

## Cheatsheet:

<b>Facebook Ads</b>  3% CTR link + \$1> CPC link 10 sec+ average watch time	<b>Link clicks to content views</b>  10% dropoff	<b>Content views to ATC</b>  10%+	<b>ATC to Purchase</b>  60-70% drop off, 3-4 sales out of 10 add to carts
<b>Solution:</b> 1. Test another video. 2. Test ad copy/ angle 3. Test thumbnails	<b>Solution:</b> 1. Improve the speed of the website 2. Target developed countries.	<b>Solution:</b> 1. Put your ATC button above the fold. 2. Improve product description. 3. Implement popup with discount.	<b>Solution:</b> 1. Cart abandonment sequence. 2. SMS bump. 3. Call customers who abandoned checkouts and close the deal

There are only 2 problems you can face with eCommerce  
Facebook ads:

1. Ads. So your ads AREN'T good enough to get you conversions at an acceptable cost.
2. Funnel. Your funnel isn't converting well enough OR it has a bottleneck in your conversion process.

## **YOUR SUCCESS**

# ADS FUNNEL

Ideally you want both funnel and ads to perform on a very profitable level.

BUT sometimes with a highly converting funnel, you can mess up a lot of things on Facebook ads front: Targeting, bidding, weak creative, etc. but with a strong funnel (means converting at 5-10%+), you will still be profitable.

Always setup this view to see the performance of your ads/funnel on a scale:

[https://www.alexfedotoff.com/wp-content/uploads/2019/07/CHECKLIST\\_-How-to-setup-an-Ultimate-View-Facebook-dashboard.pdf](https://www.alexfedotoff.com/wp-content/uploads/2019/07/CHECKLIST_-How-to-setup-an-Ultimate-View-Facebook-dashboard.pdf)

**First, we'll focus on how to create amazing ads.**

In 2019, the Facebook ads space is extremely competitive. There are 6MM+ advertisers all fighting for the same placements to show ads to the same people.

SO YOUR ADS need to be very good. And by good, I mean highly engaging and resonating with people.

When creating ads, you MUST remove all your personal

attachments to the results of your ads testing.

You judge and optimize by numbers more than anything else. Whether you like the creative/ad/product etc OR not if it's profitable, allocate more budget and try to scale it.

If it's not profitable, you need to kill it.

With most of my accounts, I optimize based on KPI's ( Key performance indicators).

My main KPI's I use for optimization or managing my campaigns profitable are:

1. Breakeven point ( cost per purchase).
- OR
2. Breakeven ROAS.

The breakeven point is used when you have 1 product and you know exactly how much you can spend to acquire customer for that product. I DON'T want to spend more than I can afford to acquire 1 customer.

### **CALCULATION FOR BREAKEVEN POINT:**

Breakeven point = Your selling price - product cost - shipping cost - fees/ commissions/ apps/ admin/ staff/ refunds/ chargebacks / discounts ( I typically make it 15% to be safe)

## Example:

Breakeven point = Your selling price (\$25) - product cost (\$5) - \$2 (shipping cost) - 15% =  $25 - 5 - 2 - 3.75$  (15% of \$25) = 14.25

SO you can only spend \$14.25 to get a sale in this case. NOW this is in case people buy 1 product only. Typically with ecom businesses people buy upsells/ cross-sells etc. OR they buy more than 1 product. On average in my experience people buy 1.2-1.4 products.

So that will impact your BREAKEVEN POINT (you will be able to spend more to advertise and maintain profitability) but you can start with the above calculation as a starting point.

In case you see you are selling \$25 item and the average order value is \$35, you can find out a multiplier:  $35/25 = 1.4$

And then use that multiplier to calculate your new breakeven point.

$$\$14.25 * 1.4 = \$19.95$$

So in this case, if you have adset that spent \$19,95 and had no sales, I would shut down ads for it on ad level. Or if it had higher CPA than \$19.95 on average in the last 3 days, I would kill it.

Overall the MORE you can spend on acquiring a customer, the higher you can scale your ads. With more ad spend, the ROAS

typically lowers and CPA (cost per purchase) increases.

That's why your ability to scale will come down to your BREAKPOINT number.

2. BREAKEVEN ROAS. Breakeven ROAS could be used to optimize ads more effectively. As for example some adsets might bring you a person who buys 1 item at \$25, and another adset might bring you a \$100 buyer. With ROAS you can easily manage all of these adsets effectively especially if there are a lot of them.

