

How Much Should You Be Spending on Google Ads and PPC?

AND EVERYTHING YOU NEED TO KNOW ABOUT HIRING A DIGITAL AD MANAGEMENT AGENCY



Are you spending too little on PPC compared to your competitors? Are you budgeting too much for Google Ads? Is your business too small to advertise on the internet? Should you pay a digital agency to manage your online ads?

As a digital agency that manages online advertising for businesses of every size, we hear these questions often. That is why we created this guide. This guide will answer common questions about digital advertising, help you set a budget and understand ad management fees, and help you choose the right agency for your company.

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Frequently Asked Questions

Why Advertise Online?

For starters, digital advertising is one of the most powerful forms of advertising today. You are placing ads in front of people who are already searching for what you have to offer or who have shown interest in your product or service. Secondly, nearly everyone is online – including your competitors.

How Does Digital Advertising Work?

In summary, you are bidding on keywords and phrases to get your advertisement to show up when your target audience searches specific terms. Or, you are placing digital ads on specific web pages, within online videos and on social media channels so your ads show up in front of your target audience. This is why it is extremely important to do effective keyword research, to know your target audience's online behaviors and to continually monitor and adjust ads for optimal ROI.

What is Google Ads?

Google Ads (previously Google AdWords) is the advertising platform provided by Google to run text, video and display ads on Google and Google products, such as YouTube and Gmail. Most businesses include Google Ads in their advertising budget due to its massive reach; it's the largest search engine in the world with over 92% of the search engine market.

What is PPC?

PPC, or Pay-Per-Click, is the format in which ads are purchased. As the name implies, you pay for every click on your ad. Search engines, such as Google and Bing, allow advertisers to bid on keywords and compete against other advertisers for ad positions.

What is Digital Ad Management?

Ad management is the process of creating, managing and optimizing digital ads based on the campaign, keywords and budget to hit designated goals. Because managing digital ads can be complex and overwhelming, many companies hire a digital agency with expertise in ad management, especially Google advertising. A reputable digital agency will manage your campaigns and all keywords using various ad forms (search, display, video, retargeting, etc.) to get the best results for your spend.

5 Most Common Types of Digital Ads



SEARCH ADS

These are ads that appear when you search for something on Google or Bing. The search result will be marked with 'Ad.' As a business, you are placing ads based on what keywords your target audience is searching so you show up when they search.



running shoes

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Lightweight Design & Pebax® Speed Plate Provide Increased Return & More Powerful Push-Off

2

DISPLAY ADS

These are banner ads you see on website pages. As a business, you are placing ads on websites your audiences regularly visits so that they see your product or service even when they are not searching for it.

