MR

THE COMPREHENSIVE GLOSSARY EVERY MARKETER NEEDS

MR DIGITAL MARKETING AGENCY

CPM

Cost per Mille (CPM): it refers to the cost an advertiser pays for one thousand impressions of their ad.

- The formula for CPM

$$CPM = \frac{Costodel Anuncio}{Númerode Impresiones} \times 1000$$

- Example

  Let's suppose an advertiser pays $500 for an ad that is displayed 100,000 times.

$$CPM = \frac{\$500}{100{,}000} \times 1000 = \$5$$

  This means that the CPM in this case is $5, indicating that the advertiser is paying $5 for every one thousand impressions of the ad.

- Use of CPM in advertising

  - Cost Comparison: CPM helps compare ad costs across platforms, facilitating budget-conscious decisions per thousand impressions.
  - Budget Planning: Advertisers use CPM to adjust strategies and optimize ad visibility within budgetary constraints.
  - Audience Segmentation: CPM is employed to target ads to specific audiences, even if it means paying a higher CPM for more valuable audiences.

- Limitations of CPM

  - Lack of Interaction Guarantee: CPM only measures ad views, without considering clicks or conversions. This can limit its utility in assessing actual effectiveness.
  - Doesn't Consider Impression Quality: Not all impressions are equal. Ad placement on a page can impact its effectiveness, and CPM does not account for these quality differences.

ROAS

Return on Advertising Investment (ROAI) is a metric that evaluates the effectiveness of an advertising campaign by measuring how much revenue was generated for every dollar invested in advertising. It is calculated by dividing the revenue generated by the total advertising investment.

Example

If an advertising campaign generated $5,000 in revenue and the advertising investment was $1,000, the ROAS would be 5. This means that for every dollar invested in advertising, $5 in revenue was generated.

Use of ROAS

ROAS is crucial for evaluating the profitability of advertising campaigns.

A ROAS greater than 1 indicates that the campaign is generating more revenue than invested, while a ROAS less than 1 suggests that the campaign is not profitable.

Limitations of ROAS

- Does not consider operational costs.
- May not reflect long-term customer value.
- Needs to be interpreted in the context of campaign objectives and industry.

ROAS is an essential metric for advertisers, providing information about the financial effectiveness of their advertising campaigns and enabling strategic adjustments to maximize return on investment.

CTR

Click-Through Rate (CTR) is a metric used in digital marketing that calculates the percentage of people who click on a specific link within an ad or content compared to the total number of people who viewed the ad (impressions). It is expressed as a percentage.

Example

If an ad has 1,000 impressions and receives 50 clicks, the CTR would be 5%. This is calculated by dividing the number of clicks (50) by the number of impressions (1,000) and multiplying it by 100 to obtain the percentage.

Use of CTR

CTR is a key measure of an ad's effectiveness in capturing attention and generating interaction.
A higher CTR typically indicates a more relevant or engaging ad.

Limitations of CTR

- Does not assess the quality of interaction (there may be irrelevant clicks).
- Does not provide information about conversion.
- May vary based on industry and ad type.

CTR is an important metric for assessing the immediate performance of an ad in terms of interaction. However, it should be interpreted alongside other metrics to gain a more comprehensive understanding of the impact of an advertising campaign.

SEO On-Page

It refers to the optimization practices carried out directly on a website to enhance its visibility and ranking in search engine results. It includes content optimization, site structure, the use of keywords, meta tags, and other internal elements to ensure that the site is relevant and easily indexable by search engines.

Example

Keyword optimization in the content of a page is a common On-Page SEO tactic.

If a cooking website strategically uses relevant keywords such as "healthy recipes" in titles, headings, and text, it is more likely to appear in search results when someone searches for that phrase.

Use of SEO On-Page

On-Page SEO is crucial for providing search engines with clear and relevant information about the content of a website.

Through practices such as content optimization and improvement of site structure, the goal is to enhance user experience and indexing by search engines.

Limitations of SEO On-Page

- It does not address external factors, such as the quality of incoming links.
- Results may take time to manifest.
- Competition for keywords can be intense.

