K-ROAS

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KESHRI'S PREDICTIVE REVENUE ON AD SPEND (K-ROAS)

ABSTRACT

Traditional Return on Ad Spend (ROAS) metrics fall short in B2B environments with long sales cycles because they only measure closed revenue during a campaign. This paper introduces the Keshri Predictive ROAS Model (K-ROAS), which enhances traditional ROAS by incorporating historical conversion rates and pipeline value.

With real-world marketing data and error comparisons against actual revenue, we demonstrate how K-ROAS delivers a far more accurate prediction of revenue performance and is especially useful for revenue forecasting in B2B campaigns with delayed deal closures.

1. INTRODUCTION

ROAS is a core metric in marketing, used to measure the effectiveness of ad spend. However, in B2B environments with long sales cycles, this metric becomes misleading. Most revenue closes weeks or even months after an ad campaign ends, making it impossible for Traditional ROAS to reflect the campaign's true return.

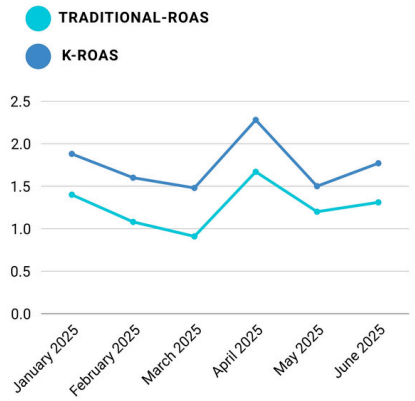
K-ROAS solves this problem by factoring in current pipeline value, weighted by historical conversion rates. This predictive model helps marketing teams estimate the real future value of their campaign, not just what's already closed. It's a forward-looking metric built for long-cycle campaigns

2. ROAS OVER TIME

A comparative line chart was used to track K-ROAS and Traditional ROAS from January to June 2025.

Observation:

- K-ROAS fluctuates in alignment with revenue movement.
- Traditional ROAS consistently stays lower and lags behind.
- K-ROAS better mirrors actual future revenue patterns.



3. METHODOLOGY

3.1 Formula Used

The Keshri Predictive ROAS (K-ROAS) model improves traditional ROAS by incorporating expected future revenue from open pipeline deals. The formula is:

K-ROAS = (Collected Revenue + (Pipeline Value × Pipeline Win Rate)) / Ad Spend

- Collected Revenue is the amount of revenue already received from closed deals.
- Pipeline Value is the total value of all ongoing leads or deals.
- Pipeline Win Rate is the historical percentage of pipeline that typically converts into actual sales.

3.2 Study Design

To evaluate the accuracy of K-ROAS, we analyzed campaign performance data over a four-month period. For each month, we calculated the following:

- Traditional ROAS: Revenue from closed deals only.
- K-ROAS: Closed revenue plus predicted revenue from the pipeline, based on historical win rates.
- Actual ROAS: Final ROAS calculated after the full sales cycle completed, once all deals closed.

3.3 Pipeline Win Rate Calculation

Pipeline Win Rate was calculated from historical CRM data using the formula:
Pipeline Win Rate (%) = (Total Closed Revenue / Total Pipeline Value) × 100
This percentage was used to estimate how much of the active pipeline would likely convert into revenue.

3.4 K-Revenue Calculation

Once the Pipeline Win Rate was determined, it was applied to the current pipeline to calculate K-Revenue, using:

K-Revenue = Collected Revenue + (Pipeline Value × Win Rate)
This K-Revenue value was then used to calculate K-ROAS for each month.

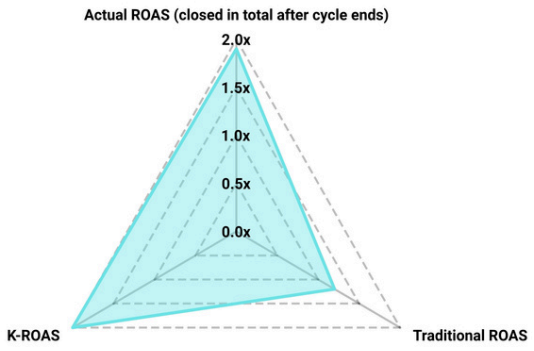
4. ROAS COMPARISON

The radar chart mapped three key ROAS values:

- Actual ROAS: 1.9x
- K-ROAS: 2.0x
- Traditional ROAS: 1.2x

Insight:

K-ROAS aligns closely with actual revenue, while Traditional ROAS severely underestimates it



5. RESULTS AND COMPARISON TABLE

Month-wise ROAS Error Comparison:

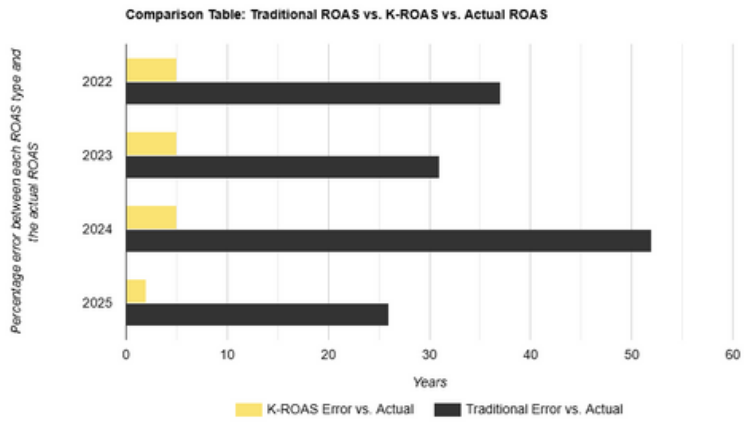
MONTH	K-ROAS ERROR VS. ACTUAL	TRADITIONAL ROAS ERROR VS. ACTUAL
JAN	5%	37%
FEB	5%	31%
MAR	5%	52%
APR	2%	26%

6. ROAS ERROR COMPARISON

A bar chart was created to visualize prediction error:

- Yellow bars = K-ROAS error
- Black bars = Traditional ROAS error

Result: K-ROAS shows minimal deviation from Actual ROAS. Traditional ROAS shows significant underestimation.



Key takeaway:

K-ROAS consistently maintains an error margin of 5% or less, whereas Traditional ROAS can be off by more than 50%.

7. CONCLUSION

K-ROAS is a predictive, data-driven evolution of the traditional ROAS metric, ideal for B2B campaigns. It allows marketing teams to:

- Forecast future revenue more accurately
- Justify long-term marketing ROI
- Plan ad budgets based on real pipeline potential

Implication:

If adopted widely, K-ROAS could become the new standard in long-cycle marketing performance measurement.