Example of a view that shows your the ROAS:



Last 30 days: Jun 14, 2019 -  
Note: Does not include today's

View Setup  Columns: ROI View Breakdown Reports

Purchases	Purchases Conversion Value	Cost per Purchase	Purchase ROAS (Return on Ad Spend)	Video Average Watch Time	
1	\$12.99	\$17.85	0.57	00:14	
1	\$50.93	\$17.85	2.05	00:12	
—	\$20.99	—	0.91	00:13	
—	\$0.00	—	—	00:12	
—	\$0.00	—	—	00:13	
—	\$0.00	—	—	00:14	
—	\$0.00	—	—	00:13	
<b>2</b> Total	<b>\$50.93</b> Total	<b>\$63.98</b> Per Action	<b>0.40</b> Average	<b>00:13</b> Average	

To setup your Facebook ads dashboard properly refer to this guide:

[https://www.alexfedotoff.com/wp-content/uploads/2019/07/CHEC\\_KLIST\\_-\\_How-to-setup-an-Ultimate-View-Facebook-dashboard.pdf](https://www.alexfedotoff.com/wp-content/uploads/2019/07/CHEC_KLIST_-_How-to-setup-an-Ultimate-View-Facebook-dashboard.pdf)

Breakeven ROAS calculation:

BREAKEVEN ROAS = Your Selling Price / Breakeven Point

So in the example above BREAKEVEN ROAS = Your Selling Price (\$25) / Breakeven Point (\$14.25) = 1.75X

So anything below 1.75 would be a potential loss to us SO we have to optimize accordingly.

So now we have KPI's to observe let's get to how to GET TO these KPI's and advertise profitably.

SO ADS is the first part of a puzzle.

In my experience ADS SHOULD BE WITHIN THIS RANGE of performance:

CTR link > 3%

CPC link < \$1

If you are running videos, videos with an average watch time of 10 seconds or more will do very well in my experience.

Because FB values user experience and engagement, it will reward advertisers who keep the user on a platform for longer with their videos. So those videos with average watch time of 10 seconds or more will get the preference from FB in the auction/ lower costs etc.

WIN for FB as they care about user experience, WIN for you as you can scale your ads to the moon profitably. Average watch time is NOT the only factor though. It only makes sense in combination with other metrics.

HIGH CTR link is a good indication the offer resonates with the audience and people want to see more details for it.

If your ads aren't profitable according to your KPI's ( Breakeven point or breakeven ROAS) you can evaluate other 3 important metrics:

View Setup <input type="checkbox"/>		Columns: ROI View ▼	Breakdown ▼	Reports ▼
Quality Ranking Ad Relevance D...	Engagement Rate Ranking Ad Relevance D...	Conversion Rate Ranking Ad Relevance D...	Video Average Watch Time	+
Average	Below average Bottom 35% of ...	Below average Bottom 20% of ...	00:12	
Above average	Below average Bottom 35% of ...	Below average Bottom 20% of ...	00:13	
Average	Below average Bottom 35% of ...	Below average Bottom 35% of ...	00:13	
Average	Below average Bottom 35% of ...	Below average Bottom 35% of ...	00:14	
Average	Below average Bottom 35% of ...	Below average Bottom 20% of ...	00:14	
Average	Below average Bottom 35% of ...	Below average Bottom 20% of ...	00:13	
Above average	Below average Bottom 35% of ...	Below average Bottom 20% of ...	00:12	
			<b>00:13</b> Average	

Quality / engagement and conversion. You can find more details on it here:

<https://www.alexfedotoff.com/demystifying-facebook-algorithm/>

Basically this is how you compare to other advertisers on FB and ideally, you want to be above average in all 3 categories

(engagement/ conversion /quality) if possible.

SO THIS is for ads.

When I would review for example this ad account:

