MOOR

& CO

COMMERCIAL BRIEFING · NO. 11

Which Half?

Half your marketing budget works. The other half is wasted — and most owners have no idea which is which. Here is how to find out, and stop paying for the half that doesn't.

A Moor & Co commercial briefing

June 2026 · Commercial advisory for small business owners

POWERED BY 3DMAI

IN SHORT

Most small businesses cannot tell you which of their marketing actually makes money. They spend on what feels active, the thing that is loud, familiar, or that everyone else does, rather than on what demonstrably pays back. Two numbers cut through it: profit ROAS, which tells you what a channel returns after your margin, not just the revenue it brings; and LTV to CAC, which tells you whether winning a customer is worth what it costs. This briefing explains both in plain English, and how to move your money from the half that is wasted to the half that works.

1. "Half my marketing works. I just don't know which half."

The line is a century old, usually credited to the retailer John Wanamaker, and it is still the most honest thing most owners could say about their marketing. Money goes out every month, to ads, to a listing, to a directory, to whoever called offering leads, and revenue comes in, but almost nobody can draw a clean line between the two.

So spending becomes a matter of habit and instinct. You keep paying for the channel you have always paid for, the one that feels busy, the one with the impressive-looking numbers, without ever checking whether it actually returns a penny of profit. The waste is not dramatic. It is just a steady monthly leak into things that were never working.

2. Revenue ROAS lies. Profit ROAS tells the truth.

The usual measure is return on ad spend: the revenue a channel brings in for every pound you put into it. A 4-to-1 ROAS, four pounds back for every one spent, sounds like a triumph. It often is not, because revenue is not profit.

Spend £1,000, get £4,000 of sales: a 4-to-1 return that looks superb. But on a 25% margin, that £4,000 is £1,000 of gross profit — exactly what the ads cost. You broke even, and called it a win.

The fix is to apply your margin and look at *profit* ROAS: what the channel returns after the cost of actually delivering the sales. On a 25% margin you need to bring in four pounds just to cover every pound of spend, so anything under a 4-to-1 return is losing money. The thinner your margin, the higher the bar. A great many campaigns that owners are proud of are quietly running at a loss the moment you do this sum.

3. The number that decides if growth is affordable

The second number is the relationship between what a customer is worth and what they cost to win: lifetime value against acquisition cost, LTV to CAC. If a customer is worth £300 in profit over the time they stay with you, and costs £200 in marketing to acquire, that is a ratio of 1.5 to 1, and it is fragile, you are spending most of what they are worth just to get them.

As a rough guide, around 3 to 1 is the healthy mark: a customer worth roughly three times what they cost to win. Below that and you are buying customers you cannot really afford. Well above it, say beyond 5 to 1, and you may actually be under-investing, leaving growth on the table because you are too cautious. This one ratio tells you, more than any other, whether your whole way of winning customers stacks up.

4. Why owners get it wrong

The mistakes are consistent. Owners measure revenue instead of profit, so high-revenue, low-margin channels look better than they are. They do not track where customers actually came from, so they cannot tell which spend earned which sale. They judge marketing on vanity, likes, reach, impressions, rather than on money in the bank. And they keep funding a channel out of habit long after it stopped working, because stopping feels like giving up.

The result is money flowing to the loudest channel rather than the most profitable one, and an owner who is busy marketing without ever knowing whether the marketing pays.

5. Move the money to what works

Once you measure profit ROAS by channel and know your LTV to CAC, the decisions stop being a matter of opinion. The pattern almost every business finds is the same: a large slice of the spend is doing very little, and a small slice is doing nearly all the work. The job is simply to see which is which, then act, cut or fix the channels losing money, and put more behind the ones returning real profit.

That is the whole discipline. Not more marketing, and not necessarily a bigger budget, but the same budget pointed at what actually pays back. For most small businesses, that single shift is worth more than any clever campaign.

6. A practical response

- **Track where every customer came from,** even roughly. You cannot manage what you cannot attribute.
- **Calculate profit ROAS, not revenue ROAS** — apply your margin to each channel.
- **Work out your LTV to CAC,** and judge your acquisition against the 3-to-1 guide.

- **Cut or fix the channels that lose money** once margin is applied.
- **Reinvest in the winners** rather than spreading thinly across everything.
- **Review monthly,** because channels decay and costs creep.

Marketing is not a cost you simply have to accept on faith. It is an investment that either returns a profit or does not, and the only way to know is to do the sum. Do it, and you will spend less, waste less, and grow more from the same money.

ABOUT MOOR & CO & 3DMAI

Stop paying for the half that doesn't work. We help you find out which half that is.

Moor & Co is a commercial advisory for small business owners, built by someone who has run, scaled and exited real businesses. We help firms across North Staffordshire and South Cheshire turn marketing from a leap of faith into a measured investment, so every pound is pointed at what actually returns a profit.

The numbers behind it run on **3DMAI**, our commercial intelligence platform for UK SMEs. Its Marketing Analysis tool shows channel-level ROAS, profit ROAS with your margin applied, and where your budget is really working, while the LTV:CAC calculator tells you whether your acquisition model is sustainable, on your own numbers and in plain English, for £19.99 a month. The free tools need no sign-up. If you would rather talk it through first, the discovery call is free and there is no commitment.

Book a free discovery call →
moorandco.co.uk

Try the free tools →
3dmai.co.uk

ABOUT THIS BRIEFING

Return on ad spend and the ratio of customer lifetime value to acquisition cost are standard marketing-finance measures. The figures used are arithmetic worked examples; the 3-to-1 LTV:CAC guide is a widely used rule of thumb rather than a fixed rule, and the right level varies by business model. The "half my advertising is wasted" observation is commonly attributed to the retailer John Wanamaker.
General guidance only — not financial or legal advice.