

Top 9 Marketing Metrics You Need to Know to Grow Your Music Business



1. COGS (cost of goods sold)

Includes shipping, payment processing, order fulfillment (employees, drop shipped, contractors, etc.), rent, utilities, etc.

2. Gross Margins

Revenue minus COGS = gross margins

3. Conversion Rate

Overall sales channels we're sending paid traffic, and/or store conversion rate

4. AOV (Average Order Value)

What is the average value of orders people spend in a certain time frame (usually 30 days)

5. CAC (Customer Acquisition Cost)

How much it costs to acquire a customer. Let's say you spent \$25 to get that first purchase. But your margins and all your other numbers dictate that you can only spend \$12. So that first sale cost you. But that's all right! Sell each customer three times and more, and you're in profit.

6. LTV (LifeTime Value)

The most expensive sale you'll make is to a new customer is the first one. When you can make a new sale to a returning customer your cost per customer acquisition goes way down.

7. CRR (Customer Retention Rate)

In some businesses there is a cost to maintain a customer. What do you spend on loyalty programs, or marketing to your existing customer base?

8. Abandon Cart Rate

In general, in ecommerce, the abandoned shopping cart rate is 68-70%. Retargeting this audience is some of the lowest hanging fruit you can grab!

9. ROAS (Return on Ad Spend)

For each dollar you spend on advertising, how many dollars do you get back? The acceptable number will vary by business. Knowing what's acceptable will make it quick and easy to look at this metric in your ad account and decide if an ad has a positive return, or is a negative financially.