# ROI calculations for campaign debriefing

## ROAS

**Formula:** ROAS = Revenue/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** |
| --- | --- | --- | --- | --- |
| 2.00 | 1.71 | 1.76 | 4.67 | 3.55 |

## AOV

**Formula:** AOV = Revenue/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 | 128.69 | 27.61 | 87.41 | 61.00 |

## LTV

**Formula:** LTV =Average order value (AOV) x 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 | 193.04 | 55.22 | 131.12 | 91.50 |

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## 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** |
| --- | --- | --- | --- | --- |
| 18.4% | 19.8% | 17.5% | 13.5% | 23.2% |

## 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.

| * ROAS for search ads and display ads are comparatively terrible compared to the ROAS of social ads and shopping ads. * We get more return on investment if we cut budget from search ads and display ads and put them into social ads and shopping ads. * I recommend that we cut $100000 in search ads budget and split it 2:1 for social ads and shopping ads. * I recommend that we cut $7500 in display ads budget and split it for social ads and shopping ads. |
| --- |

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.

| * Looking at the LTV to CAC ratio of the campaign being lower than two we need to cut the budget of the overall campaign. * Specifically search ads and display ads budget should be lowered for the next campaign. * I recommend moving the budget to social ads and shopping ads since they perform best with LTV to CAC ratio. * We can reduce the search ad budget by $50000 and split that into social ads and shopping ads budget. * We can reduce the display ads budget by $7000 and split that into social ads and shopping ads budget. * This new budget plan will effectively keep the LTV to CAC ratio of the whole campaign to be above 2. |
| --- |

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.

| * Even though social ads have the best LTV to AOC ratio and ROAS, it has the lowest percentage of new customers making purchases. * We should customize landing pages for social ads if funds are available because it has the most value in returning the investment we put in. * The data shows that we can expect almost 5 times the amount of return in our investment. |
| --- |