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B.Com Honours | Semester V | Calicut University

PRINCIPLES OF MARKETING

Course Code: COM5CJ303 • Module 4 Notes

Module IV: Recent Developments & Modern Digital Marketing

Covers Artificial Intelligence in marketing, influencer marketing dynamics, marketing analytics metrics, search engine optimization (SEO), omni-channel integration, and marketing ethics.

Unit 18: Artificial Intelligence (AI) Applications in Marketing

AI predictive analytics, machine learning product recommendation engines, conversational AI chatbots, dynamic automated pricing algorithms, and programmatic ad buying.

Unit 19: Influencer Marketing & Social Media Trends

Leveraging Nano/Micro/Macro influencers on Instagram, YouTube, and LinkedIn. User-Generated Content (UGC), short-form video marketing, and social commerce integration.

Unit 20: Marketing Analytics & Performance Metrics

Evaluating digital campaign performance using Return on Ad Spend (ROAS), Customer Acquisition Cost (CAC), and Customer Lifetime Value (CLV).

> **Customer Acquisition Cost CAC = ↑rac{ ext{Total Marketing & Sales Spend}}{ ext{Total New Customers Acquired}}**
> **Customer Lifetime Value CLV = (ext{Average Order Value}) imes (ext{Purchase Frequency}) imes (ext{Customer Lifespan})**

Unit 21: Omni-Channel Marketing & Search Engine Optimization (SEO)

Seamless customer touchpoint integration across online and offline channels. Organic SEO (On-page keywords, technical SEO, backlink authority) vs Paid SEM (Google PPC search ads).

Unit 22: Purpose-Driven Marketing & Brand Purpose

Aligning brand strategy with environmental, social, and governance (ESG) goals to build authentic consumer trust and societal relevance.

Unit 23: Ethical Issues & Social Responsibility in Marketing

Addressing deceptive advertising, greenwashing (false environmental claims), predatory pricing, and compliance with data privacy regulations (Digital Personal Data Protection DPDP Act).

Practical Case Framework (Marketing Analytics Campaign Performance Calculation Model): An e-commerce retailer spends Rs. 5,00,000 on digital ad campaigns (Google Ads & Meta Ads) during Q1. Resulting

Performance: Acquired 2,500 new customers; Average purchase value per order = Rs. 2,000; Average orders per customer p.a. = 3; Average customer lifespan = 4 years; Gross Margin % = 25%.
Calculate (a) Customer Acquisition Cost (CAC), (b) Gross Customer Lifetime Value (CLV), and (c) LTV-to-CAC Ratio.

Step-by-Step Solved Marketing Analytics Metrics Statement:

- **1. Customer Acquisition Cost (CAC):**
  > **CAC = ⬆rac{ ext{Rs. 5,00,000}}{2,500 ext{ Customers}} = mathbf{ ext{Rs. 200 per Customer}}**
- **2. Customer Lifetime Value (CLV):**
  Annual Revenue per Customer = Rs. 2,000 × 3 orders = Rs. 6,000 p.a.
  Lifetime Revenue (4 years) = Rs. 6,000 × 4 = Rs. 24,000.
  > **Gross Margin CLV = Rs. 24,000 imes 25% = mathbf{ ext{Rs. 6,000 per Customer}}**
- **3. LTV-to-CAC Ratio:**
  > **ext{LTV : CAC Ratio} = ⬆rac{ ext{Rs. 6,000}}{ ext{Rs. 200}} = mathbf{30 : 1} quad (ext{Highly Profitable Marketing Strategy!})**

Digital Marketing Campaign Key Performance Indicators (KPIs) Summary:

Marketing Performance Metric	Formula / Calculation Method	Result Output Value	Strategic Business Assessment
Customer Acquisition Cost (CAC)	Total Marketing Spend / New Customers	Rs. 200.00	Low Acquisition Cost
Customer Lifetime Value (CLV)	Lifetime Revenue × Gross Margin %	Rs. 6,000.00	High Customer Lifetime Margin
LTV to CAC Efficiency Ratio	CLV / CAC	30 : 1	Exceeds 3:1 Industry Benchmark