

## ***Cost of Acquisition***

So, how much can you afford to spend to get each new customer? Once you have calculated your Lifetime Customers Value (see LCV worksheet), you will have a clearer idea of what your maximum spend on acquiring a new customer should be.

Let's look at the current picture in your business.

### ***My current cost of acquisition:***

Your company's **total spend on sales and marketing activity** for the last 12 months: .....

If you are a small company without a Sales & Marketing department & budget, you will need to calculate an hourly rate for time spent on social media and other 'free' marketing options, time spent on designing and producing marketing materials, as well as the cost of resources; advertisements, flyers, exhibition stands etc.

The **number of new customers** your business has gained in the last 12 months as a direct result from the sales and marketing activity: .....

**Customer Acquisition Cost** (Total spend on Sales & Marketing ÷ number of new customers):

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It is now worth comparing your Customer Acquisition Cost against your Lifetime Customer Value:

Customer Acquisition Cost  Lifetime Customer Value

Check you have the balance right for a profitable business and if not you can start making informed decisions on what needs to change.

As we progress through the course, you will learn ways of reducing your Customer Acquisition Cost, therefore increasing your profits.

