

Common Metrics for an Online Business

- **Sales Metrics:**
 - Online businesses will also focus on sales related KPIs, including total sales revenue and average transaction value.
- **Inventory Turnover:**
 - Online businesses with a physical inventory must manage inventory efficiently to avoid overstocking or understocking. Inventory turnover rates are crucial. This is generally not applicable if you are using a drop-ship method where you don't house the inventory yourself.
- **Conversion Rate:**
 - Measure the percentage of online shoppers who make a purchase.
- **Shopping Cart Abandonment Rate:**
 - In e-commerce, track how often customers abandon their shopping carts without completing a purchase. Reducing this rate can boost revenue.
- **Customer Acquisition Cost (CAC):**
 - Calculate the cost of acquiring a new customer, which includes advertising, marketing, and sales expenses.
- **Return on Investment:**
 - Assess the effectiveness of marketing campaigns, advertising spend, and promotions to ensure they deliver a positive return.
- **Online Traffic and Engagement:**
 - Monitor website traffic, click-through rates, bounce rates, and social media engagement to understand your online presence and customer behavior.
- **Average Order Value (AOV):**
 - Determine the average amount customers spend per transaction. Increasing AOV can boost revenue without acquiring more customers.
- **Customer Lifetime Value:**
 - Understand the long-term value of your customers, especially if you rely on repeat business.