6 *BottomLine*
Marketing Metrics
Your Clients Care About

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ABOUT US

M3 Strategic Marketing Ltd are your One-Stop-Shop for all things Digital Marketing!

Increase YOUR Leads and Sales

IT'S NOT ALL ABOUT "CLICKS".
On average our clients see an increase in traffic of **319%** and an increase in conversion rate of **29%**.

SMM
CRO
SEO

"Team at M3SM have launched the new company website and then help develop it's customer service offering as BITE have adapted to a changing market.

The team work hard to hit deadlines and help you understand the practicalities of Marketing across the internet. They show great patience and don't try to baffle you with internet science ensuring that you as a customer are treated as a customer and not just a number. They will work hard to deliver when it counts but more importantly they work hard to understand your business.It is no accident that we are on the first page of Google for our key searches in our industry- thanks!"

Keith -Bite Consulting

Introduction

As a digital marketing agency it's important that we provide our clients with analytics that measures their success, and how that success impacts their bottom line.

Let's face it, our clients don't care about how well our marketing efforts are going, they care about how those marketing efforts are impacting their sales.

Let's dive into our six bottom line marketing metrics that clients actually care about and how we create a marketing dashboards that matter.

Customer Acquisition Cost (CAC)

The Customer Acquisition Cost (CAC) is the average amount that you spend to acquire a new customer. This is important because the more you have to pay for a new customer, the lower your margins. As a marketing agency, we want to help you achieve a lower CAC in order to provide a higher return on investment.

The Calculation

In order to calculate your CAC, you need the total sales and marketing spend for a specific period of time, typically a month, quarter, or year.

CAC = Sales & Marketing Spend / New Customers

Example

Sales & Marketing Cost = £50,000/month

New Customers = 100/month

CAC = £50,000 / 100 = £500/new customer

Marketing & Sales Spend

This would include:
• advertising spend
• salaries
• commissions
• bonuses
• overhead, etc.

You're a strategic partner and should be helping your clients navigate their cost to acquire a customer and make recommendations in order to decrease the costs. The lower the cost, the sooner to profitability.

LTV:CAC
Customer Lifetime Value to Customer Acquisition Cost

We just went through the Customer Acquisition Cost, but in this metric we want to compare the lifetime value (LTV) of each customer to their cost to acquire that customer.

The Calculation

In order to calculate you LTV, you'll need the revenue each customer generates per period, your gross margin per sale, and your churn percentage. For this ratio, you'll also need to calculate your CAC from the previous page.

LTV = (Revenue per period - gross margin) / Estimated churn percentage for that customer

Example

LTV = £5,000

CAC = £500/new customer

LTV:CAC = £5,000:£500 = 10:1

Why does Lifetime Value Matter?

Many businesses fail to realise the actual amount of revenue a single customer generates for their business. Instead of only focusing only on a single sale, use the complete value of that customer over the lifetime of their engagement with you.

CAC Payback Time

Seeing a trend here? You truly care about two things - revenue being brought in and how much it costs them to generate that revenue. The CAC payback time looks at how long it will take to payback the investment made to acquire a new customer.

The Calculation

In order to calculate your CAC payback time, you'll need to know the average monthly revenue for each customer and their CAC.

CAC Payback Time = CAC / Monthly Average Margin-Adjusted Revenue (MAR) for that customer

Example

CAC = £500/new customer

MAR = £100/month

Payback = £500/£100 = 5 months

A Deeper Dive

While it depends on the industry that you are in, in general the ideal Cost to Acquire a Customer Payback Time is under 12 months.

High performing businesses may see payback time as low as 5-7 months.

The sooner the payback, the sooner your clients are profitable with each customer.

Average Lead Close Rate

As you understand, it's not good enough to just generate tons and tons of leads. A lead that never converts into a customer is essentially worthless. You want to show how qualified your leads are with this metric.

The Calculation

In order to calculate your average lead close rate, you'll need to carefully track the number of leads generated and how many of those leads turned into customers.

Average Lead Close Rate = Total leads generated / Total new customers generated

Example

New Leads = 100/month

Closed Leads = 20/month

Lead Close Rate = 100/20 = 5/month

What Lead Close Rate Could Mean

The lead close rate will be highly dependent on the industry that you are in, but it can also show symptoms of internal issues within your organisation or within your marketing efforts. If the lead close rate is low it may mean that your sales process is not as good as it could be or that the leads you're generating aren't qualified.

Marketing Originated Customer Percentage

Here you're really starting to see the value of everything that you're doing. This metric directly ties your marketing efforts to your bottom line.

The Calculation

In order to calculate your marketing originated customer percentage you'll need to keep close track of all leads generated and all customers closed.

