

# Advertising KPIs

KPI	Formula	Definition
Return on Ad Spend (ROAS)	Conversion Value / Advertisement Spend	<p>Where: "Conversion value" measures the amount of revenue your business earns from a given conversion. If it costs you \$20 in ad spend to sell one unit of a \$100 product, your ROAS is 5—for each dollar you spend on advertising, you earn \$5 back</p> <p>A marketing metric that measures the amount of revenue your business earns for each dollar it spends on advertising. For all intents and purposes, ROAS is practically the same as another metric you're probably familiar with: return on investment, or ROI</p>
Cost per Acquisition (CPA)	(Total cost of media / number of new customers acquired via media)	Is the total cost of acquiring a new customer via a specific channel or campaign.
Conversion Rate (CvR)	(number of conversions / number of clicks)*100	Is the percentage of customers acquired from the number of the total number of clicks that an advertisement may have gotten.
Impressions	(Total number of Impressions added up)	<p>When an advertisement or any other form of digital media renders on a user's screen. Impressions are not action-based and are merely defined by a user potentially seeing the advertisement, making CPM campaigns ideal for businesses intent on spreading brand awareness.</p>
Click-Through Rate (CTR)	(Total measured clicks / Total measured Impressions)*100	Amount of times your ad was clicked on per the number of times it was shown.
Return on Investment (ROI)	((Sales Growth-Marketing Cost) / Marketing Cost)*100	An approximate measure of an investment's profitability. The ROI of the initial months in the series may be flat or low as the campaign starts to penetrate the target market. As time goes by, sales growth should follow and the cumulative ROI of the campaign will start to look better.
Average Purchase Frequency Rate (APRF)	(Number of Purchases / Number of Customers)	The number of times a customer buys something from you.
Average Purchase Value (APV)	(Total Revenue / Number of Orders)	The sales metric Average Purchase Value is the average dollar amount spent (in an individual transaction) on your product or service.
Average Customer Value (CV)	Average Purchase Value / Average Frequency Rate	Tells you how much, on average, a customer is worth.

Average Customer Lifespan (ACL)	Sum of Customer Lifespans / Number of Customers	The average number of days between first order date and last order date of all of your customers.
Customer Lifetime Value (CLTV)	Customer Value * Average Customer Lifespan	Customer lifetime value is the total worth to a business of a customer over the whole period of their relationship. It's an important metric as it costs less to keep existing customers than it does to acquire new ones, so increasing the value of your existing customers is a great way to drive growth.
Average order value (AOV)	Total Revenue / # of orders	Tracks the average dollar amount spent each time a customer places an order on a website or mobile app
Traffic Lead Ratio	Website Visitors / Number of Leads *if you divide the number of leads by website visitors this gives you your conversion rate*	Your website traffic to lead ratio simply means what percentage of visitors that come to your site turn into actual leads in any given time period.
Average Time on Page	Total time visitors spend on website / Total pages they visit	This refers to how much time visitors actually spend on your site - the total time they stick around, and the number of pages they click through during their visit. These stats give you a far clearer idea of whether: a) You're bringing in the right kind of traffic b) Your landing page is effective. It doesn't matter whether millions of visitors stumble across your site each day. If those visitors aren't genuine, quality leads, or if your site fails to engage them enough to delve into what you do and consider making a purchase, you have a problem.
Bounce Rate	Single-page visits / Total Website Visits	An Internet marketing term used in web traffic analysis. It represents the percentage of visitors who enter the site and then leave ("bounce") rather than continuing to view other pages within the same site.

**For a review of your KPIs, [contact us](#) for a free consultation!**