1.

To pass this practice quiz, you must receive 100%, or 1 out of 1 point, by completing the activity below. You can learn more about the graded and practice items in the course overview.

Activity Overview

In this activity, you will analyze projection data to determine a target return on ad spend (ROAS) and recommended budget during a seasonal, holiday period. You will also analyze the projected revenue-per-click on certain days during the holiday period and calculate how much to adjust bids on those days.

As you have learned, seasonality is the regular and predictable fluctuation of e-commerce traffic around special holidays, events, and weather on a quarterly or yearly basis. You will need to consider seasonality when planning your budget and bidding strategies for a given season.

Be sure to complete this activity before moving on. The next course item will provide you with a completed exemplar to compare to your own work. You will not be able to access the exemplar until you have completed this activity.

Scenario

Review the scenario below. Then complete the step-by-step instructions.

You are an e-commerce analyst for Personalized Presents, an e-commerce business that sells personalized gifts, decorations, and apparel. Personalized Presents generally experiences a large increase in sales around the holiday season in the United States (from Thanksgiving through New Year's). Your goal for this holiday season is to maximize profits, and you have used Performance Planner to calculate how much revenue you'd gain at different ad spend amounts. Given the data, you need to determine a target ROAS and recommended budget for this period.

Additionally, Personalized Presents typically has drastic swings in revenue-per-click during the holiday period. In order to maximize your profits while still meeting your target ROAS, you need to analyze a calendar that contains last year's revenue-per-click performance data and calculate how much to adjust your bids on certain days during the upcoming holiday season.

Step-By-Step Instructions

Part 1 - Determine a budget for the season

Step 1: Access the template

To use the template for this course item, click the link below and select "Use Template."

Link to template: Holiday budget and bid planning

OR

If you don't have a Google account, you can download the template directly from the attachment below.

Activity Template _ Holiday budget and bid planning
XLSX File

Step 2: Calculate projected ROAS amounts

Begin by calculating potential ROAS targets for the period. To review, ROAS, or return-on-ad-spend, is how much revenue is gained for each dollar spent. View the tab labeled Budget Planning in the planning spreadsheet. Add a formula to the column labeled ROAS to calculate the ROAS for different spend and revenue amounts. In cell D4 of the column, enter the following formula: =C4/B4. This will divide the value in the Revenue column by the value in the Spend column to determine your projected ROAS amounts.

Note: Often, you may also need to factor in the averages of the cost of goods (COGs) sold when measuring where you can maximize profit. For simplicity, this activity will only focus on the cost of ad spend.

Spend	Revenue	ROAS	Profit
$8,000	$16,000	=C4/B4	
$13,000	$25,000		
$18,000	$32,000		
$23,000	$39,000		
$28,000	$42,000		
$33,000	$45,000		
$38,000	$48,000		
$43,000	$50,000		

Select the square in the bottom right corner of cell D4 and drag down to copy the formula to the remaining cells in the ROAS column.

Step 3: Calculate projected profits

Next, calculate projected profits based on different ROAS targets. In the Budget Planning tab, add a formula to the column labeled Profit. In cell E4 of the column, enter the following formula: =C4-B4. This will subtract the values in the Spend column from the values in the Revenue column to determine your projected profits.

Spend	Revenue	ROAS	Profit
$8,000	$16,000	200%	=C4-B4
$13,000	$25,000		
$18,000	$32,000		
$23,000	$39,000		
$28,000	$42,000		
$33,000	$45,000		
$38,000	$48,000		
$43,000	$50,000		

Select the square in the bottom right corner of cell E4 and drag down to copy the formula to the remaining cells in the Profit column.

Step 4: Label the point of diminishing returns

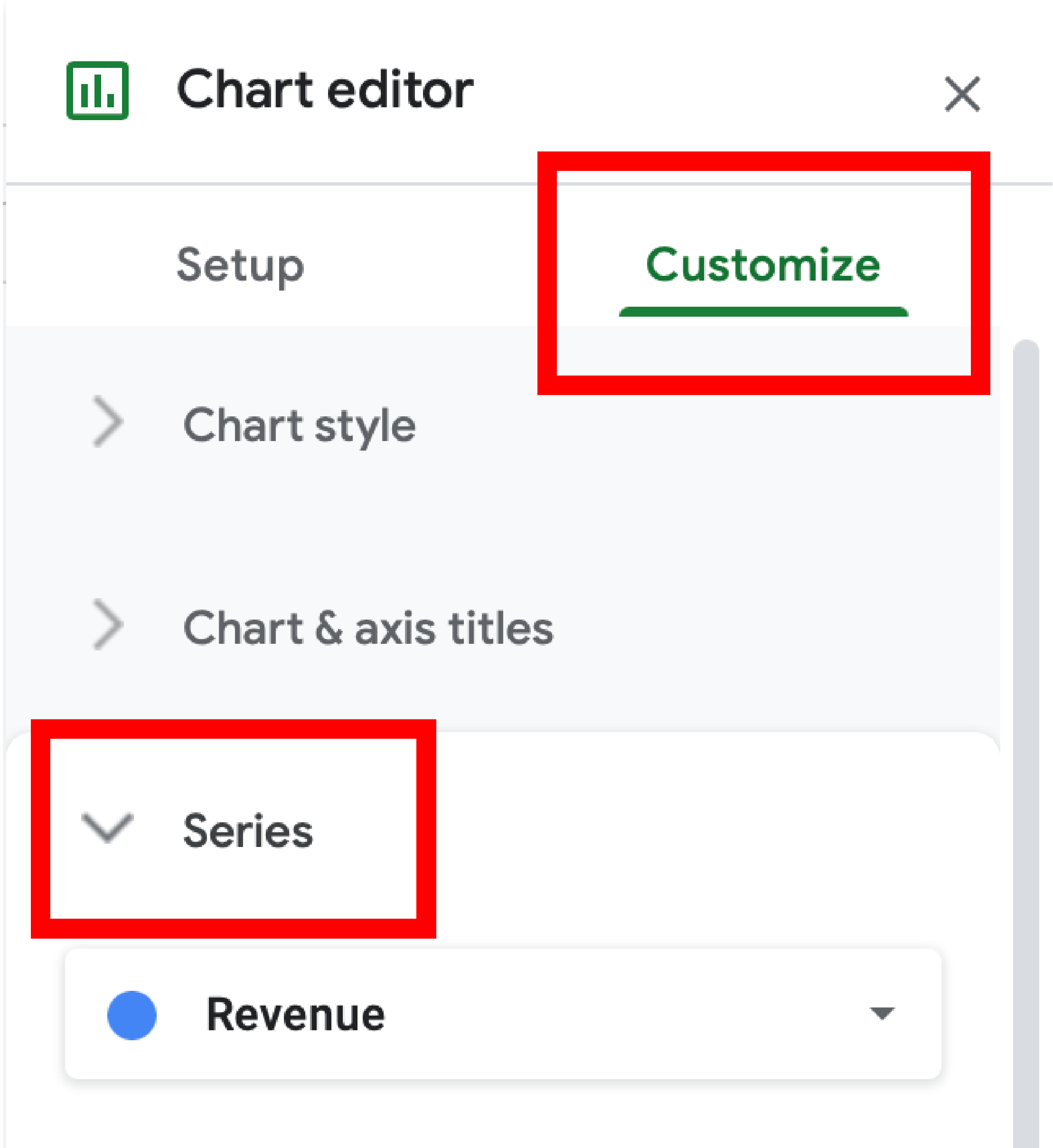
Based on your calculations, determine the point of diminishing returns. This is the point at which your revenue minus ad spend is at its highest and you are making the most profit. Highlight the row that illustrates the point of diminishing returns on the table.

Optional:

Label the point of diminishing returns on the chart:

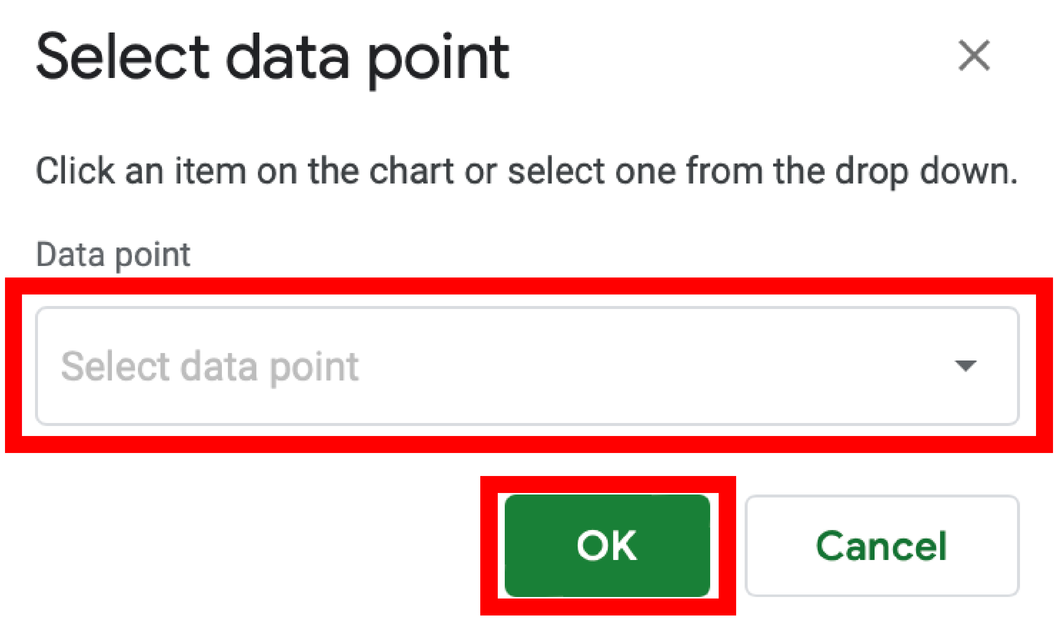
Select the chart. Click on the three dots and select *Edit chart*.

From the Chart Editor, select *Customize* and then select *Series*.

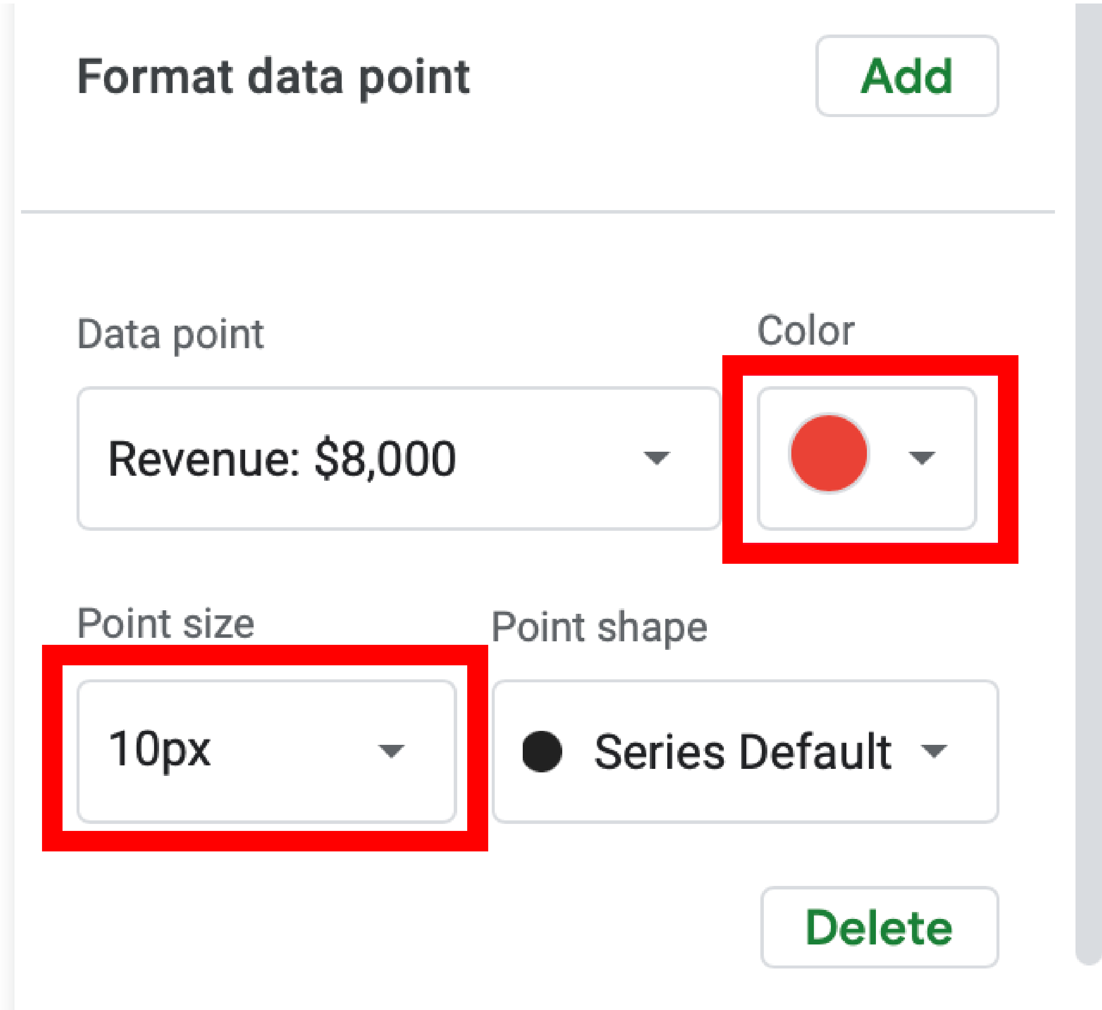


Next to Format Data Point, click *Add*.

From the dropdown menu, select the value that matches the Spend amount in the row you just highlighted.



Select a color from the menu and then increase the point size to 10px.



Step 5: Record your recommended budget and target ROAS
Refer to the row you just highlighted and locate the cell that contains the Spend. This will be your recommended budget for the period. Record this amount in the cell next to Recommended Budget below the chart.
Similarly, locate the cell in the highlighted row that contains the ROAS. This will be your target ROAS for the period. Record this percentage in the cell next to Target ROAS below the chart.
Part 2 - Make seasonal bid adjustments
Step 1: Calculate bids
Next, plan how to adjust your bids to account for the likely shift in performance during the upcoming holiday period. View the Bidding Calendar tab in the planning spreadsheet. Compare the calendar labeled Last Year's Holiday Performance on the left to the columns labeled Typical Revenue-per-click and Projected Holiday Revenue-per-click in the chart on the right. As a reminder, revenue-per-click is the average revenue for each individual click on all of your pay-per-click keywords and ads. The colors of the days in the calendar correspond to the revenue-per-click amounts listed in the Projected Holiday Revenue-per-click column. For example, on November 22nd, the revenue-per-click is projected to be $7.

Last Year's Holiday Performance						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Nov 20	Nov 21	Nov 22	Nov 23	Nov 24 - Thanksgiving	Nov 25 - Black Friday	Nov 26

Projected Holiday Revenue-per-click
$3
$4
$7

To determine how much to adjust your bids this holiday season, you can apply the formula listed below.
((Projected Holiday Revenue-per-click - Typical Revenue-per-click) / Typical Revenue-per-click) x 100 =
Bid Adjustment

Example: (($18 - $6) / $6) x 100 = 200%

Enter the values from the Typical Revenue-per-click and Projected Holiday Revenue-per-click columns into the formula shown above. Then add the percentages by which you plan to adjust your bids on certain days during the season to the Bid Adjustments column.

Typical Revenue-per-click	Projected Holiday Revenue-per-click	Bid Adjustments
	$3	___%
	$4	___%
$4	$7	___%

Add “increase” or “decrease” after the percentages to indicate whether you want to increase or decrease your bids on that group of days. If you do not want to adjust your typical bid on a group of days, enter “no change.”

Pro Tip: Save your work

Finally, be sure to save the work you did to complete this activity. This can help you work through your thought processes and demonstrate your experience to potential employers.

What to Include in Your Response

Be sure to address the following elements in your completed holiday budget and bid planning spreadsheet:

Budget Planning Tab:

Calculate the ROAS at different spend and revenue amounts.

Calculate the profits at different spend and revenue amounts.

Highlight the row containing the point of diminishing returns.

Label the point of diminishing returns on the graph.

Enter a target ROAS and recommended budget for the holiday period.

Bidding Calendar Tab:

Calculate planned bid adjustments during groups of days of the holiday period.