

How to Create a Profitable Advertising Strategy

What is paid advertising?

Paid advertising, as the name suggests, is all the advertising that you need to pay for - also known as paid media. It differs from owned media, which includes advertising on channels that you own (e.g., your website, blog, or social media pages).

Before you can get started with paid advertising, you need to devise an advertising strategy. Otherwise, you'll simply be throwing your money away.

We'll walk you through creating your first advertising strategy step by step. Then, we'll introduce you to different types of advertising you can use for your business.

Decide on a campaign objective

The first step in creating an advertising strategy is to decide on your campaign objective.

What are you trying to accomplish with advertising?

Are you trying to increase traffic, generate sales, improve brand awareness? Or something else?

For best results, you should decide on a single objective and design every aspect of your campaign around it.

Knowing your campaign objective will help you measure the effectiveness of your campaign, which is crucial in developing a profitable advertising strategy.

Define metrics

To be able to know how your campaign is performing, you'll need to track relevant metrics. Which metrics you're going to track depends on your chosen objective. The different metrics you might want to track include:

- **Click-through rate (CTR)** - the percentage of visitors who clicked on your ad after seeing it. To calculate your CTR, divide the number of clicks with the total number of impressions. CTR is essential for determining the effectiveness of your ads.
- **Conversion rate** - The percentage of clicks that resulted in a sale. You can calculate it by dividing the number of conversions with the total number of clicks.
- **Number of new leads** - The number of leads generated by your ad.
- **Cost-per-lead** - Shows how much ad spend it takes to acquire a new lead.
- **Lead-to-customer conversion rate** - The percentage of leads that ultimately become customers.
- **Cost-per-customer** - How much it costs, on average, to acquire a customer. Cost-per-customer is a metric that you'll want to keep an eye on to make sure that your campaign stays profitable.
- **Total revenue** - You'll always want to track your revenue, since knowing your total revenue allows you to determine the ROI of your campaign.
- **Overall ROI** - The overall return on investment from your advertising campaign. When calculating your ROI, you should take into account all the money, time, and resources that you've invested in your campaign.

Determine your budget

The next step is to determine the budget for your campaign.

A bigger budget will allow for more testing and experimenting, giving you the opportunity to try out different approaches to advertising your business.

A smaller budget, on the other hand, can be helpful in gaining valuable information that can then be used to justify spending more money on advertising.

Choose a platform

After you've settled on an objective for your campaign, defined the metrics you're going to track, and determined your budget, you will need to choose a platform where you'll run your ads.

Which platform you're going to use largely depends on your audience. You'll need to think about what kind of audience you're trying to reach and where they usually spend their time.

If your audience consists of younger individuals, Instagram and Snapchat might be great choices for your advertising campaign.

If, on the other hand, you're trying to reach working professionals with your campaign, you'll most likely get better results running your campaign on LinkedIn.

Always consider your target audience when choosing an advertising platform.

Define your audience

To create the most profitable advertising strategy, you will need to find the right combination of demographics, interests, and behavior, that defines your target audience. This will most likely require some trial and error.

Depending on the advertising platform you use, you'll have different targeting options available. The most common ones include:

- Age
- Location
- Interests
- Behavior

Create a funnel

To ensure that your advertising strategy is profitable, you need to create a sales funnel. Each of your ads needs to be designed to move potential customers to the next stage of the funnel.

At the top of the funnel, your goal should be to build awareness for your business. You can do this by promoting your blog or other informational content.

People in the middle stage of the funnel are considering your business and looking for reasons why they should or shouldn't do business with you.

You need to present them with a compelling argument that will convince them that your business is the right option for them.

Depending on the nature of your business, suitable content for this stage might be case studies, testimonials or reviews.

Visitors at the bottom of the funnel are ready to make a purchase. You should present these visitors with a landing page or a sales page.

Types of advertising

Once you've created your funnel, you're ready to start your advertising campaign. The only thing you need to do now is to decide where you're going to advertise your business.

There are different types of advertising and advertising platforms that you can choose. You can find details on the most common ones below.

Search engine advertising

Search engine advertising entails advertising on platforms such as Google AdWords and Bing Ads. You can use it to improve the performance of your organic search results and maximize your visibility in the search engines while driving high-quality traffic.

Search engine advertising is a very powerful type of advertising since it's designed to show your ads to people who are already searching for what you're offering.

The most popular platform for search engine advertising is Google AdWords. AdWords works by letting businesses bid on different keywords to get their website ad displayed as the first result on Google search, above the organic search results.

Apart from Google AdWords, you might also want to consider using Bing Ads. Since fewer advertisers are using Bing Ads, it has fewer businesses competing for the same keywords and might offer you more traffic for the same budget.

Social ads

Social networks such as Facebook, Instagram, and LinkedIn offer different advertising options that might be an excellent choice for your advertising campaign.

The great thing about social ads is that they allow you to target highly-specific audiences, segmenting them according to interests and behavior.

Social ads are also designed to look like a native part of a particular social network website, sometimes making users unaware that what they're looking at is an ad, which makes for a better user experience.

Display ads

Display ads are one of the oldest online advertising options. They can be used to promote your business using various banner ads.

When you run display ads through an advertising platform, the platform displays your ads on various websites that are members of the platform's publisher network.

These types of ads are especially effective for products that people frequently judge based on the way they look (e.g., clothing).

Content discovery networks

If your goal is to drive traffic to your blog or website, content discovery networks such as Taboola and Outbrain could be a good option. When you advertise on these

networks, links to your content appear in the “Suggested Content” section on websites that are members of the platform’s publisher network.

These types of ads are great for driving a lot of traffic to your website and can get you exposure on websites such as cnn.com and inc.com.

Which type of advertising should you use

Which type of advertising you should use depend on the nature of your business as well as your goals for the advertising campaign. Factors that you’ll need to take into account when making your decision include:

- **Targeting options** - What kind of targeting options do you need? Are you looking for targeting based on demographics or interests? Do you need both?
- **Ad format** - What kind of ad format would you like to use in your campaign? Are you looking to use text, banner, or video ads? The specific ad format that you decide to use will determine on which advertising network you’ll be able to run your ads.

Here are a few quick tips on when to use the most popular advertising platforms:

- **Google AdWords** - Great for text ads targeting users at the bottom of the funnel.
- **Facebook** - Mostly used for display ads that target top-of-funnel users.
- **LinkedIn** - Suitable for B2B marketing.

Conclusion

Paid advertising is a quick and reliable way to drive more traffic and sales to your business. However, if you don’t have a good advertising strategy, you’ll get suboptimal results, or even worse - lose money. It’s essential to take the time to devise a good advertising strategy that will allow your business to grow.

When creating an advertising strategy, start by deciding on a campaign objective. Depending on your objective, choose a few key metrics that you’re going to track. Determine a budget for the campaign and choose an advertising platform that is the most suitable for your campaign. Take some time to clearly define your target audience and create a funnel before starting your campaign.

Finally, remember to keep testing and continuously optimize your advertising strategy to keep your business ahead of the game.