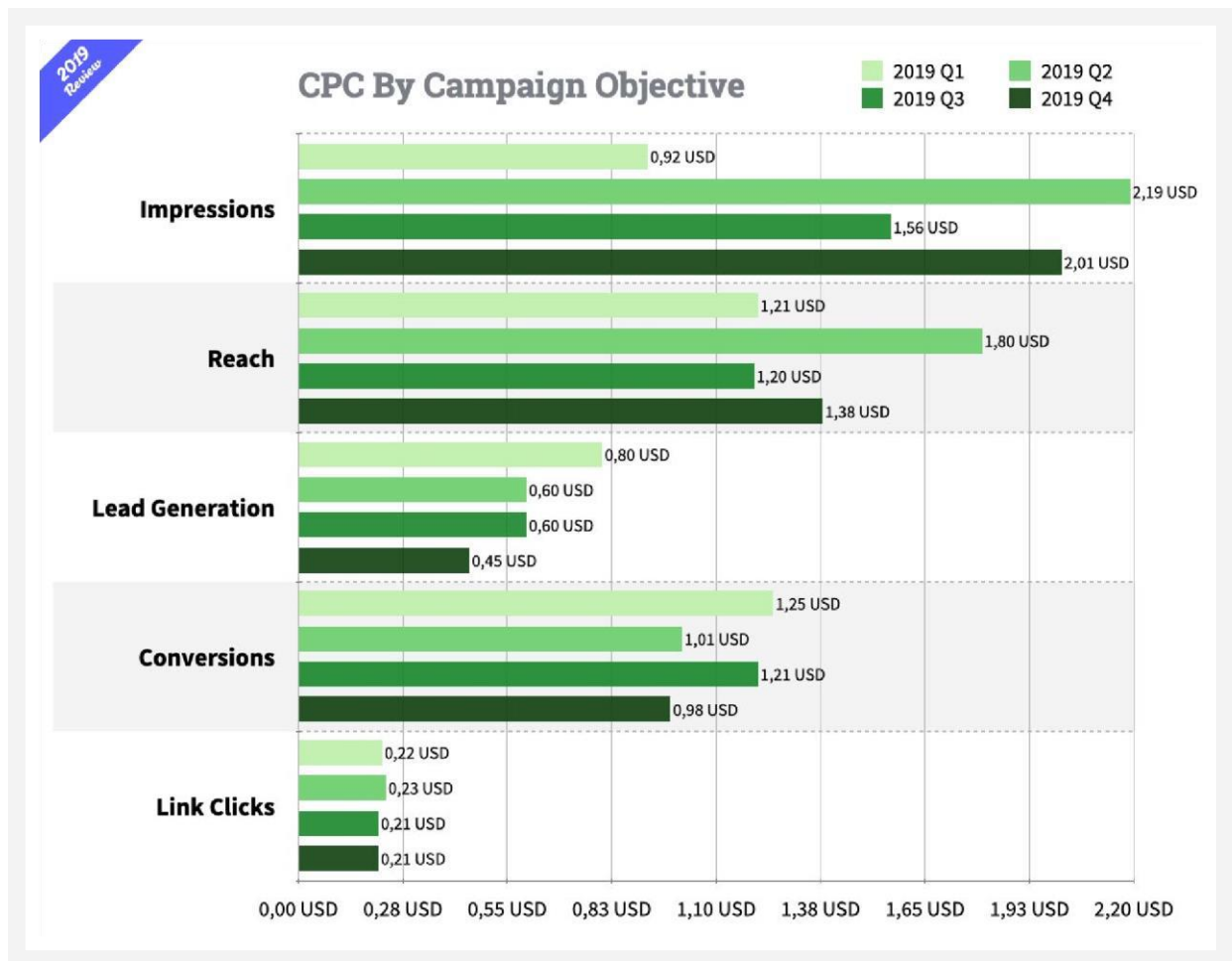
You should understand how seasonality affects your customer's behavior. Their buying cycle should also be taken into consideration. You should consider the CPC by Hour investment only after you have analyzed the former points.

For example, if you decide to run Facebook ads to sell air conditioners during cold months just because the CPC is cheaper, then you'll probably end up wasting your ad spend because the demand for air conditioners is low during winter. The same logic applies to all other businesses.

CPC by Campaign Objective in 2020

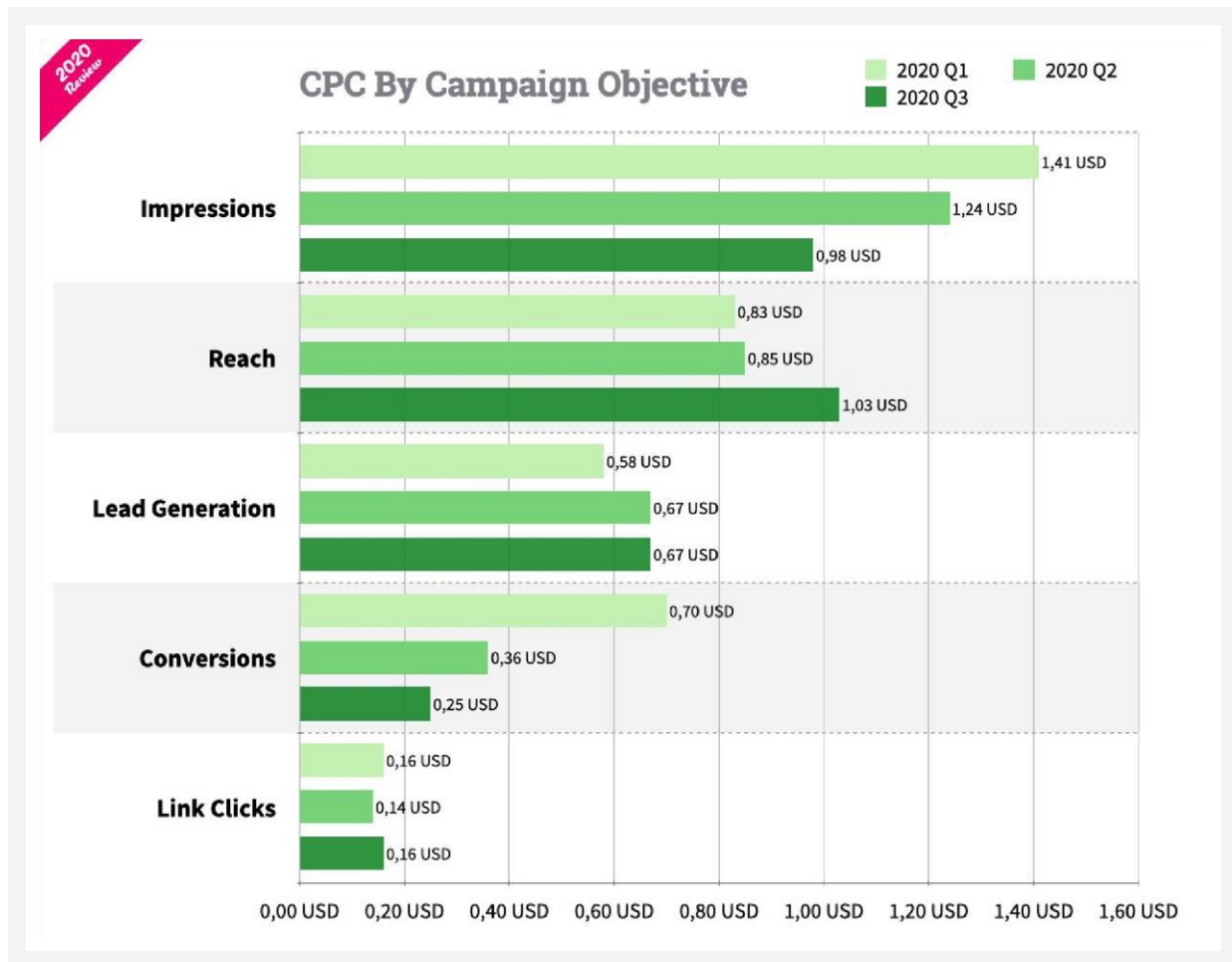
For the past few years, the CPC for every single campaign objective has been on the rise . But not in 2020, as you might have already expected looking at the usual trends for this year.

