



# Numbers to Measure Cheat Sheet

## 1. Return on Ad Spend (ROAS)

The amount of revenue earned for every dollar spent on advertising.

CALCULATION:

- $\text{Revenue} / \text{Ad Spend} = \text{ROAS}$

EXAMPLE:

- Spent \$100 acquiring leads
- Made \$200 in sales from those leads
- ROAS:  $200/100 = 2$  (Or 200%)
- (That would mean your business earns \$2 for every \$1 spent).

BENCHMARK:

- Ideally at least break even (ie ROAS = 1)
- BUT if makes sense strategically you could have an ROAS < 1
- Ideally ROAS  $\geq 2$
- Can take some time to ramp up — so you may start with a lower ROAS and optimise

## 2. Earnings Per Lead (EPL)

CALCULATION:

- $\text{Total Revenue} / \text{Number of Leads} = \text{EPL}$

EXAMPLE:

- Made \$200 in sales
- From 50 leads
- EPL:  $200 / 50 = 4$
- (That would mean your business earns ON AVERAGE \$4 for every lead you generate).

### 3. Cost Per Lead (CPL)

CALCULATION:

- $\text{Total Ad Spends} / \text{Number of Leads} = \text{CPL}$

EXAMPLE:

- Spent \$500
- Got 60 leads
- $\text{CPL: } 500 / 60 = 8.33$
- (That would mean your business earns ON AVERAGE spends \$8.33 on every lead you generate).

### 4. Lifetime Customer Value (LCV)

CALCULATION:

- Total sales per customer for the duration of the time they remain your customer
- $\text{Time as customer} \times \text{Total customer sales} = \text{LCV}$

EXAMPLE:

- Average client stays for 3 years
- Buys 3 products valued at \$150 each
- $\text{LCV: } 3 \times \$150 = 450$
- (That would mean your business earns ON AVERAGE \$450 for every customer you can convert but it may take 3 years to get that full revenue)