



METRICS CHECKLIST

A Consumer Brand's Guide

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Introduction

Launching and growing a consumer brand presents numerous challenges.



One of the primary obstacles is the intense competition in the consumer market, which requires brands to establish a unique value proposition to stand out.



Additionally, brands must create effective marketing strategies to reach their target audience and convey their value.



They also face the challenge of building consumer trust, which requires consistent quality, positive customer experiences, and responsiveness to customer feedback.



Furthermore, maintaining steady growth necessitates constant innovation to meet changing consumer preferences and market trends.



Lastly, the advent of digital technology and social media has raised consumer expectations and standards for brand-user interaction, demanding a robust digital presence from brands.

Consumer Brands Metrics

Identifying and tracking business metrics is vital for consumer brands as it helps in making **informed decisions and strategic planning**. Not only do these metrics provide a clear picture of the company's current performance, but they also:

- Offer insights into potential growth areas.
- Highlight areas needing improvement, facilitating proactive measures for enhancement.
- Quantify their marketing efforts, understand market trends and customer behaviors.
- Predict future trends, aiding in timely adjustments to strategies to stay competitive.

*Essentially, business metrics serve as a **compass** directing brands towards sustainable growth, profitability, and long-term success.*

In this metrics checklist you will find:

- Core metrics consumer brands should measure to launch and grow
- Explanation about each metric
- How select metrics are used by consumer brands

Metrics Checklist

<input type="checkbox"/> Sales Revenue	<p>Total income generated from the sales of products or services.</p> <p><i>Relevance:</i> Sales revenue is the lifeblood of any consumer brand, directly impacting its <u>financial health and sustainability</u>.</p> <ul style="list-style-type: none">• Helps assess the effectiveness of marketing, product positioning, and overall business strategies.
<input type="checkbox"/> Customer Acquisition Cost (CAC)	<p>Cost associated with acquiring a new customer.</p> <p><i>Relevance:</i> Guides decisions on <u>marketing and sales strategies</u>.</p> <ul style="list-style-type: none">• Helps to evaluate the efficiency and sustainability of customer acquisition efforts, ensuring that the cost of acquiring customers is justified by the revenue they generate over their lifetime.
<input type="checkbox"/> Customer Lifetime Value (CLV)	<p>Estimate of the total revenue a company can expect from a single customer throughout their entire relationship with the company.</p> <p><i>Relevance:</i> Helps to settle <u>customer acquisition and retention strategies and costs</u>.</p> <ul style="list-style-type: none">• Guides decisions on customer acquisition investments and it helps prioritize high-value customers
<input type="checkbox"/> Gross Margin	<p>Percentage difference between the total revenue and the cost of goods sold (COGS).</p> <p><i>Relevance:</i> Reflects the profitability of the products or services sold by the brand. Critical for assessing the <u>brand's overall profitability</u>.</p> <ul style="list-style-type: none">• Monitoring it helps in pricing strategies, cost optimization, and maintaining a sustainable business model.
<input type="checkbox"/> Product Mix & Price Tier	<p>Analyzing the performance of different product categories and price tiers.</p> <p><i>Relevance:</i> Helps brands understand <u>which products are driving the most revenue</u> and how <u>pricing affects</u> the overall sales.</p>
<input type="checkbox"/> Abandoned Cart Rate	<p>Percentage of customers who add items to their cart, but leave the website without completing the purchase.</p> <p><i>Relevance:</i> High abandoned cart rates may indicate that prices are perceived as too high or other <u>barriers to purchase</u>.</p>
<input type="checkbox"/> Cost of Goods Sold	<p>Direct costs involved in manufacturing or acquiring a product.</p> <p><i>Relevance:</i> Essential to determining the <u>minimum price</u> at which a product should be sold to avoid losses.</p>



Average Order Value (AOV)

Calculated by dividing the total revenue by the number of orders.

Relevance: Helps in understanding customer purchasing behavior and optimizing pricing strategies, as well as maximizing revenue per transaction.

- Brands can strategically increase AOV through upselling, cross-selling, or offering bundles.



Customer Satisfaction Score (CSS)

Measures customer satisfaction with the business' products or services through surveys or feedback mechanisms.

Relevance: Helps the business understand user perceptions and preferences.

- Improving CSS involves addressing pain points, enhancing user experiences and building a positive brand reputation, ultimately contributing to increased customer loyalty and overall success.



Net Profit Margin

Calculated as $(Net\ Income / Revenue)$, represents the percentage of revenue that remains as profit after all expenses, including taxes and operating costs, have been deducted.

Relevance: Provides a clear picture of the overall profitability of the company.



Gross Profit Margin

Calculated as $[(Revenue - COGS) / Revenue]$, this metric indicates the percentage of revenue that exceeds the direct costs.

Relevance: A healthy gross profit margin ensures that the company can cover operating expenses and make a profit.



Inventory Turnover Ratio

The number of times the business' inventory is sold and replaced over a specific period.

Relevance: Crucial for assessing the effectiveness of inventory management and preventing overstock or stockouts.

- Higher turnover ratio indicates efficient inventory utilization, reducing holding costs and ensuring a continuous supply of products for customers.



Retention Rate

Percentage of customers retained over a specific period.

Relevance: Helps assess the ability to retain and satisfy existing customers - key to long-term success.

- Higher retention rate signifies satisfied and loyal customers.
 - Reduces the need for constant customer acquisition
 - Contributes to a stable revenue stream
 - Enhances the overall value of the customer base



Return on Ad Spend (RoAS)

Revenue generated from advertising campaigns relative to the cost of the advertisements.

Relevance: It helps evaluate the effectiveness of advertising efforts in driving sales.

- Brands can optimize ad spend, channels, and targeting strategies for maximum impact and efficient use of marketing budgets.

Closing

Utilizing a business metrics checklist can be a game-changing strategy for organizations seeking to optimize their performance.

To effectively use this checklist, consider the following actions:

1

Identify the key metrics that are most relevant to your company's goals and objectives. This involves understanding your business model, industry benchmarks, and the unique attributes of your target market.

2

Integrate this checklist into your day-to-day operations. This involves regular tracking, analysis, and reporting of these metrics to ensure that you are consistently meeting your targets.

3

Use the insights gleaned from this checklist to inform your strategic decisions. This could involve adjusting your marketing strategies, tweaking your pricing model, or investing in product development efforts based on the data you've gathered. This approach will ensure you're not just collecting data, but also using it to drive your business forward.

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