Even for the CPC by campaign objective metric, the cost seems to decrease month by month, just like other CPC-related metrics. If you compare the campaign objective CPC of 2019 with that of 2020, you'll find that it is lower across the board for the latter year. Literally, every single objective is more affordable this year.



After doing a rigorous analysis of CPC costs around campaign objectives, we conclude that it's really important for the advertisers to have clear intent when it comes to the goal of the campaigns.

Your campaign objective should be determined by the stage of the funnel your potential customer is in. Using the wrong objective might result in unnecessarily high ad costs. From our years of experience, we can say with certainty that when it comes to driving traffic, impressions and reach objectives come with the highest cost.



Simply put, you get the least amount of people clicking through using incorrect objectives. However, if you use the right objective at the right time, you'll most likely see the expected results.

You'd be delighted to know that CPC for the conversion campaign objective has been decreasing for three consecutive quarters in 2020. But keeping the 2019 and 2018 stats in mind, expect an increase in CPC in Q4 of 2020. It'll probably be lower than in 2019 though, as the CPC for conversion objective for every quarter of 2020 has been approximately 50% lower when compared to 2019.

Facebook Ad Cost-Per-Like

Page Like Campaigns Explained

Nothing says social proof like Facebook page likes. Successful businesses know this, and they spend liberally on —instead of buying likes, which never ever works and makes your page look dodgy.

Page Like Campaigns aren't meant to increase sales or even sell anything at all. Their purpose is to increase brand awareness. Initially, many Facebook pages are in obscurity.

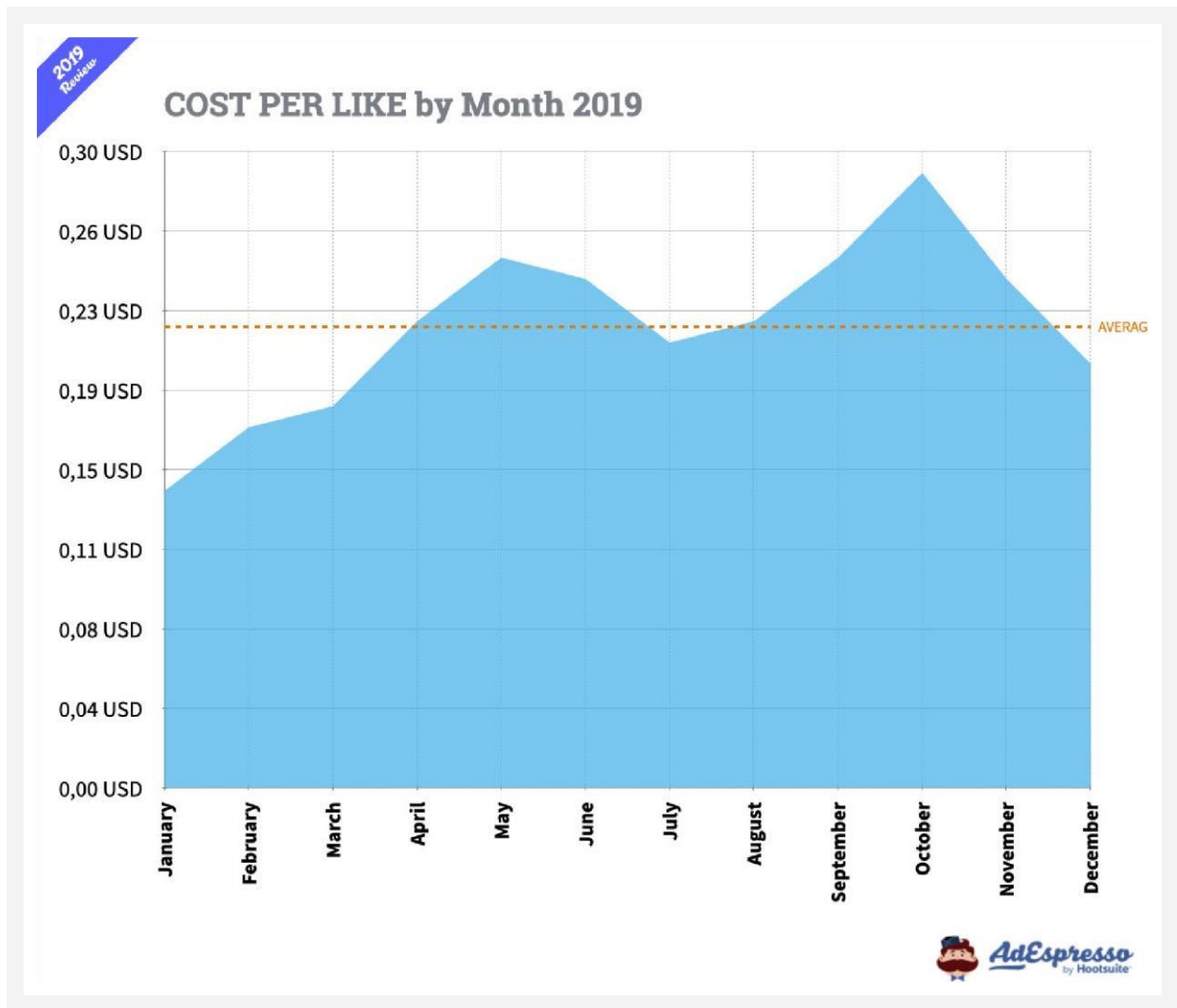
However, with the right Page Like Campaign, you can make your voice heard and reach your target audience.

