Fundamentals of Digital Marketing

Metrics & Ratios

Metrics & Ratios related to the Marketing Funnel

- **What are Metrics?**

In Digital Marketing, metrics are the key performance indicators (KPIs) used to measure the success of a business's marketing efforts online. The goal of using digital marketing metrics is to track and decipher the way consumers interact with your brand online through websites and social media platforms.

- **3 Phases of Digital Marketing Funnel**
1. Lead Generation Phase - Top of Funnel - TOFU
2. Lead Nurture Phase - Middle of Funnel - MOFU
3. Sales Phase - Bottom of Funnel - BOFU
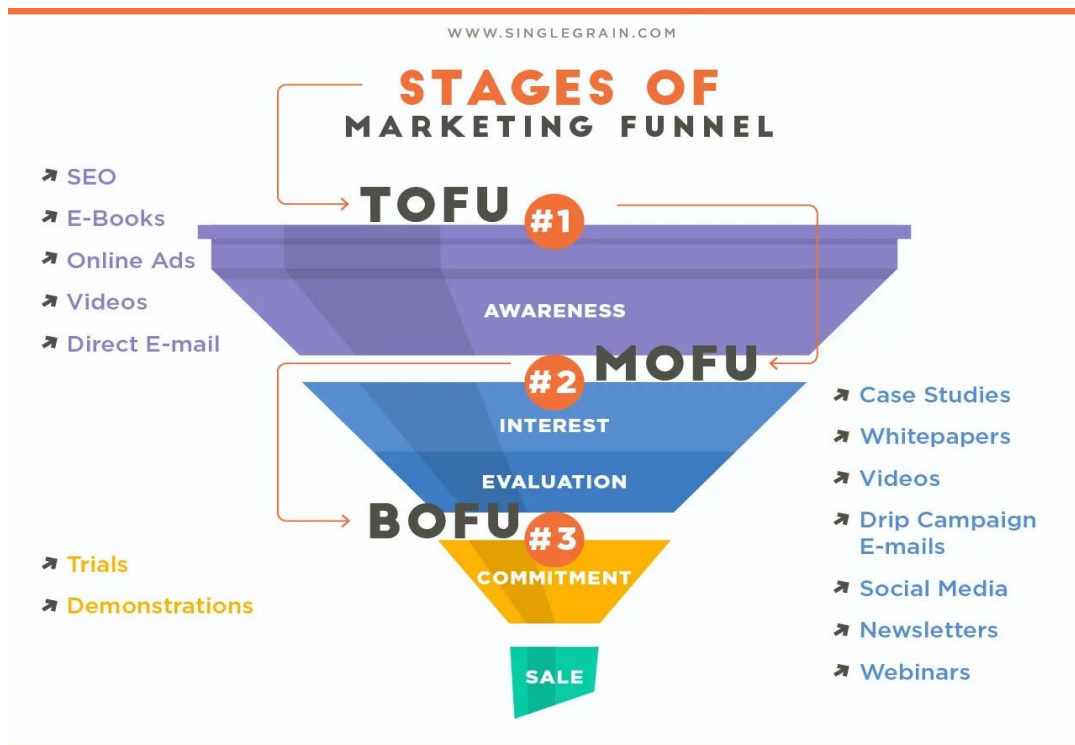
TOFU

