

FUNDAMENTALS

METRICS THAT MATTER



01 UNDERSTANDING THE BASIC METRICS AND HOW TO USE THEM?

UNDERSTANDING HOW THESE METRICS INFLUENCE STRATEGY **03**

AGENDA

02 UNDERSTANDING THE ADVANCED METRICS AND WHY THEY ARE IMPORTANT?

WHAT ARE THE BASIC METRICS AND HOW DO YOU USE THEM?

CTR - CLICK THROUGH RATE

The Average Advertising CTR?: is 0.35%.

The Major Factors that Influence CTR?: Ad Placement, Hero Image, Price(coupons,badges),Title and Reviews.

When to Work on CTR?: Really its all the time but If your CTR is below your competitors or you have optimized your CVR and now need more traffic

$$\text{CLICKS} \div \text{IMP} = \text{CTR}$$

CPC - COST PER CLICK

The Average Advertising CPC?: According to our data AU is \$1.10, US is \$1.60

The Major Factors that Influence CPC?: Categories, Keyword Competition ,Ad Placements,Product price, Ad Relevance and Seasonality

When to Work on CPC?: CPC Should be tied to your goals and objectives. Working on your CPC should be determined by if your advertising is delivering on your objectives. You can afford a higher CPC when your CVR improves.

$$\text{AD SPEND} \div \text{CLICKS} = \text{CPC}$$

CVR - CONVERSION RATE

The Average Advertising CVR?: is 9.72%

The Major Factors that Influence CVR?: Product Listing,Price, Reviews, Ad Placement, Seasonality, Ad Relevance and Competitor changes

When to Work on CVR?: Really its all the time but if you CVR is below the category median this is a pretty good sign you need to improve it before spending on advertising. If you see CVR dropping year on year.

$$\text{ORDERS} \div \text{CLICKS} = \text{CVR}$$

AOV - AVERAGE ORDER VALUE

The Average AOV?: is \$50 - \$55

The Major Factors that Influence AOV?: Product mix, pricing, quantity of items purchased per order, bundling, cross-selling, Promotions and discounts.

When to Work on AOV?: Look at working on AOV when you can see the demand for it e.g. you are seeing multiple units per order. If you sell in the consumables niche consider bundling to improve profitability, you can use a single unit to drive traffic as lower priced products will generally have a better CVR improving your Ranking.

$$\text{SALES} \div \text{ORDERS} = \text{AOV}$$

WHAT ARE THE ADVANCED METRICS AND WHY ARE THEY IMPORTANT?

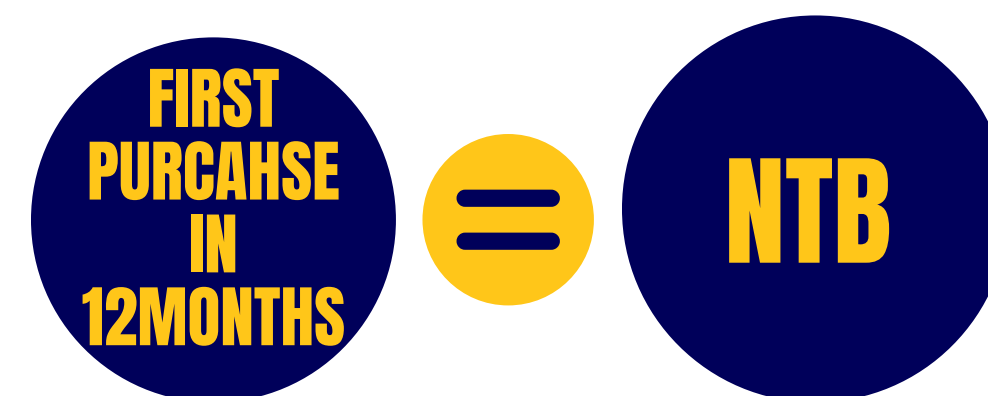
CLV - CUSTOMER LIFETIME VALUE

Why is CLV Important?: It is important for long-term strategic planning, when assessing customer acquisition costs, it can help justify higher spend levels to acquire customers gaining more marketshare. CLV is for re-peat purchase products.