You can target people based on their location, gender, age, income, interest, and some other parameters.

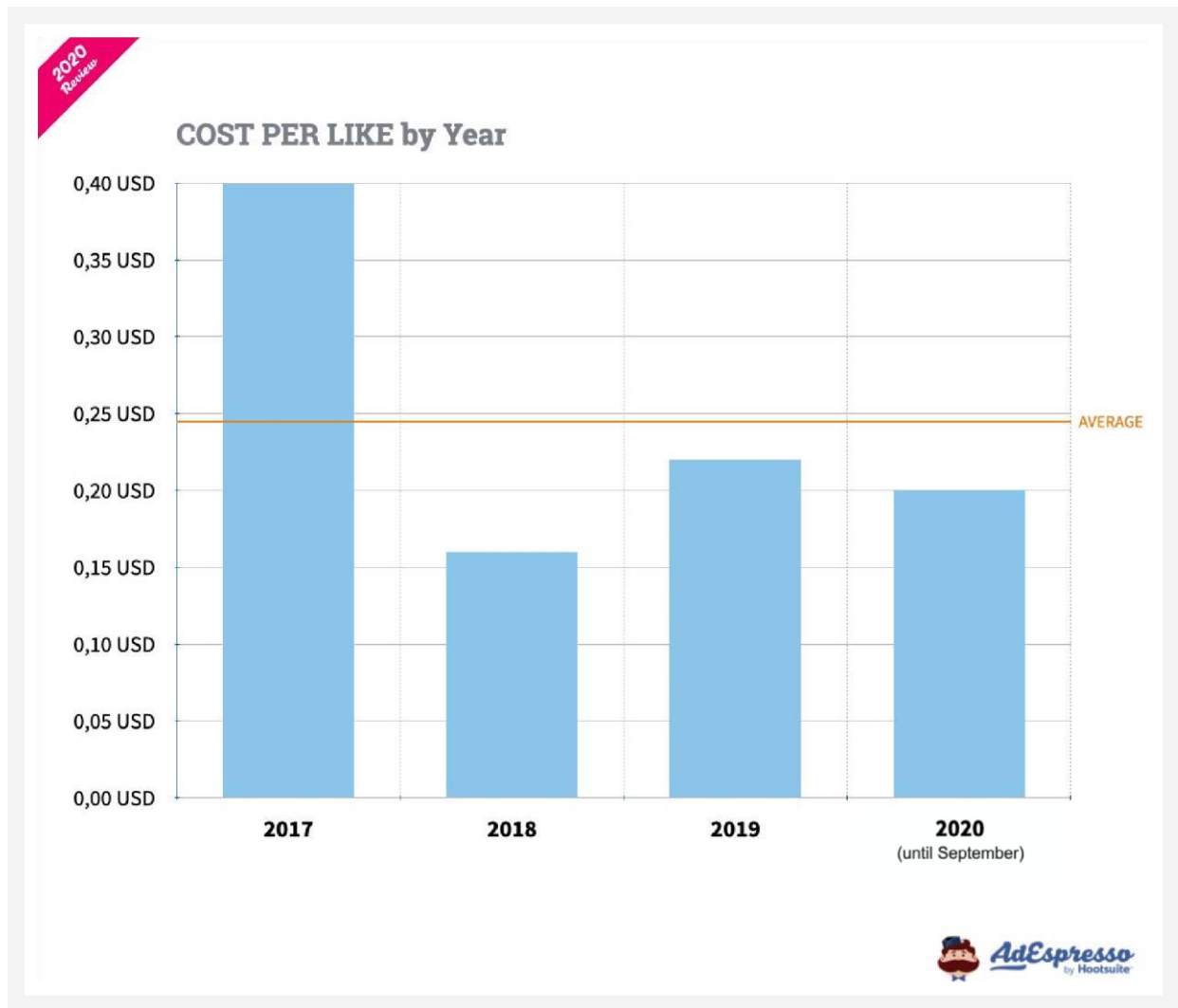
Facebook is basically a giant database that can put your message out in front of the right people, given that you're willing to invest in a Page Like Campaign. That being said, let's discuss the cost-per-like (CPL) for 2019 and 2020.

