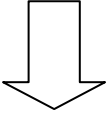


Sales Funnel Model



of people who saw your ad(s) - **IMPRESSIONS**

10,000,000 people saw your ad

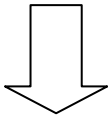


Percent who **CLICKED** on your ad and visited your site - **CLICK THROUGH**

RATE (CTR)

200,000 People

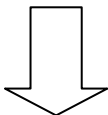
200,000 people/10,000,000 impressions = 2% CTR



Now, 200,000 people are on your site = **VISITS**

100,000 of the people on your site (visitors) acted in a relevant way (filled out a lead form) - **CONVERSION RATE (CR)**

100,000 Leads (this is the example relevant action)/200,000 visitors = 50% CR



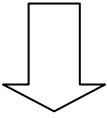


Percent of leads who acted in a way that would generate revenue

Also a form of **CONVERSION RATE (CR)** You can also think of this as Lead to Sale Conversion Rate

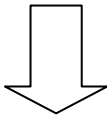
10% of the leads become sales

10% of 100,000 Leads = 10,000 Customers



Average # of items purchased per Customer is 2

2 x 10,000 Customers = 20,000 items



Average price per item is \$20

$\$20 \times 20,000 = \$400,000$ Website revenue

If your average price per item is \$20, you probably will not want to spend more than \$20 to acquire a new sale **UNLESS** your customers buy repeatedly (**Customer Lifetime Value**)

All of this helps you calculate your **COST PER ACQUISITION** (What you can afford to spend to acquire new customers)