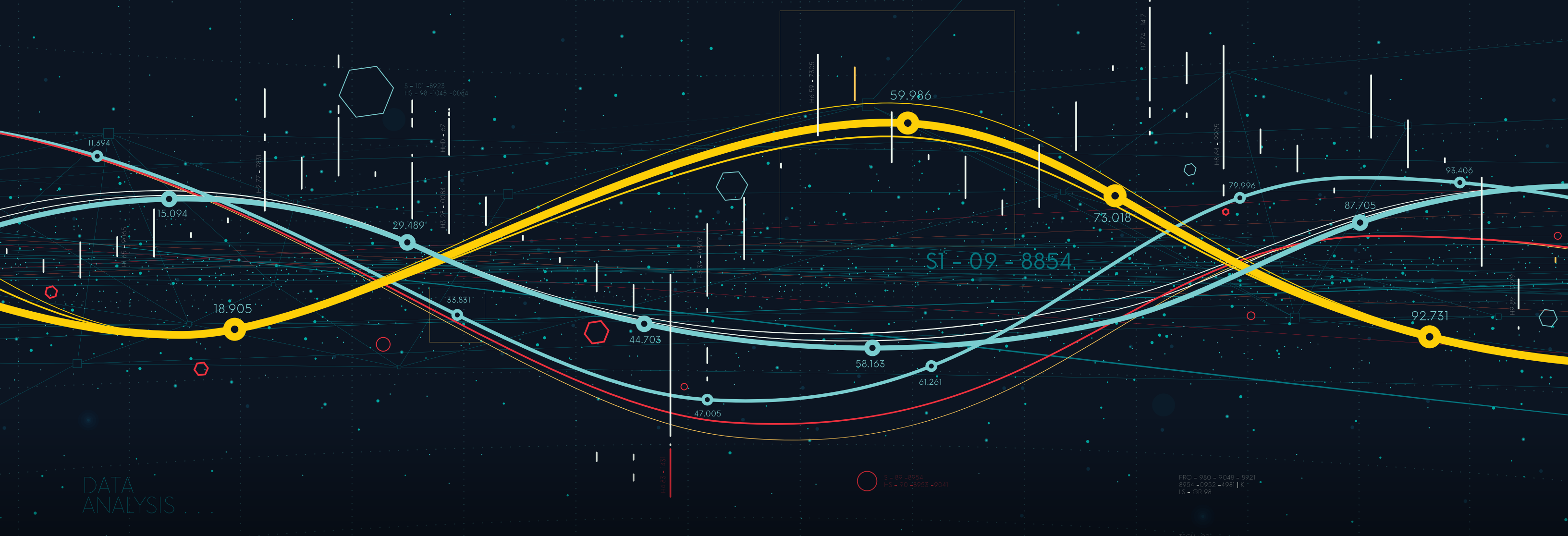
WHAT THE CAC?

Your KPI acronym cheat sheet



Marketing metrics — and their associated acronyms — can seem confusing. How do you know if you've picked the right KPI to judge your marketing campaigns on?

LET'S LOOK AT THE MEANING BEHIND THOSE METRICS:

	+PROS	– CONS
Website Traffic or Clicks	Easy-to-measure vanity metrics. Comparable year-over-year on platforms like Google Analytics. No issues of attribution differences.	Not all traffic is created equal. If you are selling a product or service, does it really matter how much traffic you get if they don't decide to purchase? Extra traffic is only good if your conversion rate remains high.
Customer Acquisition Cost (CAC) or Cost Per Acquisition (CPA)	You are optimizing to a set cost per new customer. This is a good metric to use if you have a very steady and predictable Average Order Value or LTV.	You could be acquiring customers at a loss if AOVs are highly variable. If your target CPA is $30, but the new customer only buys a $10 product (with maybe only a $5 profit margin), then you are actually losing money.
Return-On-Ad-Spend (ROAS)	Unlike CPA, ROAS takes the proportion of revenue to ad spend into consideration so you are less likely to acquire customers at a loss on the first purchase.	ROAS can be short sighted. It only really takes return on ad spend for the first purchase into account. If you adhere too strictly to a high ROAS target, you're likely leaving money on the table when you consider the cumulative LTV of customers if you have a decent repeat rate.
Lifetime Value (LTV)	This goes beyond only thinking about first purchase revenue, and offers the ability to optimize what matters most to businesses: long term profitability.	Can be time consuming and can require more technical expertise. Needs the buy-in of the entire company. Switching to LTV can seem painful in the short term but definitely pays off in the long term.

For help putting your budget into the right KPIs, let's talk >

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