INSTAGRAM ADVERTISING FOR BEGINNERS

HANDBOOK

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This handbook is the product of my graduation project for my International Fashion and Management study at the Amsterdam Fashion Institute. It is a result of the findings in my research report about the factors complicating the adoption of the buy button on Instagram.

The research conducted in the research report - which was on the complicating factors of the buy button on Instagram - shows that there is a lack of knowledge about advertising on Instagram by marketing managers. Therefore, this handbook was created. It is meant as a quick and easy guide providing the marketing managers with a foundation of knowledge on Instagram advertising.
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INTRODUCTION

We live in a time where social media is a big part of our everyday lives. Especially the younger generations - Millennials and Generation Z - show high activity on Instagram. As a result, an increasing number of brands are using Instagram as a way to communicate with this group. As of a few years it is possible for brands to advertise on Instagram, allowing these brands to increase brand awareness across a worldwide audience.

This handbook is for those who wish to expand their reach across different audiences, increase their brand awareness on Instagram, generate more traffic to their websites and increase their online sales. The aim is to provide you as a marketing manager with the right tools, so you can use Instagram as both a marketing channel and a sales channel.

This insight into Instagram advertising provides you with a five-step program which will prepare you for creating and running your own advertisements. It will guide you through the different stages of the sales funnel where you start by creating new fans of your brand, awake their interest and finally make the sale. Lastly, the handbook includes tips for consulting with certain experts for the more the advanced tasks.
GLOSSARY

A/B Tests: Testing method where you compare two versions to check which one performs better.

Ad frequency: The amount of times your ads were displayed to the same audience.

Ads Manager: The program on Facebook where you can run your Facebook and Instagram ad campaigns.

Ads Relevance Score: An estimation on how well your ad is perceived by your target audience, rating from 1 to 10.

Auction: A method advertisers use to purchase ads based on the best bid and value score from all Instagram ads.

Bounce Rate: The percentage of website visitors who abandon the site after viewing one page.

Bid: The amount you are willing to pay per result within your ad.

Budget: The maximum amount of money you wish to spend on your ads. This can be per day your ad is running or over the total lifetime of your ad.

Business Profile: A free feature on Instagram where for accounts can register if they want to be recognized as a business on the platform.

Call-To-Action button (CTA): Links to any destination on or off Instagram that aligns with the objective of the ad.

Cost-per-click (CPC): The average cost of each click concerning your advertisement.

Cost-per-impression (CPM): The average cost to reach 1,000 people with your advertisement.
Click-through-rate (CTR): The percentage of times people clicked on your ad.

Custom Audience: Targeting method where your target audience is made up of existing customers.

Facebook Manager Account: A free tool on Facebook where businesses can securely manage and create ads.

Facebook Page: A public profile on Facebook who anyone can create who wishes to promote their businesses or themselves.

Facebook Pixel: A code that you place on your website that will help you keep track of people who have been on your website.


Lookalike Audience: Targeting method which allows you to reach people who are similar to your existing customer base.

Millennials: people born between the early 1980’s and the early 1990’s.

Power Editor: Tool on Facebook that lets you create advertisements. It is designed for larger advertisers as it allows you to manage multiple ads at once.

Retargeting: An online targeting technique by which online advertisements are targeted to people based on their previous online interactions with a business.

Return on Investment (ROI): The profitability of an investment.

Saved Audience: The audience that you can create by choosing people’s interests location, age, gender, income level, used devices etc.

Target Audience: The group at which the advertisement is aimed.

Traffic: The numbers of website visitors.
WHAT IS INSTAGRAM ADVERTISING?

Instagram advertising is a method where you pay for posting sponsored content on the Instagram platform in order to reach your audience. It is often used as a tool to grow brand exposure, generate new leads, increase website traffic, and create conversions. There are two ways of advertising on Instagram. With the traditional method of Instagram advertising you appear on the feed of your target audience (see image 1). The other method of Instagram advertising is by appearing on the Instagram stories of your target audience.

The costs of your advertisement is determined by various factors. Cost per click (CPC), cost per impression (CPM) and target audience play a role. On average you spend between $0.70 and $1.00 per click (AdEspresso, 2017). Your costs will be determined by the Facebook’s auction system. This system is in place because you are competing with other advertisers who are trying to reach the same audience. Therefore, you have to set a budget and a bid. The budget is the amount you are willing to spend on the ad, either daily or in total. A bid is the maximum amount you are willing to spend when a user completes the objective of your ad. Keep in mind that it will never cost you more than you are prepared to spend.