Forbes

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Money

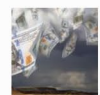


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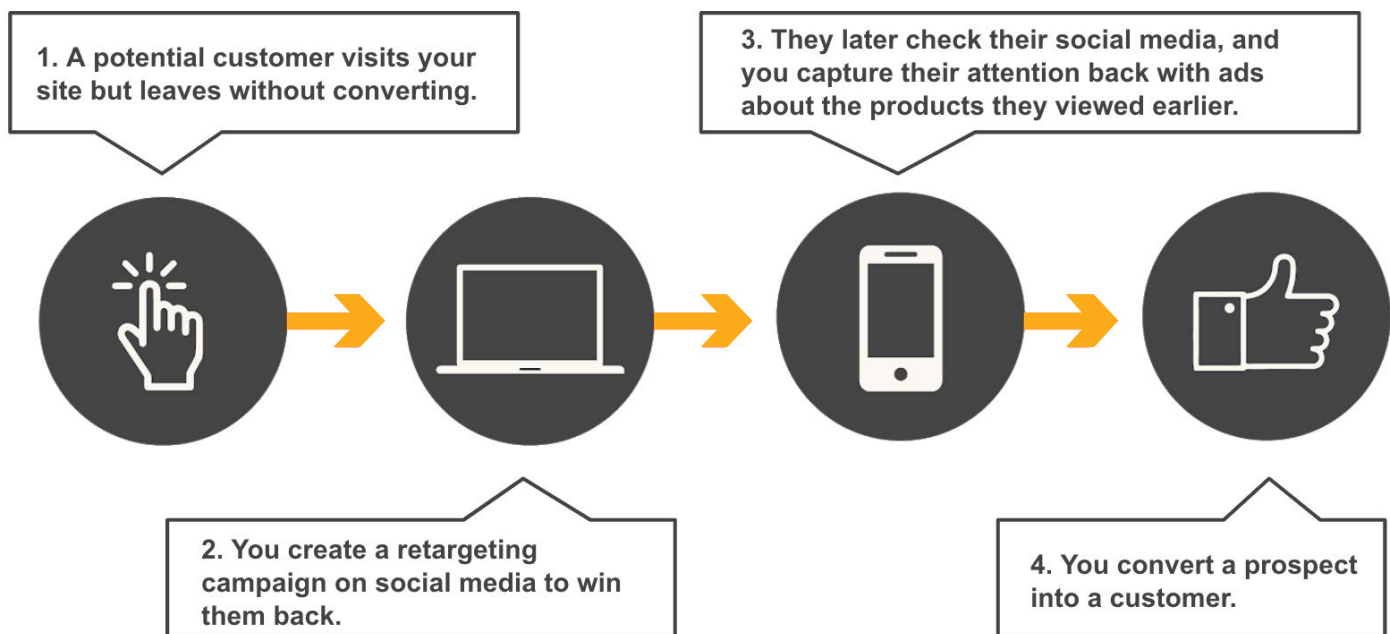
3

REMARKETING/RETARGETING ADS

These are display or social media ads that appear to audiences based on their previous actions. These ads may appear in multiple locations and at various times as they search the internet or scan their social media feeds. As a business, this means you are advertising to your existing customer base and prospects who have already visited your website and are following you on social media channels. Retargeting ads are highly efficient and effective as you are focusing on growth from your existing customer pool and most engaged prospects.

Are you a small business owner? Retargeting is the perfect strategy for you!

Learn more in our article, [How to Maximize Paid Media as a Small Business on a Small Budget](#)



4

VIDEO ADS

These are ads placed within videos. You may be watching a video on YouTube, and an ad, such as the example below, shows up within what you are watching. Why should a business advertise on video? The world watches 1 billion hours of YouTube videos per day. And that's only going to grow. That's a lot of potential customers.

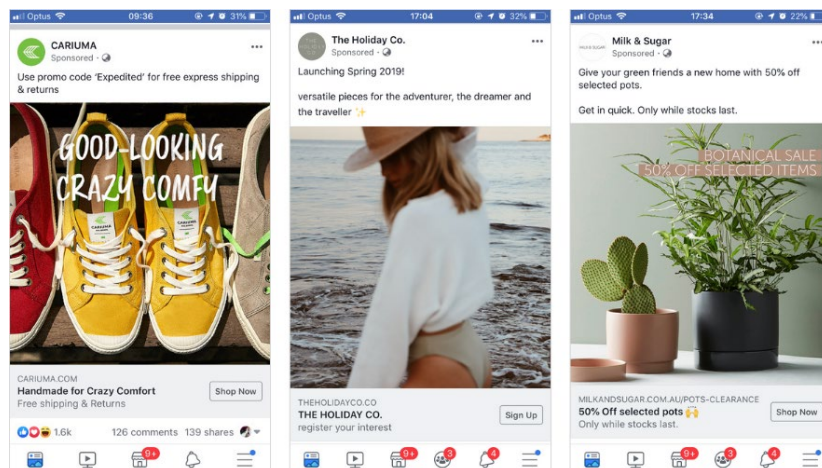


Geico Ad With A Hungry Dog

5

SOCIAL MEDIA ADS

These are ads placed on social media sites, such as Facebook and LinkedIn. As a business, social media advertising is a great way to reach thousands of people at a fraction of the costs of traditional print, television or radio advertising. Also, social media advertising allows you to easily see the ROI (likes, shares, clicks) and opens the door to two-way communication with potential customers.



Digital Advertising Costs & Management Fees

Setting a Budget

If you search online for how much to spend on digital advertising, you'll likely get answers that vary from \$250 a month to \$100,000+ a year. In reality, there is no "correct" answer on how much to spend as it varies based on your business size and business goals.

