



---

# ROAS FORMULA

Are You Calculating It Completely Wrong?

...



# Know Your Formula

The [\*ROAS formula\*](#) is simple:

$ROAS = \text{Revenue from Ads} \div \text{Cost of Ads}$ .

But many people calculate it wrong by excluding hidden costs, delayed conversions, or blended channel revenue. If you're only dividing immediate sales by ad spend, your ROAS number may look better but not be accurate.



# What Most People Miss

Many people assume the [ROAS formula](#) is just a quick division and fully reflects campaign success. What they often miss is that input quality matters more than the formula itself. Small tracking gaps and hidden costs can significantly distort the final number.

## Hidden Operational Costs

Most ROAS calculations skip software subscriptions, agency retainers, and production expenses. When these are excluded, the return appears higher than the true net performance.

## Attribution Overlap

Multiple channels often influence one conversion, but reports may credit only a single source. This creates inflated ROAS for one campaign and undervalues supporting channels.

## Delayed Conversions

Some users click an ad but purchase days or weeks later. Short reporting windows miss these delayed sales and underreport actual returns.

## Refunds and Returns

Revenue used in ROAS is often counted before refunds or cancellations are processed. This makes campaign performance look stronger than the real retained revenue.

# The Final Verdict

The ROAS formula itself isn't wrong but incomplete inputs make it misleading. Accurate ROAS comes from full cost tracking and realistic conversion windows, not just quick math.

From a competitive research angle, tools like **PowerAdSpy** add another perceptive layer by showing how similar ads perform across markets and formats. When ROAS is reviewed alongside competitor ad patterns and creative trends, decisions become more strategic instead of purely number-driven.

<https://poweradspy.com/master-the-roas-formula/>