When you want to invest in Instagram marketing, think about how much a conversion is worth to you to ensure a positive return of investment (ROI).

Image 1: Example of Instagram advertisement
WHY ADVERTISE ON INSTAGRAM?

357% is Instagram’s growth rate from the period 2014-2017. This makes Instagram the fastest growing social network. With 800 million users they are not the biggest in quantity. Yet, the platform shows the fastest user growth compared to the competing social media channels such as Facebook, Youtube and Twitter (X Cart, 2017).

72% of Instagram users report that they make purchase decisions based on something they saw on Instagram (Sprout, 2017).

192 seconds is the average amount of time website visitors spend on the site who are directed from Instagram. This longer than on any other social network (Mandell, 2017).

60% of its users learn about a product or service on Instagram (Deagon, 2016).

Brands experience 4x more user engagement on Instagram than they do on Facebook (Business Insider, 2017).

65$ is what the people who buy on Instagram spend on average on their purchase (Shopify, 2017).

Instagram has the most influence on the shopping habits of its users compared to the competing social media cannels Snapchat, Twitter, Pinterest and Facebook (X Cart, 2017).
Instagram shows great potential as a sales channel. However, Instagram users do not go on the platform with the intention to buy. Therefore, brands need to warm up the users to the idea of purchasing from them. This takes a bit of time and preparation. The first phase is prepping your Instagram account for future ads. In the second phase you need to determine who your target audience is based on your existing audience and possible new audiences. The third phase consists of creating the ads. At the beginning, these ads will not be focussing on creating a sale but on planting a seed in the mind of your audiences. The ones who interact, will be subjected to more ads which will lead up to the actual sale. With every ad you create, you will measure the results. The final step consists of testing the ad, so you can adjust and adapt accordingly.
Before you get started with creating ads and targeting new consumers on Instagram, the following items should be checked and organized to ensure a successful start. These items are important for any brand active on Instagram, no matter the objective. This is because successful ads are a tool to gain additional traffic to your online platforms. Therefore, these platforms such as your Instagram page or website should be in the best shape they can possible be.

| Business Profile | Are you registered on Instagram as a business profile? It is important that the Instagram profile of your brand is an official business profile. This will allow you to create advertisements, keep track of analytics and it will help users find valuable information such as your business address or contact information. You do this by creating a Page within Facebook. This Page has to be updated regularly in order to ensure its existence. So even if your preferred communications channel is Instagram make sure that you upload on the Facebook Page as well. To finish, you go back to Instagram to connect this page to your Instagram account. |
| Office Guidelines | Are there clear set guidelines within your company for all social media communications? If not, you should take the time to create one. It will allow for a consistent tone of voice across the social media channels your brand is active on. Plus, it will create coherency on your Instagram page so a new visitor can see straight away what your brand is about and choose to act accordingly. These guidelines should include set rules for all your activities on Instagram. For example, the type of imagery, the tone of voice in your captions and even emoticons. Additionally, the frequency of posts and Instagram stories. Also, whether or not you choose to engage with your audience and how quickly these engagements should take place. When a follower asks a question on your latest posts about a certain product or point of sale, a quick response can create a relationship between the brand and consumer. |
| Content on Feed | Do you have enough content on your Instagram feed? Instagram posts have a short expiration date. Updates need to be frequent and consistent if you wish to stay relevant and top of mind with your followers. You should always plan ahead. This includes having a stack of photos and videos ready to go online. If you are |
Mobile Friendly Website

Is your website mobile friendly? Your potential consumers often access Instagram via their mobile phones. They can land on your website page if they are being redirected to your website via the URL link in your bio, call-to-action buttons attached to your sponsored messages or they Google your brand name in order to find your website after they have discovered you on Instagram. A great start to finding out what you are doing right and wrong in your website is making use of free tools which test your website for mobile friendliness. One of those is Google Search Console, which is a free tool from Google. It will point out possible improvements you can make on your website so that it is easier to navigate on a mobile phone, resulting in a lower bounce rate. If these adjustments cannot be made by anyone within the team it may be wise to invest in a freelance website developer, depending on your budget.