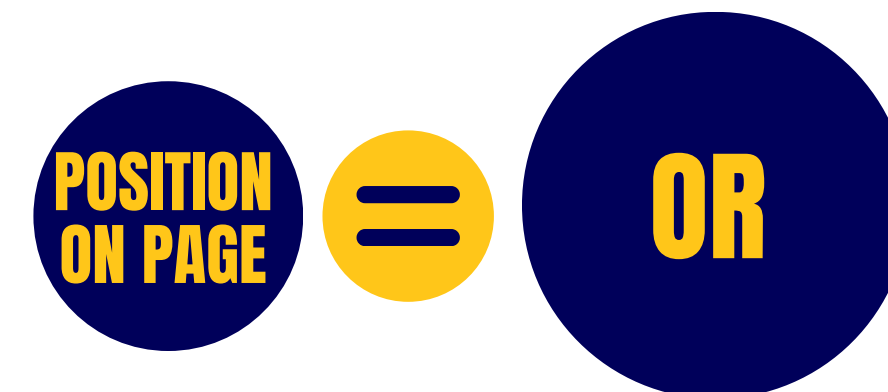
NTB - NEW TO BRAND METRICS

Why is NTB Important?: NTB is important as it will help you compete long term. CPCs are increasing in almost all categories but you can combat rising CPCs with increased brand shoppers, There is no cheaper traffic than branded traffic (its free). Yes new customer may cost more to acquire but long term you will pay for it with higher CPCs forcing you to accept lower marketshare. This is especially true for re-peat purchase products.



OR - ORGANIC RANK

Why is Organic rank Important?: Organic rank allows us to measure the impact of advertising on our organic placements, yes we can use TACOS but we still need visibility into what keywords are likely giving us better visibility and as a result sales, Organic rank helps us answer this. Organic rank allows us to understand our advertising strategies and if they are working.



TACOS - TOTAL ADVERTISING COST OF SALE

Why is TACOS Important?: TACOS allows us to see the true impact of advertising on our overall revenue. It allows us to allocate budget based on revenue goals and as such is good for scaling profitably.



EXAMPLES FOR CLV



Café Britt, a coffee seller, discovered that 29.6% of coffee customers repurchase within a year.

Their Average Order Value (AOV) was \$25, and customers typically made 4 purchases over a 12-month period.

LTV calculation: $\$25 \text{ (AOV)} \times 4 \text{ (annual purchases)} = \100

Initially, their Target ACoS was 20% (\$5 per \$25 sale). However, by considering LTV over a 12-month period, they could justify a higher initial ad spend:

New Target ACoS: $(\$100 \text{ LTV} \times 20\%) / \$25 \text{ (first purchase)} = 80\%$

This allowed Café Britt to increase their advertising budget, spending up to \$20 to acquire a customer while remaining profitable within the year. By focusing on LTV, even within the 12-month Amazon window, they could justify higher initial ad spend to acquire customers likely to make repeat purchases, ultimately growing their business more effectively.

EXAMPLES FOR NTB



Café Britt used New-to-Brand metrics to measure success in reaching new customers. By testing new Sponsored Brands ads with custom images, they achieved 13% more New-to-Brand conversions compared to previous ads. To measure the loyalty of these new customers, Café Britt tracked two key metrics:

Repeat purchases: They monitored the number of repeat orders from NTB customers over time. Within 12 months, 29.6% of these new customers made at least one additional purchase.

Branded search ratio: They observed increases in branded searches, which indicated growing brand awareness and loyalty. As a result of their strategy, Café Britt saw their branded search ratio increase from 18% to 22% over the 12-month period.

These metrics demonstrated that their focus on acquiring New-to-Brand customers not only expanded their customer base but also contributed to increased brand loyalty and recognition on Amazon

CONCLUSION

1. Advertising can be tricky to navigate and going alone takes time and is full of costly lessons. Learning from people who have been where you are reduces both the time it takes to learn and reduces those costly mistakes.
2. Let us help by completing an advertising audit to see what is working and what could be improved. Book a call here – <https://gosellglobal.com/management-for-amazon-ads/>

JOIN US

Additionally to completing an advertising audit getting in a room together has proven an amazing way to get insights that otherwise you would never be exposed to.

Melbourne – Work Club Olderfleet – Lower Ground Floor, 477 Collins Street, Melbourne.

Date: Wednesday, 19th February 2025,

Time 4pm to 6pm

Sydney – Work Club Barangaroo – Level 6, 201 Kent Street, Sydney. Date:

Thursday 20th February 2025,

Time: 4pm to 6pm