- Impression: Total number of Views. It is also referred to as an "ad view."
- Reach - A Total number of individuals who have seen your ad or content.
- Frequency: How many times an individual has seen your ad or content? Frequency = Impression / Reach
- Click Through Rate: It is the ratio of users who click a link to the total number of users who view it. CTR = Number of clicks / Number of impressions X 100
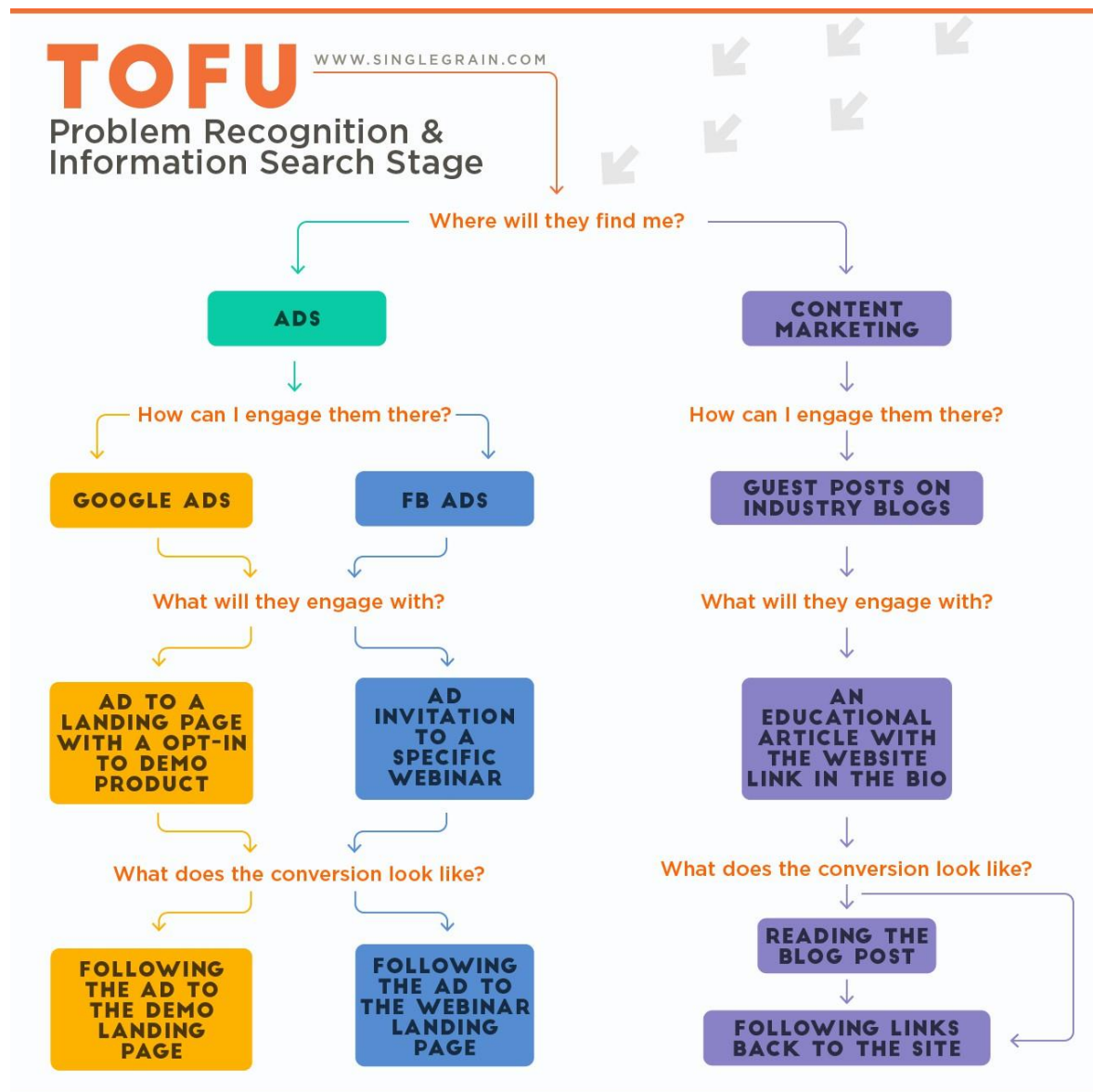
MOFU

- Cost per Click: It shows how much you pay when your ad is clicked. CPC is used to assess the cost-effectiveness of an ad campaign. CPC = Ad costs / Number of clicks

- Cost per Landing page View: It shows how much you pay for the search engine when a prospective customer enters your website's landing page. CPLV = Cost of an ad / Total number of Landing page views

- Bounce Rate: The percentage of visitors that leave a webpage without taking an action. BR = (No. of single-page sessions / No. of total sessions on the site) X 100

