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ONLINE ADS

Jargon Busting Cheat Sheet

The most important terms and
lingo in online ads explained

TERM	DEFINTION
Keywords	Words or phrases relevant to your products and services, used to target your ads to potential customers. These can be on exact match, phrase match or broad match.
Search Term	The actual words that a user typed into Google or Bing which triggered your ad.
Assets (Google Ads)	Previously 'Ad Extensions'. Additional pieces of information added to text ads, such as location information, phone numbers, or links to specific pages on a website.
Reach	The number of people who have seen an ad.
Impressions	The number of times an ad is displayed or shown on a webpage.
Quality Score	Google's rating of the quality and relevance of your keywords.
Click	The number of times someone has clicked on an ad.
Engagement	Actions that show that a person is engaging with an ad on social platforms e.g. video watch, likes, comments, shares, and clicks.
Link Click (social)	The number of times a person has clicked on an ad and through to a landing page / website or profile.
Custom Audience (social) / Customer Match List (Google Ads)	A list that is created or uploaded to based on the people meeting a certain set of criteria. This could be people from your customer database that is uploaded, or people who have engaged with your brand on the social platform. These lists are then used to target or exclude.
Lookalike Audience	An audience created by the social platform that shares similarities with your existing customers or target audience.
Conversion Tag / gTag / Pixel	A snippet of code placed on a website to track conversions, actions and build audiences.
Performance Max (P-Max)	A Google Ads campaign type that uses audience targeting to deliver ads across Search, Display, Video and Shopping placements
Impression share %	The number of impressions that you received divided by the estimated number of impressions that you were eligible to receive. Eligibility is based on your current ads' targeting settings, approval statuses, bids, and Quality Scores.
CTA (Call to Action)	The instructional text of the action that you want the user to make E.g. Buy Now or Learn More
Ad Rank	Google's way of determining the position of an ad on the results page. This is calculated based on your bid, Quality Score, and other factors which Google do not release details about.

TERM	DEFINTION	Calculation
CTR (Click Through Rate)	The ratio of users who click on an ad from seeing it.	$CTR (\%) = \text{clicks} / \text{impressions}$
CPC (Cost Per Click)	The amount an advertiser pays each time a user clicks on their ad.	$CPC (£) = \text{cost} / \text{clicks}$
C% / CVR / Conversion Rate	The ratio of users who completed a conversion e.g. purchase or filled out a form.	$CVR / C\% = \text{conversions} / \text{clicks}$
CPM (Cost Per Mille)	The cost per one thousand impressions.	$CPM (£) = (\text{cost} / \text{impressions}) * 1000$
CPA (Cost Per Acquisition)	The cost for a specified action, such as a purchase or form submission that resulted from a click on an ad.	$CPA (£) = \text{cost} / \text{conversions}$
ROAS (Return On Advertising Spend)	The amount of revenue generated for every unit of currency spent on advertising.	$ROAS = \text{cost} / \text{revenue}$
MER	Marketing Efficiency Ratio. The return on all your marketing activity.	$MER = \text{Total Revenue} / \text{Total Spend}$
CAC	Customer Acquisition Cost	$CAC (£) = \text{Total Marketing Cost} / \text{Number of Customers Acquired}$
nCAC	New Customer Acquisition Cost	$nCAC (£) = \text{Total Marketing Cost} / \text{Number of New Customers Acquired}$
CLTV / LTV	Customer Lifetime Value / Lifetime Value. The average revenue that comes from each customer that you have.	$LTV (£) = AOV \times \text{Average Amount of Orders}$
Engagement Rate / E%	The ratio of people who engage with your ads.	$E\% = \text{Engagements} / \text{Impressions}$