Amount Spent	Unique Link Clicks	Unique CTR (Link Click-Through)	Cost per Unique Link Click	Content Views	Cost per Content View	Adds to Cart	Cost per Add to Cart	Checkouts Initiated	Cost per Checkout Initiated	Purchases	Purchases Conversion Value	Cost per Purchase	Purchase ROAS (Return on Ad Spend)	Video Average Watch Time
\$29,005.58	29,184	4.69%	\$0.99	30,502	\$0.95	10,771	\$2.69	2,222	\$13.05	852	\$119,391.60	\$34.04	4.12	00:13
\$287.37	—	—	—	—	—	—	—	—	—	—	\$0.00	—	—	—
\$288.74	—	—	—	—	—	—	—	—	—	—	\$0.00	—	—	—
\$17,516.63	20,600	4.03%	\$0.85	21,743	\$0.81	6,380	\$2.75	1,283	\$13.65	523	\$73,683.85	\$33.49	4.21	00:09
\$30,718.81	33,728	4.80%	\$0.91	36,507	\$0.84	14,401	\$2.13	2,762	\$11.12	804	\$112,980.14	\$38.21	3.68	00:09
\$25,487.95	27,296	4.34%	\$0.93	29,071	\$0.88	11,065	\$2.30	2,181	\$11.69	698	\$97,615.35	\$36.52	3.83	00:11
\$17,882.44	13,384	12.97%	\$1.34	11,588	\$1.54	6,217	\$2.88	1,266	\$14.13	497	\$68,381.50	\$35.98	3.82	00:08
—	—	—	—	—	—	—	—	—	—	—	\$0.00	—	—	—
\$604.11	544	2.89%	\$1.11	477	\$1.27	167	\$3.62	22	\$27.46	6	\$839.70	\$100.69	1.39	00:06
—	—	—	—	—	—	—	—	—	—	—	\$0.00	—	—	—
—	—	—	—	—	—	—	—	—	—	—	\$0.00	—	—	—
—	—	—	—	—	—	—	—	—	—	—	\$0.00	—	—	—
—	—	—	—	—	—	—	—	—	—	—	\$0.00	—	—	—
—	—	—	—	—	—	—	—	—	—	—	\$0.00	—	—	—
—	—	—	—	—	—	—	—	—	—	—	\$0.00	—	—	—
\$121,791.63 Total Spent	113,600 Total	4.09% Per Person	\$1.07 Per Action	129,888 Total	\$0.94 Per Action	49,001 Total	\$2.49 Per Action	9,736 Total	\$12.51 Per Action	3,380 Total	\$472,592.14 Total	\$36.03 Per Action	3.88 Average	00:10 Average

Breakeven ROAS is 1.7 so we are very profitable here.

And ads are performing decently. Unique CTR link is 4.09% on average, Unique Link Click is a bit higher than \$1 (1.07) but we can handle that.

So overall it looks good.

BUT WITH THIS ONE:

Ad Set Name	Budget	Reach	Amount Spent	Unique Link Clicks	Cost per Unique Link Click	Unique CTR (Link Click)	Content Views	Cost per Content View	Adds to Cart	Cost per Add to Cart	Checkouts Initiated	Cost per Checkout Initiated	Purchase ROAS (Return on Ad Spend)	Purchases	Purchases Conversion Value	Cost per Purchase
US40/FB Feeds/Engaged Shopper/Skin Care/Cos...	\$20.00 Daily	2,987	\$163.45	99	\$2.77	1.98%	59	\$2.97	4	\$40.86	1	\$163.45	0.67	1	\$109.99	\$163.45
US40/FB Feeds/Personal Care/Skin Care 750k	\$20.00 Daily	3,639	\$160.35	63	\$3.03	1.50%	56	\$2.86	5	\$32.07	3	\$53.45	1.23	2	\$197.99	\$80.18
US40/FB Feeds/Engaged Shopper/VV 3% 2 million	\$20.00 Daily	1,319	\$51.83	14	\$3.69	1.06%	11	\$4.99	—	—	—	—	—	—	\$0.00	—
US40/FB Feeds/Engaged Shopper/VV 2% 2 million	\$20.00 Daily	1,499	\$49.57	16	\$3.10	1.07%	14	\$3.54	1	\$49.57	—	—	—	—	\$0.00	—
US40/FB Feeds/Engaged Shopper/VV 1% 2 million	\$20.00 Daily	1,168	\$51.22	14	\$3.66	1.20%	11	\$4.66	—	—	—	—	—	—	\$0.00	—
US40/FB Feeds/Engaged Shopper/Skin Care/Faci...	\$20.00 Daily	2,218	\$153.24	54	\$3.84	2.43%	48	\$3.19	—	—	—	—	—	—	\$0.00	—
US40/FB Feeds/Engaged Shopper/Skin Care/Anti...	\$20.00 Daily	2,295	\$153.86	49	\$3.14	2.14%	38	\$4.05	2	\$76.93	—	—	—	—	\$0.00	—
US40/FB Feeds/Engaged Shopper/Skin Care 3.3 ...	\$20.00 Daily	2,456	\$190.77	42	\$3.83	1.71%	34	\$4.73	—	—	—	—	—	—	\$0.00	—
<b>Results from 8 ad sets</b>		<b>16,340</b>	<b>\$944.08</b>	<b>293</b>	<b>\$3.22</b>	<b>1.79%</b>	<b>267</b>	<b>\$3.84</b>	<b>12</b>	<b>\$78.67</b>	<b>4</b>	<b>\$236.02</b>	<b>0.33</b>	<b>3</b>	<b>\$307.88</b>	<b>\$314.70</b>

It doesn't look good.

