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GMV Guide "Gross Merchandise Volume"

Conversion Rate Strategies For
Doubling Your Leads & Sales

Gross Merchandise Volume/Value Guide

What is Gros merchandise Value?

GMV also known as Gross Merchandise value/volume is an important data point that tells you the total value of goods you have sold over x period or the quantity of transactions handled. It can be used to determine the overall wellbeing and health of your business and is an excellent indicator of growth.

This is a fantastic way metric to think about when working on increasing sales and expanding your ecommerce website's bottom line. We recommend measuring at least once per year. But preferably every financial quarter.

However, keep in mind, the GMV calculation is made before the deduction of expenses related to selling your product. Think about delivery, advertising costs, etc.

How do I calculate GMV?

The most common way to calculate Gross Merchandise Volume is to use the formula we have listed below:

Gross Merchandise Value = Sales Price of Goods x Number of Goods Sold

Example: Let us say you sold 20 books in your ecommerce site for \$20 each. That means your GMV would be \$400.

What else should I know?

This calculation is a good way to see how much growth your business is going through. But you should not rely on just this one formula. This formula tells you how much you are growing but does not factor in how much you are spending in relation to selling the products. This is because of expenses and costs associated with production, advertising, and manufacturing.

Another thing to note that it does not include returns and discounts. This means the net income of the business takes away from its total sales and is thus not accurately represented.

We recommend using GMV in addition to other metrics to get the most accurate picture of the ecommerce site's health and its potential for future growth.