

Know your numbers: every term in plain words

Everything in the lesson uses standard profit, conversion, and performance metrics. Plain-English definitions below. They pair with the two checklists that come with the lesson.

The one rule: an ad makes money when what a purchase costs you (**CPP**) lands under your **Net Profit per order**.

Offer / profit metrics

METRIC	WHAT IT MEANS
GOALS: WHAT YOU SET	
Gross Retail Price	The sticker price of one unit, before any discount.
Discount Rate %	The average markdown across orders: codes, sales, and the like.
Return Rate %	The share of orders that come back.
COGS Rate %	Cost of goods as a percent of price.
Processor Rate %	What your payment processor takes, as a percent of the sale.
Fulfillment Cost / Unit	What it costs you to pick, pack, and ship one unit.
Units / Order	The average number of units in an order.
Shipping Revenue / Order	What you charge the customer for shipping, per order.
Shipping Expense / Order	What shipping actually costs you, per order.
KPIs: WHAT YOU GET	
AOV (average order value)	Total sales divided by number of orders: what the average checkout is worth.
Total Variable Costs	Everything it costs to fulfill an order, added up: cost of goods, fulfillment, shipping, and payment fees.
Net Profit per order	What an order earns before ad spend: AOV minus Total Variable Costs. Shown as Profit / Order in the app.
Profit Margin %	Net Profit per order as a share of AOV.
Break-even CPP	The most ads can cost you per order before the order makes nothing. Equal to Net Profit per order.
Target CPP	Break-even CPP minus your cushion: what you actually aim to pay for a customer.
Contribution Margin	What's left after ad spend: Net Profit per order minus what ads cost to get the order. Shown as CM / Order in the app.

Store metrics

METRIC	WHAT IT MEANS
GOALS: WHAT YOU SET	
Target ATC Rate	The add-to-cart rate you're aiming for.
Target Checkout Rate	The share of add-to-carts you want turning into orders.
KPIs: WHAT YOU GET	
Sessions	How many people visited the store. With paid traffic, roughly: the clicks you paid for that actually arrived.
Add-to-cart rate	The share of visitors who add something to the cart. Tells you if the product page is doing its job.
Checkout completion	The share of add-to-carts that become orders. Tells you if anything breaks between cart and purchase. Shown as Checkout Rate in the app.
Conversion rate	The share of visitors who end up buying: the whole store funnel in one number. On paid traffic, the app tracks this as Checkout / Click.
Clicks / ATC	How many clicks it takes to get one add-to-cart. The inverse of your ATC rate.
ATCs / Checkout	How many add-to-carts it takes to get one completed order. The inverse of your checkout rate.

Creative metrics

METRIC	WHAT IT MEANS
GOALS: WHAT YOU SET	
Target CPM	The cost per 1,000 impressions you're planning around.
Target CTR %	The click-through rate you're aiming for.
Target Conversion %	The click-to-sale rate you're aiming for on ads.
Target Orders / Day	How many orders a day the plan needs to hit.
KPIs: WHAT YOU GET	
CPM	What 1,000 impressions cost: the price of attention in your market.
CTR (click-through rate)	The share of people who see the ad and click it. Tells you if the hook stops anyone.
CPC (cost per click)	What one click costs.
Impressions / Sale	How many impressions it takes to generate one sale.
Clicks / Sale	How many clicks it takes to generate one sale.
CPP (cost per purchase)	What one customer actually costs in ad spend. The number you compare against break-even CPP. Sometimes called CPA elsewhere.
ROAS	Sales generated per dollar of ad spend. Useful, but only meaningful next to your margin.
ROI	Contribution margin per order, as a percent of what that order cost in ads.

The monthly rollups

The same numbers, multiplied out to the month, so a plan that reads fine per order can be checked against real volume.

METRIC	WHAT IT MEANS
Net Sales / Month	AOV multiplied by orders per month.
Gross Profit / Month	Net Profit per order multiplied by orders per month.
Ad Spend / Month	CPP multiplied by orders per month.
CM / Month	Contribution Margin multiplied by orders per month.



ABOUT POTENTIAL COMMERCE

Ads Performance Center comes from the founders of Wrapware, a DTC brand. Making their ads work meant reading profit, store performance, and creative performance together, and tracking that across Meta and Shopify was manual and slow. So they built the tool they wished they'd had: a simplified view of your ads and your store, graded against the profit and performance targets you set, with a plain-words take on what to do next.

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