



Quick Guide to Understanding Vanity Metrics vs. Return on Ad Spend

In digital marketing, it's easy to get caught up in vanity metrics on our social media—those flashy numbers like likes, shares, and follows. But do they really tell the whole story? Not always!



Vanity Metrics

- Vanity metrics look impressive but often don't impact business goals directly.
- Likes and shares might make your profiles popular, but do they translate into revenue growth?
- This is where Return on Ad Spend (ROAS) comes in.



What is ROAS?

- ROAS measures the actual revenue generated from your ad campaigns compared to the amount spent, providing clear insights into your marketing effectiveness.
- Unlike vanity metrics, ROAS shows the profitability of your advertising investments.
- Focusing on ROAS over vanity metrics prevents misplaced priorities and wasted resources.
- For example, a social media ad might get thousands of likes but fail to generate sales, costing more than it earns.



How To Measure ROAS Success

- Q:** So how do you know your campaign was successful based on your ROAS?
- A:** This will vary by industry but generally speaking, a ROAS of 1:4 or higher is often considered good. This means that for every \$1 spent on advertising, you're generating \$4 or more in revenue.



Calculate Your Own ROAS

ROAS = Total Ad Spend/Revenue from Ads

For example:

Frankie spends \$1000 on her campaign selling dog treats. She only gets 12 likes on her ad, but generates \$4,300 in revenue that can be attributed to the campaign.

ROAS:

$1000/4300 = 4.3$

Ratio; 1:4.3

**CAMPAIGN
SUCCESS**



Chasing vanity metrics can be misleading. Instead, prioritise metrics like ROAS that directly impact your bottom line. Remember: Likes might make you feel good, but ROAS pays the bills!