CPC link of \$2.77.

CTR link of 1.79

We can clearly say ads aren't good enough.

SO we need to do a better job on ads side:

- Test new creatives (videos and images)
- Test new angles
- Experiment with targeting

Please watch the full review on this ad account here:

<https://www.loom.com/share/6e1e2b1b7e3341e1b947bf7205987f51>

So to wrap up on ads part:

## **IF YOU aren't profitable AND:**

Your CPC link >\$1

Your CTR link is <3%

## **YOU NEED TO WORK on your ads to make THEM EXCEPTIONAL.**

3 main things you can test here to get better results with your ads:

1. Video creative. Must be dynamic and show the product benefits for a user.
2. Ad copy/ angle. Save time/ money/ become more attractive etc. Please watch video on angles in MODULE #2.
3. First 5 seconds of the video. Must be captivating and grab the attention.
4. Thumbnails of the video.

Please watch bonus section on video content creation

TEST 4 video creatives to start with and find a winner.

You can find a winner using CREATIVE REPORTING on account level:

WORLDWIDE STRATEGIC CON... ▲ 1 Ad With Errors Discard Drafts [Review and Publish \(6\)](#)

Search Filters Add filters to narrow the data you are seeing. Lifetime: Jun 2, 2017 - Jul 15

Creative reporting results are only available as of Aug 1, 2017. Dynamic creative is not currently included in creative reporting results.

Account Overview Campaigns Ad Sets Ads

Overview Columns: ROI view Breakdown Reports

Ad Creative	Delivery	Reach	Amount Spent	Unique Link Clicks	Unique CTR (Link Clicks)	Cost per Unique Link Click	Content Views	Cost per Content View	Adds to Cart	Cost per Add to Cart	Purchases	Purchases Conversion Value	Cost per Purchase	Purchase ROAS (Return on Ad Spend)
Used in 180 Ads	Not Delivering Unique Ad Cr...	540,537	\$41,263.36	54,432	10.07%	\$0.76	407	\$101.38	4,115	\$10.03	1,486	\$1,904.39	\$27.77	0.05
Used in 12 Ads	Not Delivering Unique Ad Cr...	60,287	\$2,572.10	4,164	6.91%	\$0.82	9	\$285.79	332	\$7.76	129	—	\$19.84	—
Used in 13 Ads	Not Delivering Unique Ad Cr...	37,624	\$1,872.11	2,430	6.46%	\$0.77	7,480	\$0.25	18	\$104.01	100	\$7,337.90	\$18.72	3.92
Used in 4 Ads	Not Delivering Unique Ad Cr...	24,784	\$1,540.32	2,165	8.74%	\$0.71	10	\$154.03	162	\$9.51	48	—	\$32.09	—
Used in 2 Ads	Not Delivering Unique Ad Cr...	22,784	\$1,233.13	1,758	7.72%	\$0.70	5,539	\$0.22	2	\$616.57	73	\$5,463.22	\$16.89	4.45

Once you see the winner ad, test it with 4 different marketing angles/ad copy

Once you find winning creative + angle, you can test different first 5 seconds of that creative to increase CTR link and lower CPC link.

Once we find winning creative + angles + 5 seconds, you can test 4 different thumbnails for that ad.

SO THINK ABOUT IT AS ROUNDS OF TESTING. Most people fail with advertising because they stop testing.

Obviously on each stage, you should be either profitable or at least get some promising results in order to justify farther testing.

Each product we sell is validated by the marketplace, so we just need to find a way to sell it.

# FUNNEL

Funnel in my perspective, not just CLICKFUNNELS funnel as is BUT the sales process from the moment users goes to your website to the moment they buy.

## There are a few stages in the funnel:

1. The ratio of link clicks to content views. This will show you if there is a big dropoff from people who click on your Fb ads and people who actually land on the website.