Link Building

It is an Off-Page SEO strategy that involves the deliberate acquisition of quality links from other websites to one's own.

The goal is to enhance the authority and relevance of a website in the eyes of search engines, as high-quality links are considered votes of trust and recommendations.

Example

If a digital marketing website publishes an informative and relevant article, and another website in the same industry finds that content valuable, it might link to that article from its own pages.

This link is an example of Link Building, as it contributes to the authority of the first site in the context of the addressed topic.

Use of Link Building

Link Building is crucial for improving positions in search engines.

Search engines consider incoming links as signals of the quality and relevance of content. Ethical and sustainable Link Building strategies are fundamental to strengthen online presence.

Limitations of Link Building

- Quality over quantity is crucial; low-quality links can have negative effects.
- Unethical Link Building practices, such as buying links, can result in penalties.
- It takes time and effort to build a meaningful and lasting network of links.

B2B (Business-to-Business)

A business model in which transactions take place between companies, where one entity sells products or services directly to another business instead of individual consumers.

These transactions are often long-term, involving substantial volumes and emphasizing the importance of trust, quality, and efficiency in business relationships.

This model is common in sectors such as manufacturing, technology, and business services, where collaboration between companies is essential for progress and mutual success.

Example

If a software company sells its products to another business to enhance operational efficiency, this would be a B2B (business-to-business) transaction.

In this model, business relationships are typically long-term, and negotiations often involve larger volumes of products or services.

Use of B2B

Manufacturing companies selling materials to other businesses for the production of goods engage in a B2B (business-to-business) interaction. This commercial interaction is based on collaboration and mutual satisfaction, aiming for long-term success.

Limitations of B2B

The complexity of B2B transactions, coupled with longer sales cycles, can pose challenges.
Building and maintaining strong relationships require a strategic, long-term approach.

B2C (Business-to-Consumer)

A business model in which transactions are conducted directly between a company and individual consumers.

It represents an approach towards the mass consumer market, where the company takes on the role of a provider to meet the specific needs and preferences of individual end consumers.

Example

An online store that offers a wide variety of products directly to the end consumer is a typical case of B2C (business-to-consumer) operations. Here, user interface, customization of the shopping experience, and customer service are crucial for success in this model.

Use of B2C

Widely implemented in the field of e-commerce, the B2C model allows companies to reach consumers directly, leveraging marketing strategies, digital platforms, and personalized services to attract and retain customers.

Limitations of B2C

In B2C, competition is fierce, and consumer expectations are high.

To stand out in a saturated market, companies must develop strong differentiation strategies, efficiently manage the customer experience, and adapt to changing trends and preferences in the mass consumer market.

Branding

It is a fundamental strategy in the business realm, aimed at building and managing the identity of a brand.

Its main objective is to positively influence the perception that consumers have of a company or product, differentiating it and establishing an emotional connection.

Example

A company that implements a distinctive logo, characteristic colors, and consistent messaging to build a recognizable image and associate it with specific values exemplifies the effective use of branding.

Use of Branding

Its importance lies in its ability to differentiate in competitive markets, build customer loyalty, and establish a lasting emotional connection.

Well-executed branding strategies not only enhance brand visibility but also increase consumer preference.

Limitations of Branding

However, successful branding comes with challenges. Consistency over time, authenticity, and the ability to adapt to changing market expectations are required.

Managing the brand perception across various platforms and channels adds complexity to this strategic process.

In summary, branding is essential for business success, building a strong and lasting identity in the minds of consumers.

Transactional Email

Category of automatically generated electronic messages in response to specific user actions.

These highly personalized emails confirm transactions, provide order details, and offer account updates.

Example

When a customer makes an online purchase, they automatically receive a "transactional email" with detailed information about the order, tracking number, and shipping details.

Use of transactional email

It is essential for post-transaction communication.
In addition to confirming user actions, it can include receipts, temporary passwords, and important notifications to enhance the user experience.

Limitations of transactional email

Design must comply with privacy standards and regulations.
Effectiveness focuses on personalization and reliable delivery, balanced with user security and privacy.

