

KPI Glossary for Business Owners

The Essential Metrics You Need to Know (Without the Jargon)

1. AOV – Average Order Value

What it means: How much your customers typically spend per order.

Formula:

$\text{Total Revenue} \div \text{Number of Orders}$

Why it matters: Helps you increase earnings by encouraging upsells and bundles.

2. CLV – Customer Lifetime Value

What it means: How much revenue you earn from one customer over time.

Formula (simple version):

$\text{Average Purchase Value} \times \text{Purchase Frequency} \times \text{Customer Lifespan}$

Why it matters: Tells you how much a customer is *really* worth so you know how much you can spend to keep or acquire them.

3. CAC – Customer Acquisition Cost

What it means: How much it costs you to get a new customer.

Formula:

$\text{Marketing Costs} \div \text{New Customers Gained}$

Why it matters: Shows how efficient your marketing is.

4. Conversion Rate

What it means: How many visitors actually take action (like buy, sign up, or book).

Formula:

$(\text{Conversions} \div \text{Total Visitors}) \times 100$

Why it matters: Helps you understand how effective your sales funnel or website is.

5. Churn Rate

What it means: The percentage of customers who stop buying from you (especially in subscription or service businesses).

Formula:

$\text{Lost Customers} \div \text{Total Customers} \times 100$

Why it matters: Shows how well you retain customers.

6. CTR – Click-Through Rate

What it means: How many people clicked on your ad or link vs. how many saw it.

Formula:

$(\text{Clicks} \div \text{Impressions}) \times 100$

Why it matters: Helps you measure how engaging your ads or emails are.

7. ROAS – Return on Ad Spend

What it means: How much revenue you earn for every dollar spent on ads.

Formula:

$\text{Revenue from Ads} \div \text{Ad Spend}$

Why it matters: Helps you compare marketing cost vs. result.

8. Net Profit Margin

What it means: How much actual profit you keep after all expenses.

Formula:

$(\text{Net Profit} \div \text{Revenue}) \times 100$

Why it matters: The real bottom line — not just sales, but earnings.

9. Bounce Rate

What it means: The % of visitors who leave your site after viewing only one page.

Why it matters: High bounce rate = Poor user experience or wrong targeting.

10. RPV – Revenue Per Visitor

What it means: Average amount of money you make from each person who visits your site.

Formula:

$\text{Total Revenue} \div \text{Number of Visitors}$

Why it matters: Tracks site performance over time and across traffic sources.

✔ **Tip for Business Owners:**

You don't need to track *everything* — just pick the 3–5 KPIs that tie directly to your sales and profit.

3. Style It (Optional):

- Add bold headings.
- Use emojis to make it more fun and scannable.
- Insert your logo or cover if you're turning it into a lead magnet.

4. Download or Share:

- Go to **File > Download > PDF Document (.pdf)**
- Or click **Share** and change access to "Anyone with the link" to share online.