An experienced digital ad agency will work with you to help set a budget based on your current revenue, percent of annual revenue generated online, your revenue projections and goals and trends in your industry.

The AdAge Marketing Fact Pack, an annual guide for media agencies, found that online advertising spend will outpace traditional advertising spend worldwide for the first time in 2020. Predictions are digital ads will account for 53% of all ad budgets.

PRO TIP: If your ad budget is being scaled back or you need to temporarily pause an ad, don't completely turn off the campaign as you will lose valuable data about your target audience. Instead, decrease the spend to \$1 a day and then ramp it back up when you are ready. This is more cost-effective as you can immediately begin targeting the right audience.

Digital Ad Management Fees

Digital ad management fees are the fees charged by an agency to set up your online account, create the ads, monitor performance and continually optimize the ads. Digital ads are dynamic, meaning they can be changed at any moment based on what's working and not working. In comparison, most traditional ads, such as print, are static. Once they are out the door, it's nearly impossible to make changes.

Because digital ads are dynamic, this makes them both more profitable and more complex. This is why most companies hire an expert or digital agency to manage their ads.

What do these agencies typically charge? For an agency to really drive revenue or lead generation, they should be managing your ad account weekly. Therefore, you can expect the management fee to be comparable to your actual ad spend. For example, if you are spending \$1,000 on Google ads, you can expect a management fee of around \$750.

As your ad spend increases, the agency management fee likely will increase along with it as they are running more campaigns and tracking more keywords. The bottom line -- the more money you're spending, the more time it will take to manage that spend for even higher ROI.

With that being said, the No. 1 expectation you should have for an ad management agency is open communication. They should be providing data reports that show return on investment and how they are adjusting ads based on the data and your feedback.

Choosing a Digital Ad Agency

Look For an Agency That:

- Listens First, Acts Second.** Look for an agency that listens and asks questions about your business goals and uses this information to develop an advertising strategy with benchmarks and targets. Be wary of an agency that immediately wants to spend your ad dollars without really understanding your company.
- Follows Best Practices.** Search engines, such as Google, are updating algorithms and making changes to ad platforms every day. A reputable agency is monitoring this at all times and adjusting their client accounts as needed.
- Is Innovative.** What tools are they using? What certifications and partnerships do they have? Successful agencies are using tools that help them create, automate, optimize, manage and measure paid campaigns for the highest performance possible. They are also certified, such as through Google, to ensure they have the latest insights and knowledge.
- Tests!** Continuous monitoring, optimization and A/B testing of ads is the key to success. Don't choose an agency that relies on instincts alone. A good agency is testing and using that data to spend your money wisely.
- Has Expertise In-House.** Ask if they outsource the work. Ask to meet the team. The most effective partnerships are built on communication and trust. Your ad rep should be fully invested in understanding your business goals and capable of flexing as business needs change.
- Offers a Wide Skill Set.** Do they have a diverse team of experts? Along with their advertising experts, do they have writers and designers in-house who are part of the team? Do they have web developers and social channel experts who can jump in and support your campaigns if needed?
- Is Transparent.** Will you have access to all of your ad accounts and data reports? Will they be presenting the data reports to you in a way that is easy to understand and easy to share with others within your company? Will the data reports reflect where you stand on hitting your goals?
- Focuses on Value over Budget.** Look for an agency that is focused on finding the best solution for your business, no matter the size of your budget. Are they excited to learn more about your business and see you succeed? Are they upfront and honest with you on expectations and outcomes? It's easy to tell when an agency is just going through the motions versus one that is truly passionate about what they do for you.

marketing essentials

At Marketing Essentials, we are a full-service digital marketing agency and Google Certified Partner Agency. We can work with you at many different levels, from managing your full ad campaign strategy and implementation to providing expert oversight and recommendations.

With our ad management services, you get an expert account manager and custom ad campaigns. We work with you from account set-up to delivering ads that increase traffic, conversions and revenue. You get full account transparency and detailed monthly reports showing ROI.

Let's Start the Conversation!

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