Facebook Pixel

Have you installed the Facebook pixel? It is an analytics tool that lets you measure the success of your ad. You place the pixel, which is a code specific to the ad you are running, on every page you wish to track on your site. You can place the pixel yourself or you can send the installations instructions to your website developer. It has two functions:

1. It allows you to track user activity on your website. Based on the specific actions the users took gives you the ability to target them accordingly. For example, when they have visited a product page but did not complete the purchase you now can target them again with the same product they were previously interested in. This is retargeting.

2. It tracks the all the conversions relating to your ad and not just the number of clicks on the ad, allowing you to improve the ad accordingly. For instance, if you are getting a lot of clicks on your ad but those are not leading to actual conversions you know that the ad is not necessarily the problem but it more likely has something to do with your landing page.
STEP 2
DETERMINING THE AUDIENCE

Now that the basics are in order it is time to determine your audience. There are three different types of audiences:

- Custom audiences
- Lookalike audiences
- Saved audiences

These are the people who will see your advertisement. You choose and tailor these audiences in Facebook with the Audience Manager tool in order to create the ideal target group. Johnathan Dane, CEO & Founder of Klient-Boost believes that the order of these audiences given above is also the best way to prioritise them with your Instagram ad. This is because: “People who know you (custom audiences) are going to usually provide a higher and quicker ROI compared to the people who’ve never seen you before (saved audiences)” (Wallace, 2017).

**Custom Audiences**

These are your highest value target audience as these are the people who have engaged with your brand in the past. They have visited your website, are part of your existing client list (for instance your newsletter subscribers) or have engaged with your Instagram content in the past. By installing the Facebook Pixel and by other customer data you have collected (such as email lists or phone numbers) you can retarget them.

**Lookalike Audiences**

After you have set up your Custom Audiences you can create a Lookalike Audience. These are people who have not necessarily engaged with your brand before, but they look for similar to the people who have. This gives them a high potential for becoming fans of your brand and making a purchase later on.

**Saved Audiences**

These are the audiences you define from scratch based on geographical locations (this can be a country, city but also postal code), demographics, interests (for instance direct and in-direct competitors) and behaviour (for example past purchases, future travel plans).

While having a large audience can increase your brand awareness, it makes your advertisement more expensive. If you want to drive high conversions for a lower costs, it pays off to have a small and precise target audience.
“Everyone is not your customer”

- Seth Godin
STEP 3
CREATING THE AD

There are multiple ways of creating an Instagram ad. The two explained here are both within your Facebook Manager Account. The first is Ads Manager, which is great to start off with as it is easier to use than the second method, which is the Power Editor. The Ads Manager is great for smaller, low budget ads while the Power Editor is more suitable for the advanced advertisement creator since it is great for creating and managing multiple ads at the same time.

Once you have decided which tool to use, you have to narrow down your ad’s objective. These objectives are divided in three different stages which makes the sales funnel.

As mentioned before, Instagram users do not browse on the platform with the intention to buy something. It takes time and effort to get Instagram users to the stage where they are ready to make a purchase. Therefore, you start with creating brand awareness at top of the funnel before moving on to the consideration stage and ending at the conversion stage as seen in figure 1.

In the first stage – awareness – you make your target audience aware of your brand. This is most suitable with saved audiences or lookalike audiences as these target audiences are not necessarily aware of your brand. When you are targeting audiences based on previous interactions with your brand you can skip to stage 2, the consideration stage.

In the second stage your objective is to gain a reaction from your target audience. This can be a click to your website or engaging with your ad, which is a sure sign this user is interested in what you have to offer and is thus a warm lead. In this stage you are selecting the active users, who are looking to make a purchase from the passive user. Therefore, it is crucial that you add a call-to-action button, for instance ‘Learn More’, which will direct the active users to your website. Also, it is important that you have installed the Facebook Pixel code on your website in order to track the user’s movements.

This leads to the final stage where you will try to make the sale. This is called the conversion stage. Here, you retarget the active users you found in the second stage with a new ad. This ad must clearly communicate the intend of purchasing with the call-to-action button ‘Shop Now’.
Now that you have chosen your objective and your target audience it is time to choose the ad format. You can keep it simple with a single image or you can use a video. Another method that works well is creating an ad with carousel images as it allows you to show multiple products or one product from multiple angles similar to a web shop. Regardless of your preferred format, always make sure that the first image is visually attractive since this is what your target audience will see when they scroll through their feed. Sponsored content only appears within the Instagram app and not in the desktop version. Therefore, you should test the ad on your mobile to ensure high quality.

