BAMA 517 Assign 1 - Online Advertising
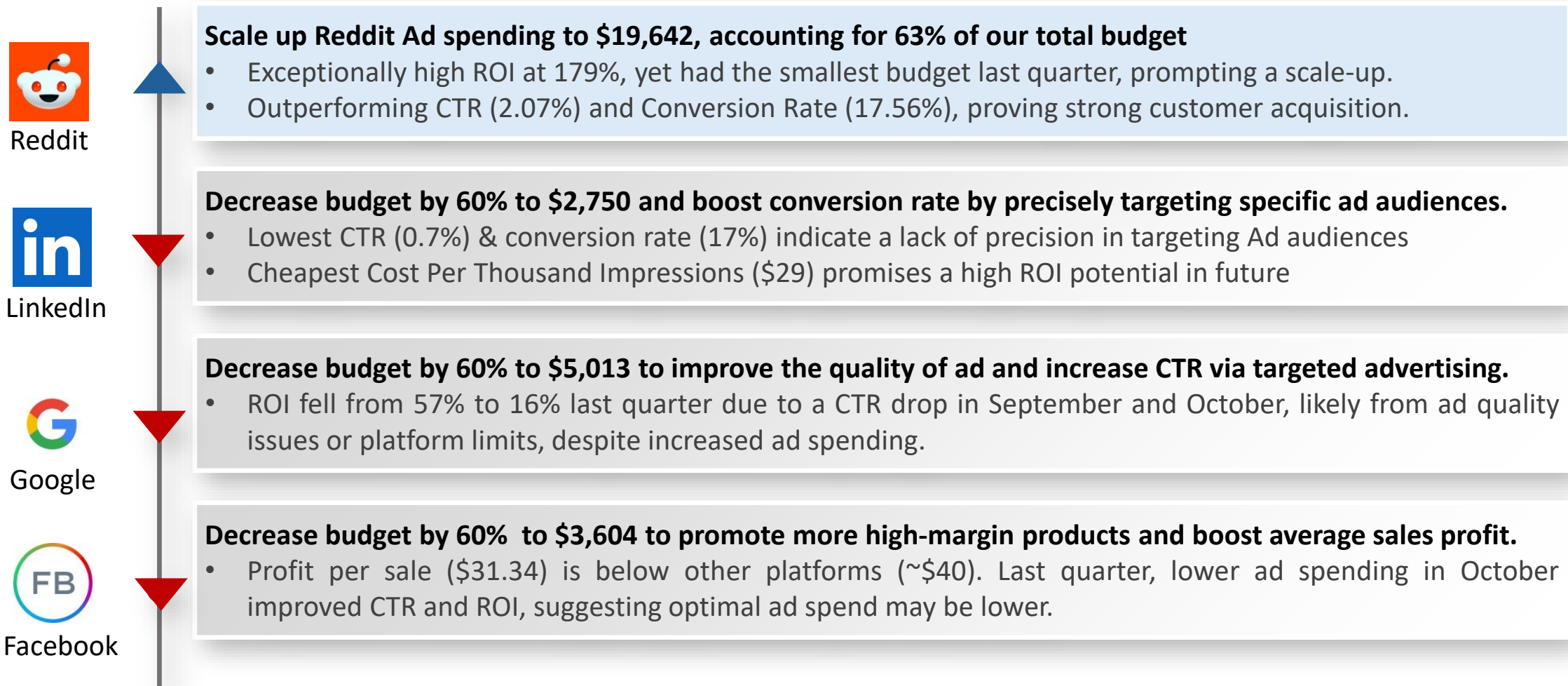
Online Advertising

Group 18
- Julia Krumgant 40566465
- Junchi Ma   36189942
- Pranav Mehta   19184282
- Rachel Wang   81120826
- Andong Yang   81650798

Executive Summary: Online Ad Strategy Recommendation for 17th Week

Retrospect: Over a 16-week period, online ads achieved a 33.86% ROI, led by **exceptional returns from Reddit at 179.03%.** In comparison, Google, Facebook, and LinkedIn delivered ROIs of 38.11%, 9.91%, and 8.76%, respectively.

Budget reallocation strategy: Focus resources on the highest-performing platform and gradually maximizing profit within the highest single-week adjustment percentage from prior months to avoid risky shifts.

Reddit

Scale up Reddit Ad spending to $19,642, accounting for 63% of our total budget
- Exceptionally high ROI at 179%, yet had the smallest budget last quarter, prompting a scale-up.
- Outperforming CTR (2.07%) and Conversion Rate (17.56%), proving strong customer acquisition.

