Try again once you are ready
Grade received 70.83%
To pass 80% or higher
Try again

1. What is Return on investment (ROI)? 1 / 1 point

- [ ] A measure of revenue lost by customers over a certain period of time
- [ ] A measure of revenue generated by the amount spent on advertising
- [ ] A measure of sales growth by multiplying the marketing cost
- [x] A measure of the profit generated from a marketing campaign

Correct
ROI, or return on investment, is a measure of the profit generated from a marketing campaign. More specifically, it is the ratio of net income–or money made–to investment, or money spent.

2. What two ways can a digital marketer calculate ROI? Select two. 0.5 / 1 point

- [x] Subtract the marketing cost from the total sales growth during the period the campaign was run and then divide the result by the marketing cost.

Correct
The ROI can be calculated two different ways. In the first method, to calculate the ROI, subtract the marketing cost from the total sales growth during the period the campaign was run and then divide the result by the marketing cost. In the second method, use customer lifetime value by measuring the average revenue generated by customers over a certain period of time.

- [x] Multiply the sales growth when the net income equals the marketing cost.

This should not be selected
The ROI can be calculated two different ways. In the first method, to calculate the ROI, subtract the marketing cost from the total sales growth during the period the campaign was run and then divide the result by the marketing cost. In the second method, use customer lifetime value by measuring the average revenue generated by customers over a certain period of time.

- [x] Calculate the amount of changes in the market by adding the number of conversions during the campaign duration.

This should not be selected
The ROI can be calculated two different ways. In the first method, to calculate the ROI, subtract the marketing cost from the total sales growth during the period the campaign was run and then divide the result by the marketing cost. In the second method, use customer lifetime value by measuring the average revenue generated by customers over a certain period of time.

- [x] Measure the average revenue generated by customers over a certain period of time.

Correct

The ROI can be calculated two different ways. In the first method, to calculate the ROI, subtract the marketing cost from the total sales growth during the period the campaign was run and then divide the result by the marketing cost. In the second method, use Customer Lifetime value by measuring the average revenue generated by customers over a certain period of time.

3. What is return on ad spend (ROAS)? 0 / 1 point

- ○ A target for digital channels that usually sets the amount spent on the campaign
- ◉ An average revenue generated by customers over a certain period of time
- ○ A number calculated as the revenue generated divided by the amount spent on advertising
- ○ A ratio of net income to advertising investment during the campaign period

⊗ Incorrect
Feedback: ROAS is a number calculated as the revenue generated divided by the amount spent on advertising. Customer lifetime value, not ROAS, is the average revenue generated by customers over a certain period of time.

4. What action should a digital marketer take if ROAS targets are not met? Select all that apply. 0.75 / 1 point

- [x] Stop the ROAS bidding strategy.

⊗ This should not be selected
For automated campaigns, a digital marketer can adjust the automated bidding strategy to see if that helps them meet the target ROAS, but they would not stop it. Instead, a digital marketer can consider lengthening the campaign duration, setting ROAS targets by product groups, and reviewing how the ROAS target was set if the ROAS targets were not met.

- [x] Review how the ROAS target was set.

✓ Correct
If the ROAS was not based on the ROAS from previous campaigns, or was based on margins that were far too optimistic, a digital marketer could reset the ROAS target. The new target should be a more realistic number based on the data they now have.

- [x] Lengthen the campaign duration

✓ Correct
ROAS can temporarily be lower than a target due to changes in the marketplace. A good practice is to evaluate ROAS after a minimum of 50 conversions have been reported, which may lengthen the campaign duration.

- [x] Set ROAS targets by product groups.

✓ Correct
Setting ROAS by product groups may provide a more accurate measurement for the campaign's success than using an overall ROAS.

5. Consider the following scenario: 1 / 1 point

A florist sells fresh-cut bouquets, house plants, pottery, and picture frames. They want a 4 to 1 overall ROAS, but they are not able to achieve this goal initially. Instead of sticking with the ROAS as an overall target, what should the florist do instead?

- (●) Split out the targets by product groups like greenery and home decor.
- ( ) Change the goal to focus on the best selling target group.
- ( ) Adjust their overall ROAS target to one that is more realistic.
- ( ) Eliminate product groups and scale back their overall production.

Correct
Instead of sticking with the ROAS as an overall target, the florist can split out the targets by product groups like greenery and home decor. ROAS by product groups may provide a more accurate measurement for the campaign's success.

6. As a digital marketer, why is it important to measure ROAS? 1 / 1 point

- (●) To evaluate the performance and success of a campaign
- ( ) To understand the impact of budget setting on the amount owed from a campaign
- ( ) To measure fluctuations in target analysis
- ( ) To avoid relying on an automated bidding strategy

Correct
Measuring ROAS helps a digital marketer evaluate the performance and success of a campaign.