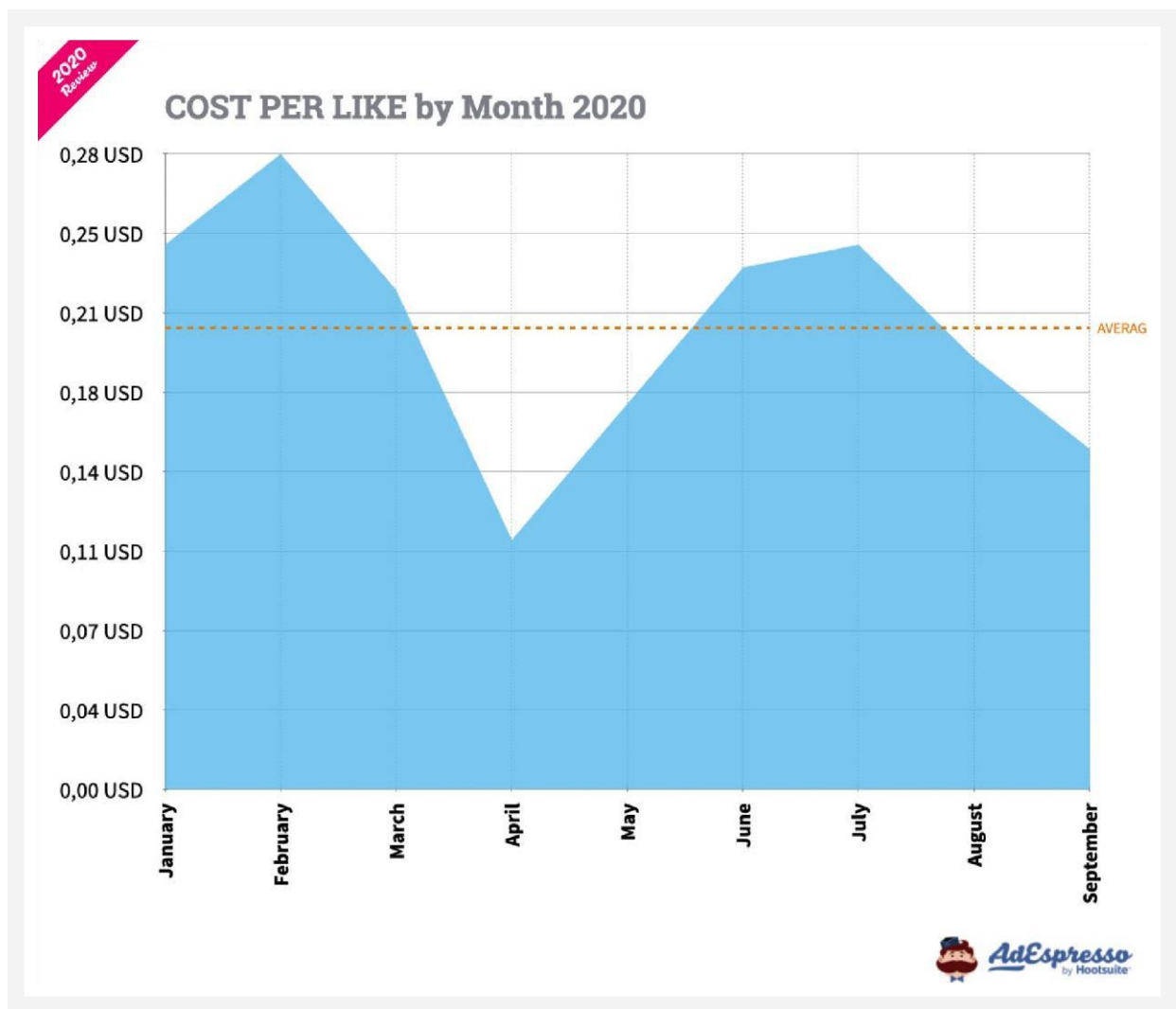
CPL by Month in 2020

Having its lowest point in April, the cost-per-like metric follows a pattern similar to that of CPC. Even though the **average cost-per-like for 2020 (\$0.20)** is currently lower than the 2019 average (\$0.22), and Q4 of 2020 is yet to finish, it's safe to predict that the cost-per-like will stay stable for this year.



However, the cost-per-like increased from \$0.16 in 2018 to \$0.22 in 2019—which is quite a noticeable difference.





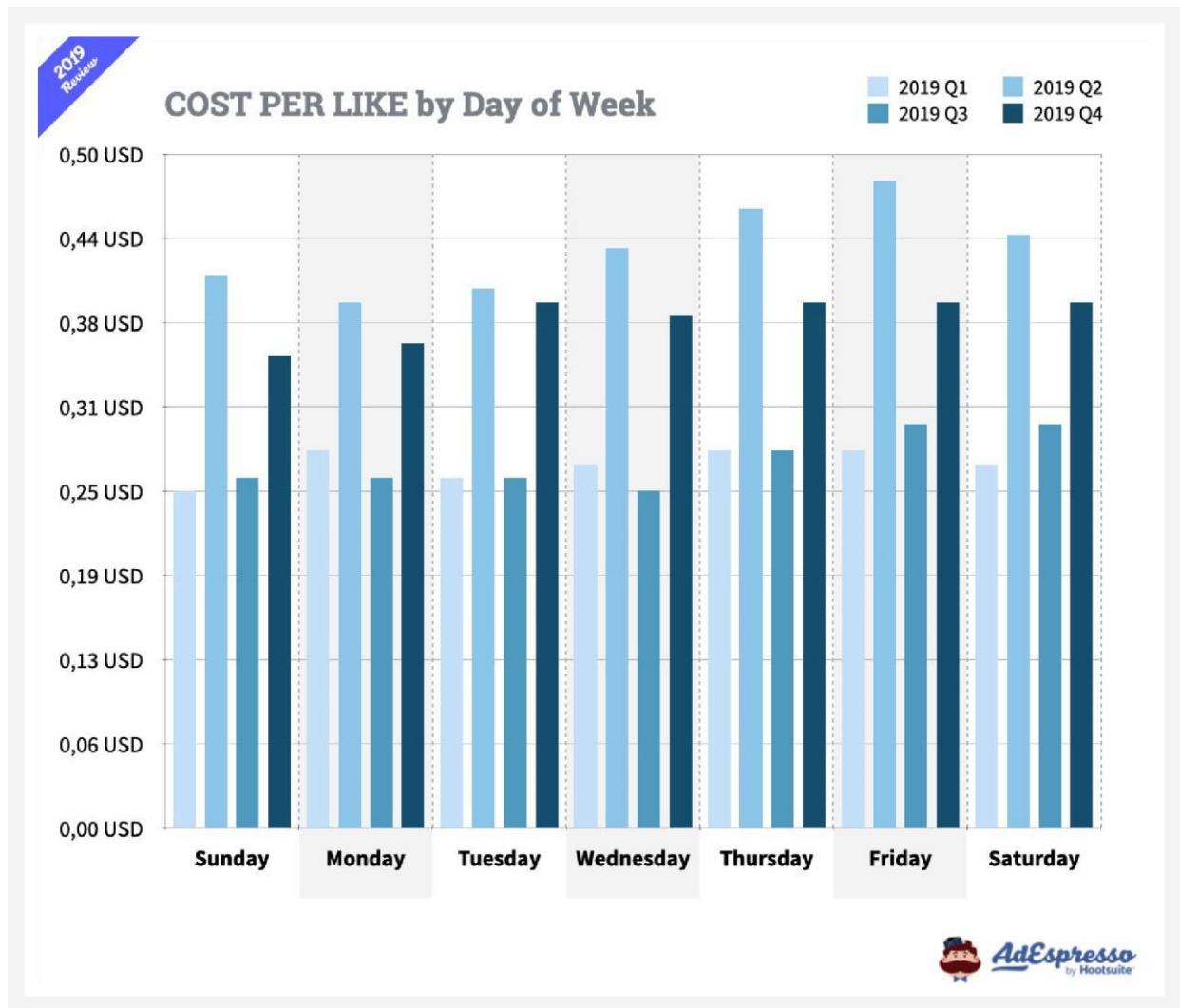
Did you always want to improve your online social proof by getting more likes on your page? Well, even if you missed the opportunity during March, April, and May, there's an opportunity for you right now.