LinkedIn

Decrease budget by 60% to $2,750 and boost conversion rate by precisely targeting specific ad audiences.
- Lowest CTR (0.7%) & conversion rate (17%) indicate a lack of precision in targeting Ad audiences
- Cheapest Cost Per Thousand Impressions ($29) promises a high ROI potential in future

Google

Decrease budget by 60% to $5,013 to improve the quality of ad and increase CTR via targeted advertising.
- ROI fell from 57% to 16% last quarter due to a CTR drop in September and October, likely from ad quality issues or platform limits, despite increased ad spending.

Facebook

Decrease budget by 60% to $3,604 to promote more high-margin products and boost average sales profit.
- Profit per sale ($31.34) is below other platforms (~$40). Last quarter, lower ad spending in October improved CTR and ROI, suggesting optimal ad spend may be lower.

Appendix 1: 16-week Performance Analysis + Ad Resource Allocation Method

Platform	CTR	Cost Per Thousand Impression	Conversion Rate	GP per Sale	ROI on GP
Facebook	➡ 1.32%	$ 51.57	13.79%	$ 31.32	10%
Google	➡ 1.27%	$ 52.65	13.92%	$ 41.66	40%
LinkedIn	⬇ 0.71%	$ 28.98	10.97%	$ 40.55	9%
Reddit	⬆ 2.07%	$ 52.96	17.55%	$ 40.61	178%

*** The values in the table represent the average for each metric across all months for each platform.*

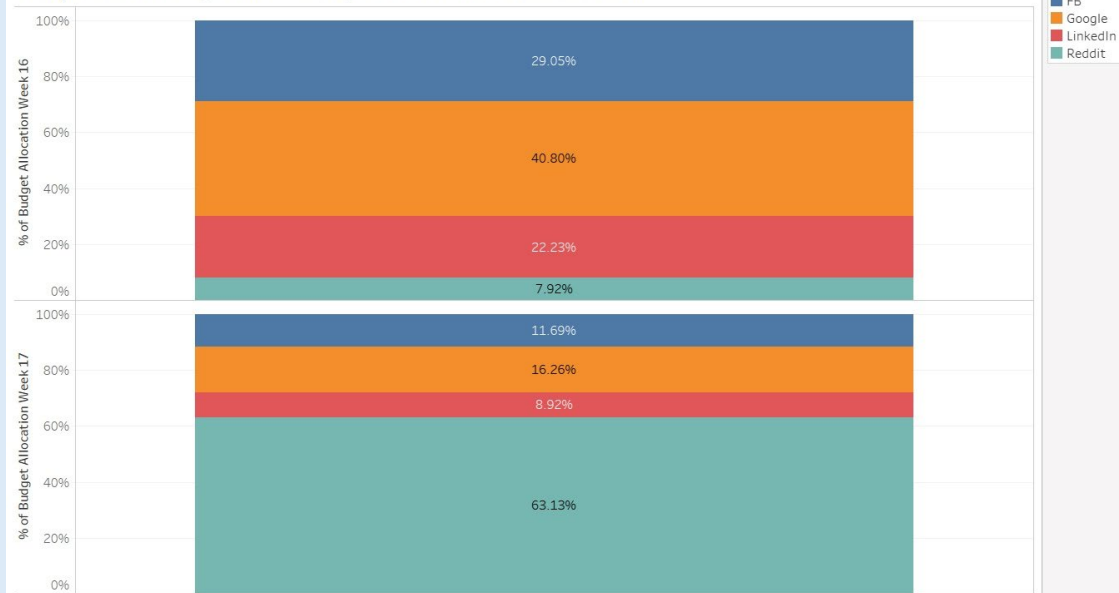| Total Money Spent on Ads in the last week	$ 30,829.00		
Platform	**Week 16 Ad Spend**	**Fluctuation (Max in the -ve direction)**	**Week 17 Ad Spend**
LinkedIn	$ 6,854.00	-59.88%	$ 2,749.89
Facebook	$ 8,956.00	-59.76%	$ 3,604.13
Google	$ 12,578.00	-60.15%	$ 5,012.92
Reddit	$ 2,441.00		$ 19,462.06

Threshold to control the range of adjustments:

- Based on historical data, the adjustment for week 17 will not exceed the highest single-week adjustment percentage (**The fluctuation percentage**) observed over the past 16 weeks.

Formula to calculate the percentage of adjustments (The fluctuation percentage):

- Week 17 Ad Spend Allocation should be calculated as Week 16 Ad Spend Allocation multiplied by (1 - ABS(Minimum historical fluctuation)). This formula is only applicable for Facebook, LinkedIn, and Google.
- For Reddit, the remaining budget after allocations to other channels will be invested.

Appendix 2: Online Ad Strategy Recommendation for 17th Week Visualization

Comparison of Budget Allocation by Platform: Week 16 vs. Week 17