Adapting to regulations ensures integrity and trust. The delicate balance between effective personalization and respect for privacy is key to maintaining the efficacy and security of emails.

AMP (Accelerated Mobile Pages)

An open-source initiative led by Google with the goal of improving page load speed and performance on mobile devices.

It utilizes a set of standards and constraints to optimize content delivery, prioritizing speed and enhancing the user experience on mobile devices.

Example

If a website implements AMP, the pages will load more quickly on mobile devices, providing a smoother user experience, especially when accessing content from search results on mobile devices.

Use of AMP

Primarily used on news and content websites, AMP aims to improve accessibility and loading speed, benefiting both users and publishers by providing a more efficient browsing experience.

Limitations of AMP

While it speeds up loading times, AMP requires compliance with certain restrictions, which may limit some advanced web functionalities. Its implementation should strike a balance between speed and the ability to deliver a rich and comprehensive experience.

CAC (Customer Acquisition Cost)

A metric that quantifies the average cost associated with acquiring a new customer for a company.

It is calculated by dividing the total marketing and sales expenses during a specific period by the number of customers acquired in that same period.

Example

If a company spends $10,000 on marketing and sales strategies in a month and acquires 100 new customers in that same period, the CAC (Customer Acquisition Cost) would be $100 ($10,000 / 100).

Use of CAC

It is essential for evaluating the efficiency of customer acquisition strategies and making informed decisions about marketing budget allocation.

A lower CAC indicates efficiency in the investment to acquire new customers.

Limitations of CAC

Calculating the CAC accurately involves considering all costs related to customer acquisition, from advertising campaigns to sales team salaries.

A high CAC may indicate inefficiency or the need to optimize acquisition strategies.

CLTV (Customer Lifetime Value)

A metric representing the total expected financial value that a customer will contribute to a company over the course of their business relationship.

It is calculated by considering the revenue generated by the customer throughout their lifecycle, subtracting associated costs, and projecting these values to obtain a long-term estimate.

Example

If a customer makes recurring purchases of $100 each month for 3 years, generating a total revenue of $3,600, and the associated costs are $600, then their CLTV (Customer Lifetime Value) would be $3,000 ($3,600 - $600).

Use of CLTV

It is essential for assessing the profitability of acquiring and retaining customers. A high CLTV indicates that retention and loyalty efforts are effective, while a low CLTV may suggest the need for adjustments in business strategies.

Limitations of CLTV

Calculating CLTV involves projections and assumptions, and its accuracy depends on the quality of data and understanding of customer behavior patterns.

Well-calculated CLTV provides a solid foundation for long-term strategic and investment decisions.

Churn rate (o tasa de cancelación)

A metric that measures the percentage of customers who stop using a company's products or services during a specific period.

It is calculated by dividing the number of customers who have canceled or ceased using a service by the total number of customers at the beginning of the period and multiplying the result by 100.

Example

If a company starts the month with 500 customers, and by the end of the month, 50 customers have canceled their subscription, the churn rate would be 10% [(50 / 500) * 100].

Use of churn rate

It is essential for evaluating customer retention and the long-term health of the customer base. A high churn rate can indicate issues with customer satisfaction or the value proposition of the company.

Limitations of churn rate

Interpreting the churn rate requires understanding the reasons behind cancellations, as it can be due to various factors such as dissatisfaction, competition, or changes in customer needs.

Proactive churn management is crucial for maintaining a healthy customer base.

Benchmarking

PA continuous process of comparing and measuring the performance of a company, product, or service against industry leaders or best practices.

The goal is to identify improvement opportunities, adopt more effective methods, and achieve standards of excellence.

Example

If a manufacturing company wishes to improve its efficiency, it could compare its processes and results with those of the industry-leading company to identify areas of opportunity and apply best practices.

Use of benchmarking

It is used to evaluate performance, identify gaps, implement improvements, and maintain competitiveness. It can be applied to different areas such as operational processes, customer service, and marketing strategies.

Limitations of benchmarking

It is crucial to select appropriate benchmarks and adapt the lessons learned to the specific circumstances of the company. Effective benchmarking requires a strategic approach and a deep understanding of the business context.