During the last month, September 2020, the cost-per-like was a measly \$0.15, which is significantly lower than what it was in 2019, and even lower than September 2018.

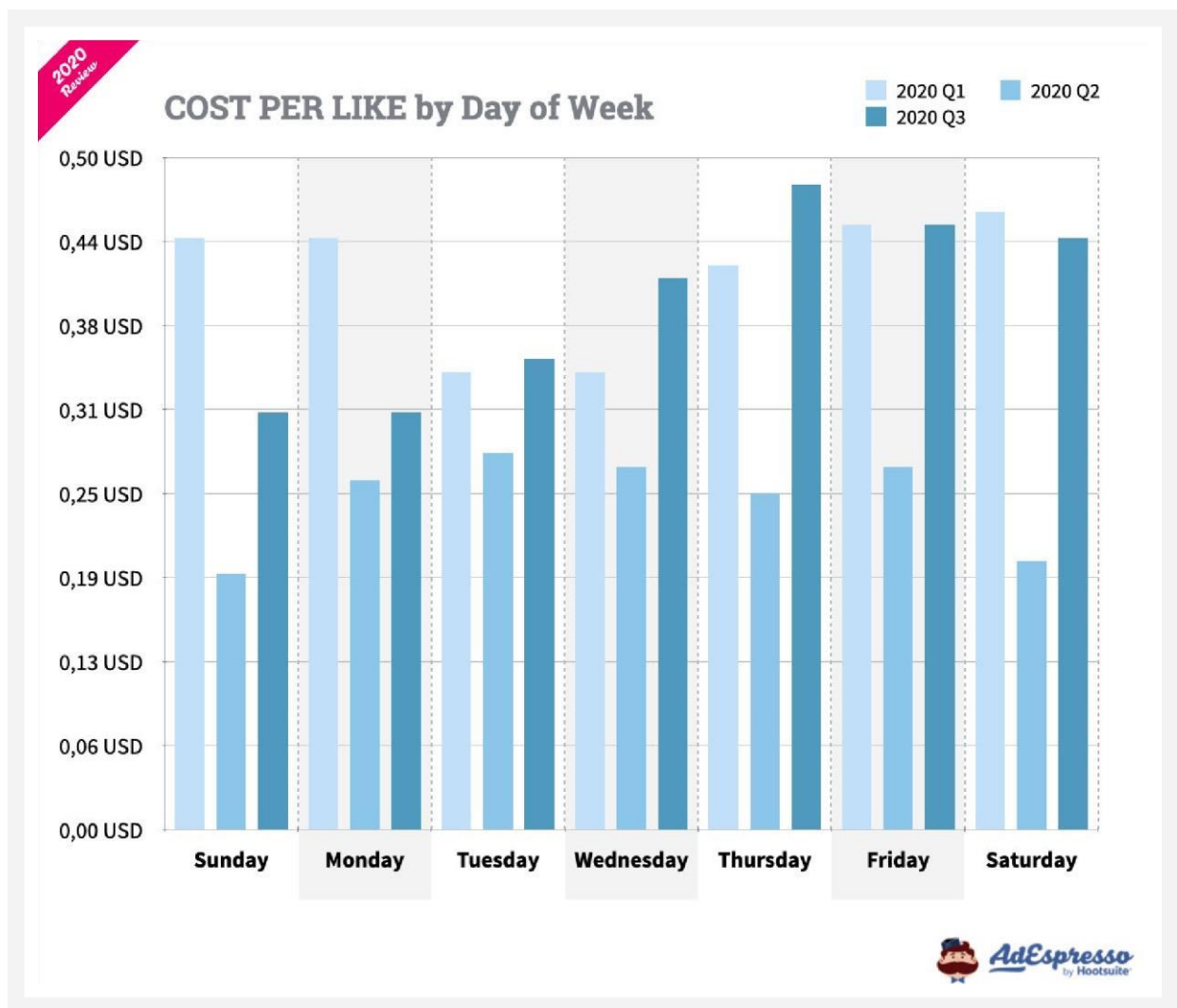
So, if you want to increase your page following, then right now might be the best time to do it.

CPL by Day of the Week in 2020

Well, this one's a bit tricky. Looking at the patterns for different quarters of the year 2020, it's hard to categorize days as expensive or affordable.



In Q1 2020, Sunday, Monday, Thursday, Friday, and Saturday were the most expensive days, leaving Tuesday and Wednesday as the most affordable days to generate page likes.