- Average Session Duration: Time spent on the website

- Abandon Rate: The percentage of abandoned carts in a business. AR = No. of abandoned shopping carts / No. of initiated actions X 100
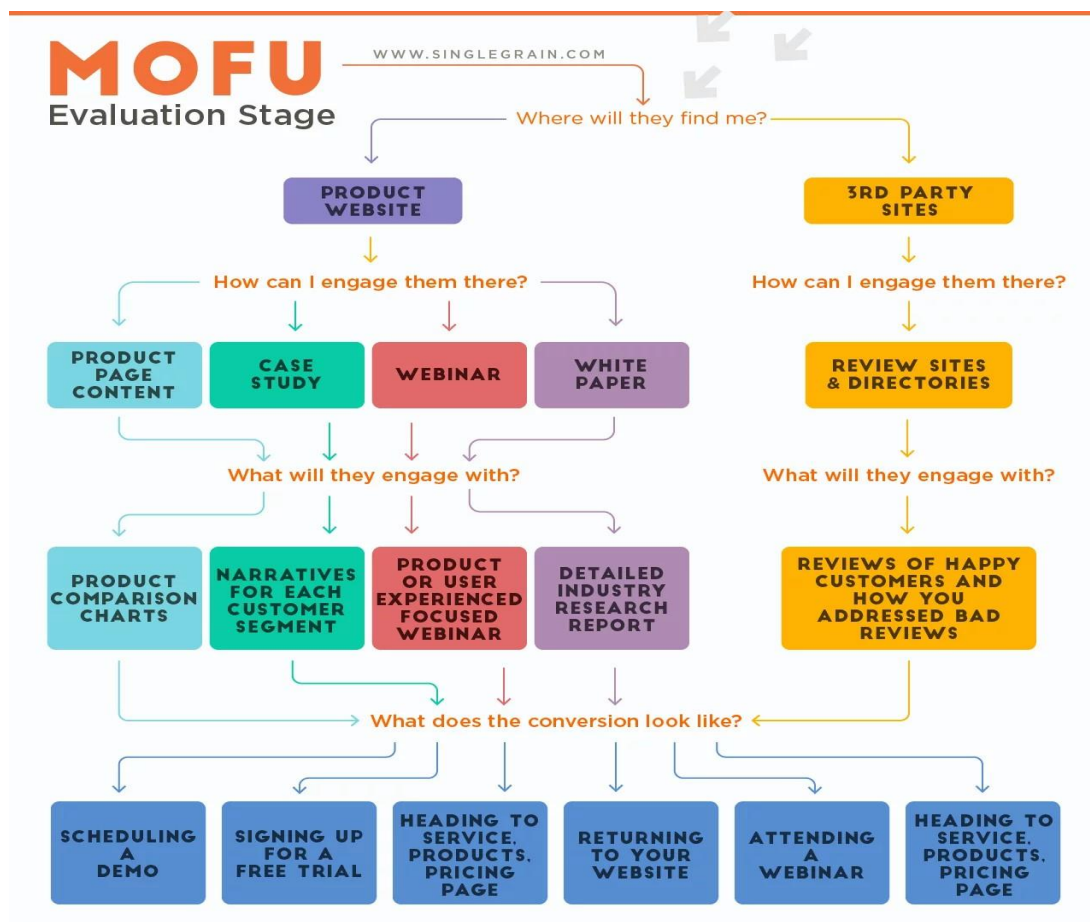
BOFU

- Conversion Rate: This metric indicates the number of users that saw your ad and took action as a result.

  CVR = Number of purchases / Number of add-to carts X 100

- Customer Retention Rate (CRR): The customer retention rate is also called reversed customer churn.

  CRR = (No. of customers at the end X No. of customers acquisition / No. of customers at the beginning) X 100

- Cost per Acquisition/Cost Per Transaction: It gives you an estimate of how much your new customers are costing you.

  CAC/CPT = Total cost of a campaign / Number of conversions

- Average Cost of Sale – ACS = Cost to inventory items based on the total cost of goods purchased / total number of items purchased.

- Return On Ad Spend ROAS = Revenue attributable to ads / Cost of ads For example, if you invest Rs. 100 into your ad campaign and generate Rs. 250 in revenue from those ads, your ROAS is 2.5.

- Return on Investment ROI = Net income / Cost of campaign x 100 For example if your total income is Rs. 1,000 and the marketing campaign cost Rs. 200, then the simple ROI is 400%. ((1000-200) /200) X 100 = 400%. (Net Income = total income - the cost of the campaign)

- Average Order Value: The average amount spent each time a customer places an order on a website or mobile app.

Difference between D2C and B2C Marketing

D2C - Direct to Consumer businesses are typically companies that manufacture as well as sell their products to customers directly.

Examples - **Lenskart, Licious**, etc.

B2C - Business to Consumer businesses are those activities that acquire goods from the producers and then sell them to customers directly. They are not the producers.

For example - **Udemy** does not own or create the content that it is selling, and a pharmacy (medical shop) does not manufacture the medicines but directly sells them.