## ACCEPTABLE KPI: 10% dropoff

Unique Link Clicks	Unique CTR (Link Click-	Cost per Unique Link Click	Content Views
38	1.41%	\$3.05	34
105	1.74%	\$1.53	115
2	0.02%	\$16.34	—
8	2.07%	\$0.66	8
10	2.75%	\$1.33	9
—	—	—	—
77	4.81%	\$0.74	74
129	3.44%	\$0.55	134
46	0.59%	\$1.54	47
27	1.27%	\$2.10	23
39	2.12%	\$1.87	38
1	0.31%	\$0.19	1
—	—	—	—
17	0.26%	\$0.20	2
—	—	—	—
—	—	—	—
499 Total	1.10% Per Pers...	\$1.32 Per Action	485 Total

So let's say if you had 1000 lick clicks it's ok to get 900 content views. BUT if it's less, most likely you have an issue with website loading speed.

So that's first step.

2nd step is the ratio of content views to add to carts.

ACCEPTABLE KPI: 10% ratio

In this example:

Content Views	Cost per Content View	Adds to Cart	Cost per Add to Cart
34	\$3.41	5	\$23.16
115	\$1.40	8	\$20.13
—	—	—	—
8	\$0.66	—	—
9	\$1.48	—	—
—	—	—	—
74	\$0.77	6	\$9.47
134	\$0.53	11	\$6.42
47	\$1.50	—	—
23	\$2.46	—	—
38	\$1.92	4	\$18.24
1	\$0.19	—	—
—	—	—	—
2	\$1.68	—	—
—	—	—	—
—	—	—	—
<b>485</b> Total	<b>\$1.36</b> Per Action	<b>34</b> Total	<b>\$19.39</b> Per Action

Out of 485 content views, we've had 34 add to carts. Which means  $34/485 = 7\%$

This is below our KPI and typically is hard to make it work profitably.

To increase ATC ratio you need to improve your product pages with the images/ description or lower the price (whatever is applicable in your situation).

If your product costs \$15 you probably can't lower the price, so you either work on the product description/page or drop the product and switch to another one.

Then you have the ratio of ATC to initiate checkout

There is another drop off there, typically 20-50%.

And the initiate checkout to PURCHASE. 10-30% dropoff.

Typically 60-70% of people who ADD TO CART (ATC) abandon their carts, it's quite normal. If you get 15-40% of ATC to complete PURCHASE and YOU ARE PROFITABLE, you are doing well.

Like in this example:

Adds to Cart	Cost per Add to Cart	Purchases	Cost per Purchase
154	\$25.65	25	\$158.03
1,315	\$13.11	225	\$76.84
74	\$2.69	16	\$12.42
12	\$17.89	4	\$53.68
30	\$8.84	5	\$53.03
18	\$11.01	5	\$39.65
85	\$4.35	5	\$73.91
39	\$5.10	9	\$22.12
42	\$4.73	8	\$24.81
22	\$9.04	8	\$24.87
41	\$4.85	4	\$49.76
94	\$3.99	15	\$25.01
80	\$2.50	7	\$28.59
70	\$2.84	14	\$14.21
431	\$9.23	57	\$69.98
60	\$6.78	5	\$81.34
<b>8,560</b> Total	<b>\$10.00</b> Per Action	<b>1,456</b> Total	<b>\$58.81</b> Per Action

8560 add to carts, 1456 purchases.

$1456/8560 = 17\%$  complete purchase ratio.

83% cart abandonment rate.

This is on a higher side, but with this project, we don't use discount codes so margins are quite high and we are profitable.

We could push it harder with card abandonment discounts, even calling up people who abandoned their carts to drop this ratio from 83% to 60-70% cart abandonment.

Please watch this:

<https://www.loom.com/share/d6ddf0afc58a461baacade9688daf54b>

So to wrap up:

1. Establish your KPI's and BE point.

2. Setup a proper FB ads dashboard view

[https://www.alexfedotoff.com/wp-content/uploads/2019/07/CHEC\\_KLIST\\_-\\_How-to-setup-an-Ultimate-View-Facebook-dashboard.pdf](https://www.alexfedotoff.com/wp-content/uploads/2019/07/CHEC_KLIST_-_How-to-setup-an-Ultimate-View-Facebook-dashboard.pdf)

3. Identify what metrics you need to hit to be profitable with each specific product: Conversion rate/ CTR link, CPC link, ATC rate.

4. Review your metrics from the ad level to content view to ATC to PUR. See where the dropoff is happening and fix it.

5. Constantly learn/repeat and adjust metrics aiming for high FB ads standards (CPC link of 3%+, CPC of \$1 or less) so you can be competitive in the auction and scale.

6. View ads and funnel in a context BUT when breaking down performance, break it into smaller consumable KPI's (CTR/ CPC/ ATC etc) so you can see the weakest link and focus your attention there.