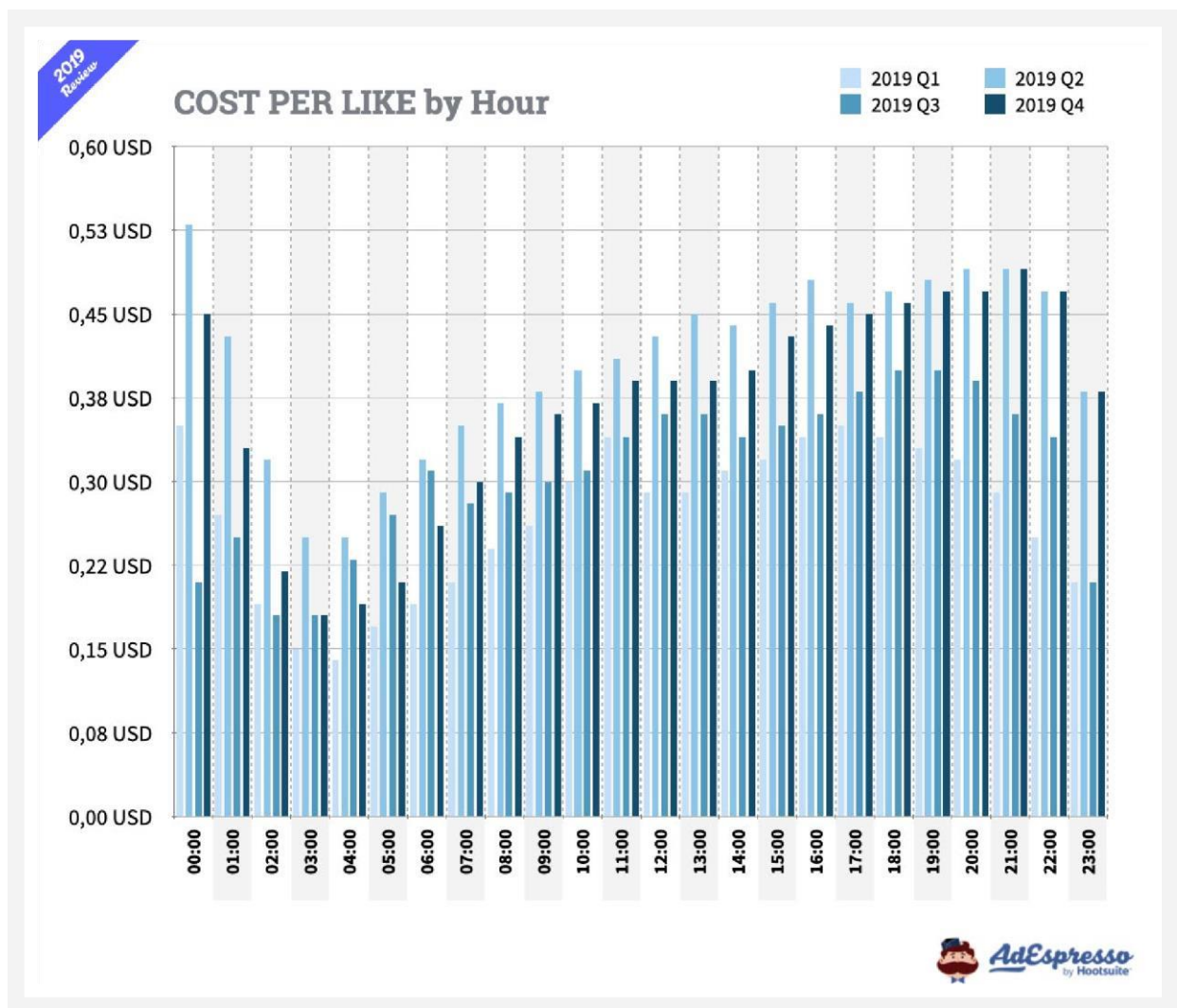


In Q2, however, Sunday, Monday, and Tuesday were the most affordable days of the week. While in Q3, the weekend seems to be the most affordable when it comes to page likes.

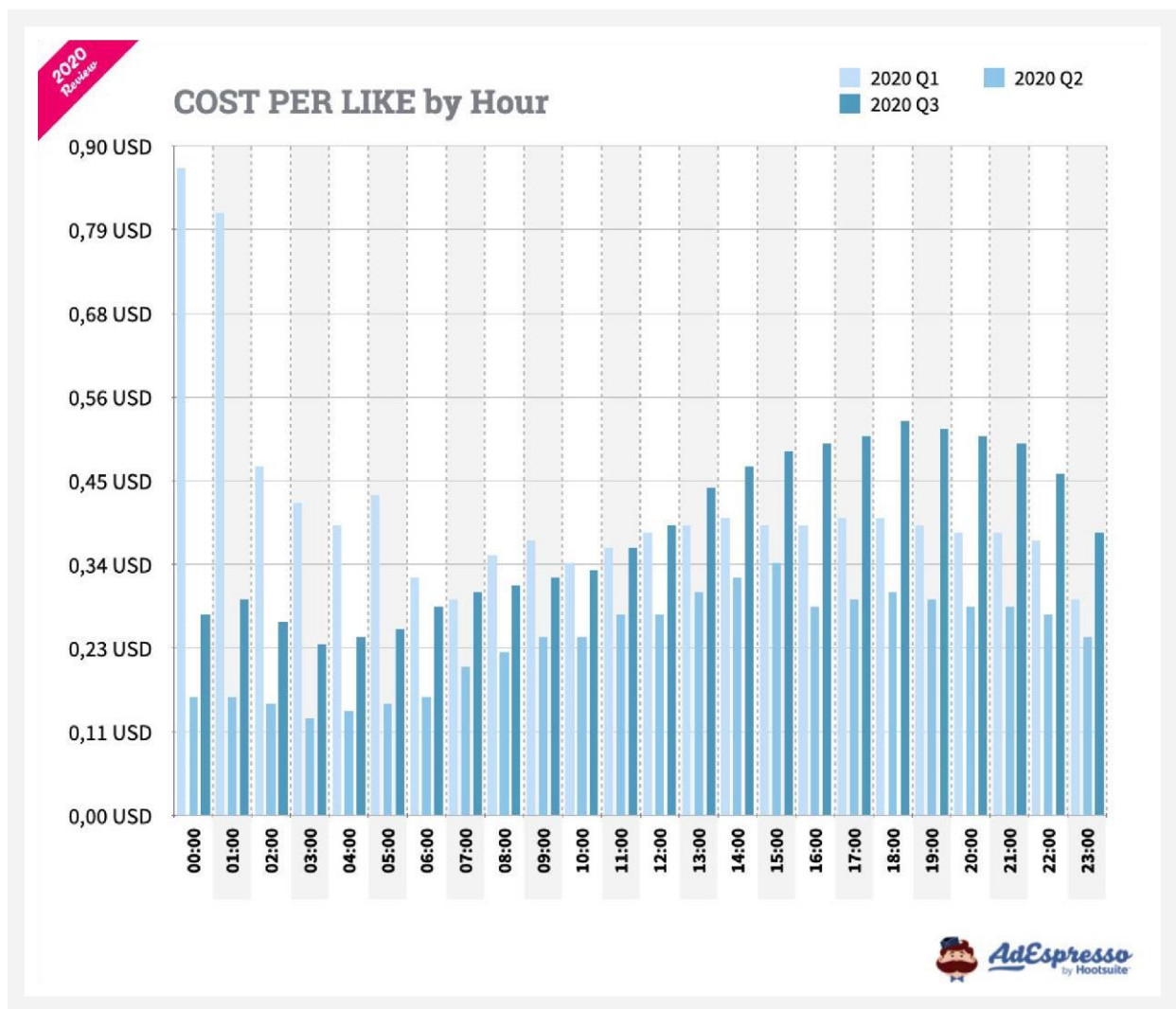
The pattern is weak and unpredictable, so it's best not to rely upon the day of the week and let Facebook handle it. It's not wise at this point to spend time strategizing the best days to get the most page likes.