Marketing Originated Customer % = Total customers generated from marketing / Total Customers

Example

Marketing Leads = 30/month

Total Closed Customers = 50/month

Marketing Originated Customers = 30/50 = 60%

Is Your Marketing Working?

Your Marketing Originated Customer percentage is a measure of how many new customers that you have generated that you would not have had without that marketing.

It's a much more concrete evaluation of your efforts than just number of leads and customers.

Marketing Influenced Customer Percentage

The previous metric was all about new customers that originated because of your marketing efforts. This metric is all about the number of customers that are closed after interacting with your marketing.

The Calculation

In order to calculate your marketing influenced customer percentage, you'll need the customers that have interacted with your marketing efforts at any time and total customers

Marketing Influenced Customer % = Total customers that interacted with marketing / Total Customers

Example

Influenced Customers = 40/month

Total Closed Customers = 50/month

Marketing Influenced Customers = 40/50 = 80%

Are You Influencing Your Leads?

Leads can come from anywhere: marketing, word-of-mouth, referrals, Google, networking, etc.

Whether you generated that lead with your marketing efforts or not, you need to understand how many customers interacted with your marketing efforts in order to understand how effective they are.
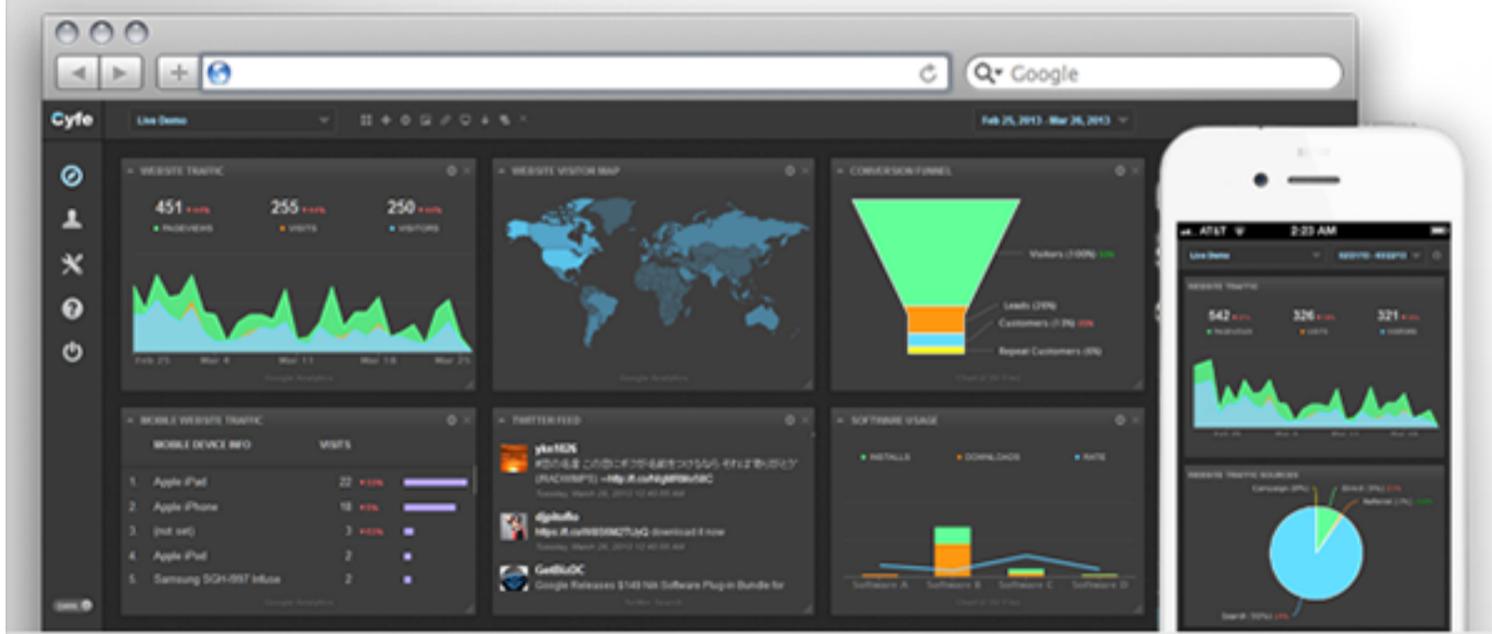
Get Started Analysing & Reporting!

Stop wasting countless hours tracking your data and reporting!

Ask M3SM to helps you create a dashboard that works for you, with all the key Indicators that are important for your business.

All-In-One Dashboard

Social media, analytics, marketing, sales, support, infrastructure... monitor everything!

M3SM

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