Figure 1: Sales Funnel Instagram Ads
Once your ad is live on Instagram, it is important to track its performance. Instagram advertising is a paid service so when you know how your ad is being perceived by your audience, you should alter the ad if it is not performing to your liking. Facebook’s Ads Manager collects a range of data connected to your ad. This might seem overwhelming. Therefore, the four key metrics you should keep track of when running your ad are listed.

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<th>Key Metric</th>
<th>Description</th>
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<td><strong>Ads Relevance Score</strong></td>
<td>This is a score ranging from 1 till 10 that will indicate the overall performance of your ad. This score is determined by the positive and negative feedback your ad has received. Positive feedback consists of conversions while negative feedback entails your audience has hidden your ad. A Relevance Score of 1-3 indicates that your ad is not relevant to your audience (Karlson, 2017). You can improve this score by changing the design of your ad or try a different target audience.</td>
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<tr>
<td><strong>In-direct Conversions</strong></td>
<td>This metric consists of all the actions surrounding your ad. This consists of traffic, engagement and reach. Traffic entails all the clicks relating to your ad and call-to-action button. Engagement involves the comments, likes and shares you have received from your ad and reach is made up off all the users who have seen your ad.</td>
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<tr>
<td><strong>Direct Conversions</strong></td>
<td>Direct conversions are customer-completed actions. Depending on your ad’s objective the conversion can be a completed purchase, download of your app or subscription to your newsletters.</td>
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Ad Frequency

The ad frequency is the amount of times the same user has seen your ad. AdEspresso, a company specialized in Facebook ads, researched how the frequency of ads influences the click-through rate, cost-per-click and cost-per-conversion of ad campaigns. They found that when your advertisement has an ad frequency over three points, the cost goes up while the clicks go down (AdEspresso, 2016). This means that when a user has seen your ad more than three times, the likelihood of this user clicking through your website has gone down while your ad gets more expensive. Therefore, it is the rule of thumb when the ad frequency goes over three it is time to take the ad down and replace it with a new one. Luckily, Facebook has a function in the power editor where you can set rules. For example, when the ad frequency gets higher than three the ad set will be turned off automatically.
**STEP 5**

**CONTINUOUS TESTING**

There is always room for growth with the results of your Instagram ad. Therefore, it is important to run ongoing A/B tests on a weekly and monthly basis. Because you have to pay to advertise on Instagram it is best to start small, test frequently and build your ads from there. Perhaps a small adjustment will increase the performance of the ad instead and you will not have to disregard the hard work that went into creating it completely. You can also learn from every ad you run, leading you to creating better ads in the future. Consider duplicating your ads and making small adjustments on the following elements in order to perform the A/B tests.

| Image | This audience consists of people who are already actively following the brand. They can be Instagram followers, subscribed to your email list and they consist of your existing customer file of people who have purchased from your webstore in the past. They show high potential to be interested in your ad. However, keep in mind those who follow your Instagram page will most likely already be up to date with your brand so think wisely about what you are trying to communicate. An advertisement which communicates an upcoming flash sale or pop-up store are examples of what they would be interested in. |
| Caption | While Instagram is mainly a visual channel do not underestimate the power of the caption. You can alternate words and emoticons. For example, if you are promoting a sale try mentioning the percentage of discount first to see the impact on the click-through-rate. |
| Overall Message | Try switching up the overlaying message of your ad. When you are trying to make a sale in real life you also change your techniques depending on what worked last time. This can be a changing the focus on the different unique selling points, creating urgency in quantity available or emphasizing a special discount. |
| Audience | Change up your target audience. Perhaps there is an audience that could be interested in your product that you have not looked at yet. Another tactic is to target new audiences based on the location in the customer journey. Try to upsell to somebody who has recently purchased something from your site or retarget those who show interest in a specific product on your website. |
“Never stop testing, and your advertising will never stop improving.”

- David Ogilvy
CONCLUSION

In conclusion, Instagram advertising is a great tool if you wish to create brand awareness, build engagement and generate sales. With this handbook you are now ready to run your own successful Instagram ads. You have received the tools to create and detect potential warm leads which will move your potential customers down the sales funnel. In addition, it has provided you with tips and tricks on how to better your existing ads for more successful campaigns in the future.

Are you interested in expanding your knowledge in Instagram advertising even further and would you like to know more on how it could impact your brand? If this is the case or you do not have the time to create Instagram ads yourself and find these steps too advanced, contact me1 for a consultancy session with a growth marketer specialised in social media advertising.
REFERENCES


Image 1: