

# ROI calculations for campaign debriefing

## ROAS

**Formula:**  $\text{ROAS} = \text{Revenue} / \text{Ad spend}$

Record your ROAS calculations based on revenue and ad spend in the table below. You can express ROAS as a number, ratio, or percentage. All are correct.

Campaign ROAS	ROAS for search ads	ROAS for display ads	ROAS for social ads	ROAS for shopping ads
2.01	1.70	1.75	4.70	3.55

## AOV

**Formula:**  $\text{AOV} = \text{Revenue} / \text{Number of orders}$

Record your AOV calculations in the table below.

Campaign AOV	AOV for search ads	AOV for display ads	AOV for social ads	AOV for shopping ads
80.54	128.68	27.60	87.40	61.03

## LTV

**Formula:**  $\text{LTV} = \text{Average order value (AOV)} \times \text{Purchase frequency}$

Record your LTV calculations in the table below.

Campaign LTV	LTV for search ads	LTV for display ads	LTV for social ads	LTV for shopping ads
128,86	193,02	55,2	131,1	91,54

## LTV to CAC ratios

**Formula:** LTV to CAC ratio = LTV/CAC

Record your LTV to CAC ratios in the table below.

Campaign LTV:CAC	Search ads LTV:CAC	Display ads LTV:CAC	Social ads LTV:CAC	Shopping ads LTV:CAC
1,98	1,72	1,78	4,68	3,66

## Percentage of new customers making purchases

**Formula:** Percentage of new customers making purchases =  
(Number of unique new account purchasers / Number of new accounts) x 100

Record your calculated percentages in the table below.

Campaign percentage	Search ads percentage	Display ads percentage	Social ads percentage	Shopping ads percentage
18%	19%	17,5%	13,5%	23%

## Future budget decisions

For a future campaign, would you recommend moving some of the budget from a channel with a lower ROAS to a channel with a higher ROAS? If so, which channel(s), and how much of the budget? Enter your recommendation below.

Based on the current ROAS performance, I would recommend reallocating a portion of the budget from Search Ads and Display Ads, which are currently underperforming in terms of return on ad spend, to Social Ads and Shopping Ads, which are yielding higher returns. Specifically, Search Ads (with a ROAS of 1.70) and Display Ads (with a ROAS of 1.75) are less efficient in generating revenue for the amount spent, whereas Social Ads (with a ROAS of 4.70) and Shopping Ads (with a ROAS of 3.55) are delivering significantly higher returns. By shifting budget toward the more successful channels, you can optimize the overall campaign performance, potentially increasing revenue without increasing the overall spend.

In this scenario, the goal is to make sure the LTV to CAC ratios remain at 2 or higher so channels remain profitable even when absorbing occasional declines in LTV or spikes in acquisition costs. With this information, would you recommend a budget change for channels with results below 2 or above 3? Enter your recommendation below.

For Search Ads and Display Ads: Since their LTV to CAC ratios are below 2, I would recommend reducing the budget allocation for these channels. This will minimize the risk of spending on channels that are not meeting profitability goals. Consider shifting the budget away from these channels to ensure better returns.

For Social Ads and Shopping Ads: Given their strong LTV to CAC ratios, maintaining or increasing the budget for these channels could further strengthen overall campaign profitability. You may want to allocate more budget to Social and Shopping Ads to capitalize on their high performance, while staying within profitability targets.

For a future campaign, if you have funds available, which channels would you customize landing pages for in an attempt to increase customer conversion rates?

**Hint:** Refer to the percentages of new customers making purchases to help you decide where you might need customized landing pages. Enter your recommendation and the thought process you went through to reach your decision below.

Search Ads has the highest number of unique new account purchasers (1,663), indicating it's the most effective channel in driving new customers to create accounts.

Display Ads comes next with 1,020 unique purchasers, suggesting it's also performing relatively well.

Shopping Ads (601) and Social Ads (535) have fewer unique purchasers compared to Search and Display Ads.

If funds are available for landing page customization in a future campaign, I would recommend focusing on Shopping Ads and Social Ads for landing page optimization to increase customer conversion rates.