CPL by Hour in 2020

Luckily, CPL by Hour is a bit more predictable as compared to CPL by day of the week. Turns out that during Q1 of 2020, the cost-per-like by Hour was astronomically high with 12:00 AM being the most expensive time.



Unlike Q1, Q2 and Q3 had the cheapest CPL by Hour during night time. Starting from 11 PM in the night, these affordable rates were available until around 11 AM in the morning. A nice 12-hour window for ad managers who wanted to increase Facebook page likes.



As opposed to CPC, CPL by Hour has a significant variation between quarters. However, during the first quarters of both 2019 and 2020, the cost-per-like was most expensive during night time.

Facebook Cost per App Install

Cost per App Install Explained

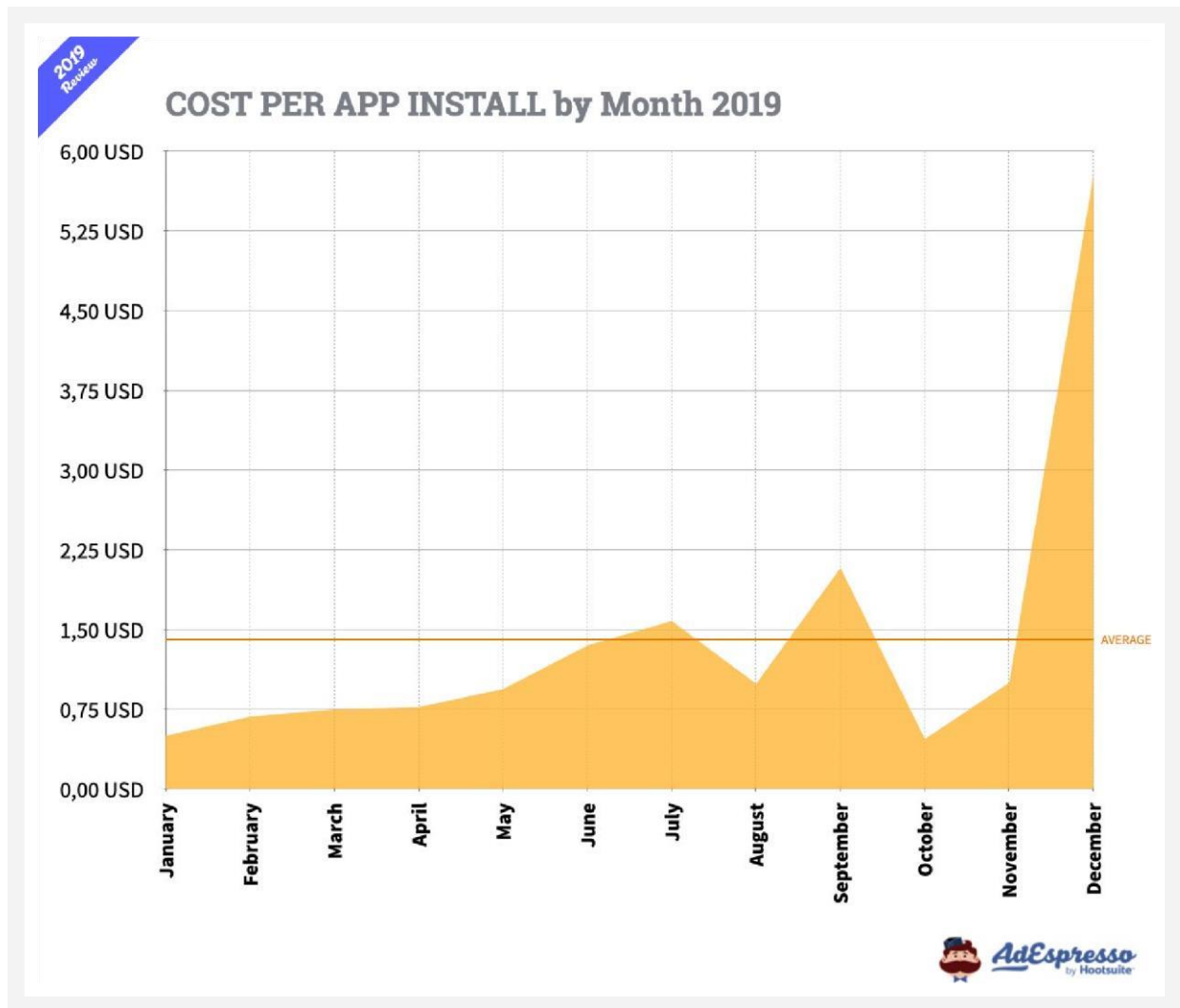
It's crucial to know that cost-per-install (CPI) is in a whole separate category as compared to the rest of the metrics that we're analyzing in this post.

Cost-per-install is for the prospects who are at the bottom of the funnel. These are the people with whom an advertiser has already built rapport and brought them to a buying stage.

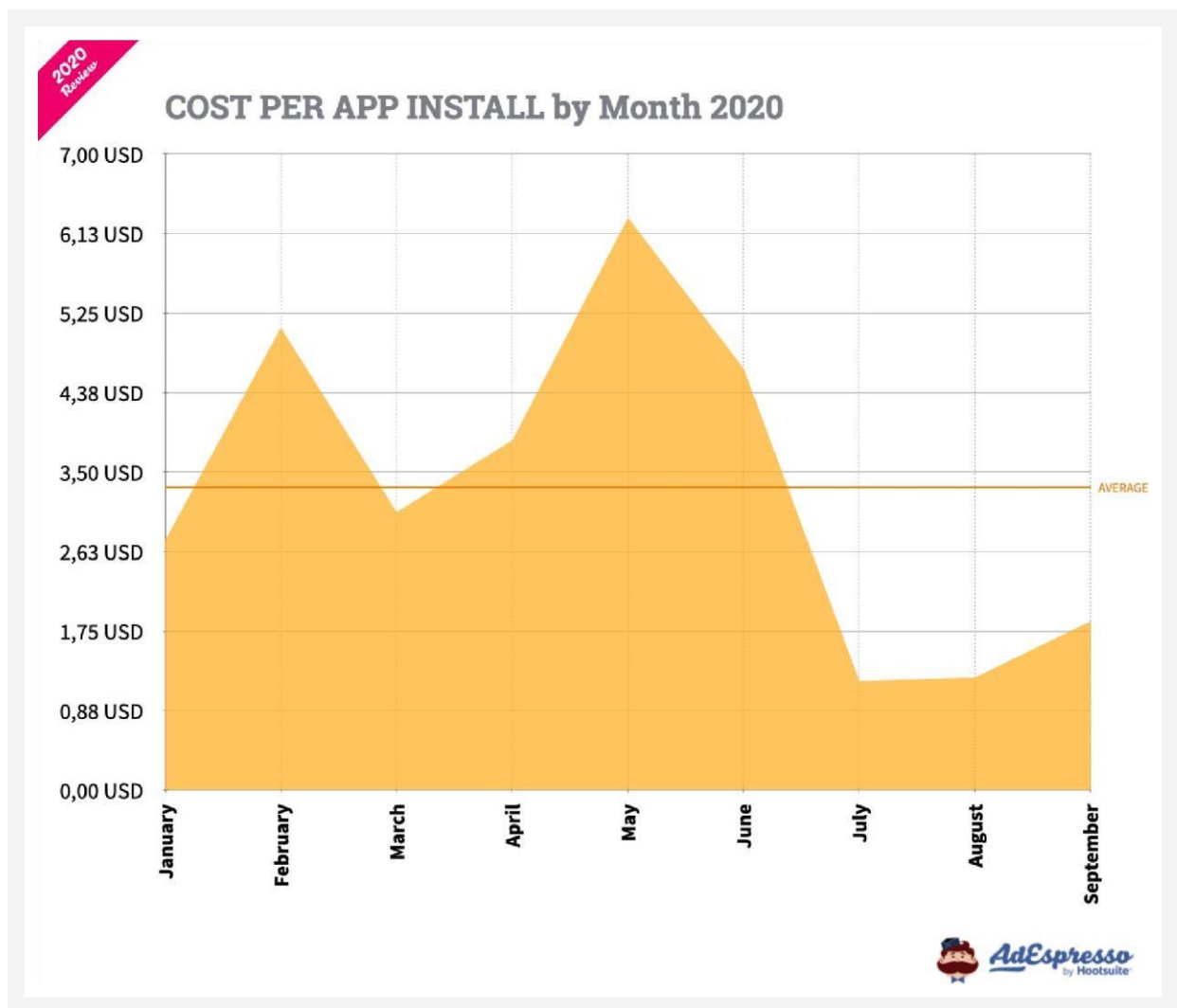
Metrics like cost-per-click and cost-per-like are important while considering customers who are at the top or middle of the funnel. But cost-per-install is only relevant when targeting the customers who are in the BOFU stage.

Basically, having people install your application through Facebook ads is equivalent to closing a sale. For this reason, cost-per-install tends to be a bit more expensive as compared to other metrics.

Cost per App Install by Month in 2020



Keeping the pandemic in mind, most people would guess that the CPI for 2020 might be much lower than in 2019. However, it's kind of the opposite. The average CPI in 2019 was \$1.45, but in 2020, **it went all the way up to \$3.40**, which is more than twice as compared to 2019.

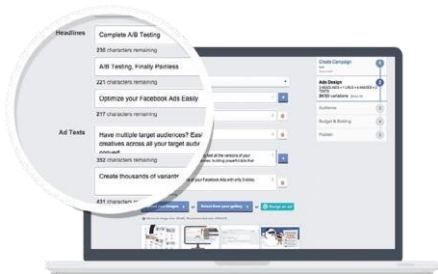


It's not surprising that the CPI was high during summer. The same thing happened in 2019, and the years before that. Maybe because people tend to unplug from social media and enjoy the outdoors during summer. This might increase the demand and limit the supply, as explained before.

However, 2020 has been a bit different, as usual. Surprisingly, the CPI fell to a record low in July and August. First of all, it's odd that it was so low during the summer. And on top of that, the costs were lower as compared to the same months in 2019.

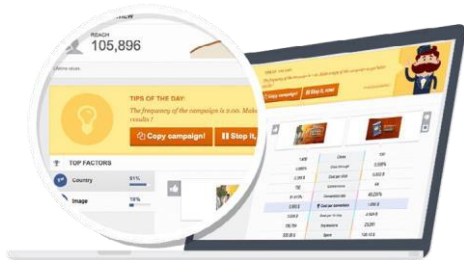
It'll be interesting to follow how CPI changes in Q4 of 2020. Will it go up or down during the holiday season? Time shall tell. Generally, it's the retailers who spend a large amount on ads during Q4. But keeping the pandemic in mind, it's hard to predict it confidently.

3 Reasons Why 10,000 Marketers love AdEspresso



Painless A/B Testing

With just a few clicks, AdEspresso lets you test any aspect of your Facebook and Google Ad campaigns. Want to discover the most effective headline or image? Need to find your perfect audience by testing different interests, age ranges, or locations? With AdEspresso you can create as many (or as few) experiments as you need.



Automatic Optimization

AdEspresso's sophisticated optimization engine gives your campaigns an extra edge by automatically pausing underperforming ads and reallocating budget to the winners. It's a perfect way to manage all of your ads and increase campaign ROI.



Dynamic Email Retargeting

Speed is everything when it comes to showing the right ad to the right person at the right time. But how can you be fast when you need to rely on CSV files exports and imports to keep your Custom Audiences and Lead Ads up to date? With our Data Sync tool, you can sync your email database in real time to retarget leads and customers with Facebook and Google ads.