



SENIOR MARKETING
SPECIALISTS
UNIVERSITY



COST PER ACQUISITION

Paying attention to your profit

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Senior Marketing Specialists University
(800) 689-2800
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COST PER ACQUISITION (CPA)

The calculation of cost to convert a lead or a prospect into a client.

Tracking sales is easy. I had X sales this week.

Tracking how much that sale cost you (CPA) is even more important, but often overlooked.

Sales does not necessarily equal profitability. If you had \$150,000 in sales but it cost you \$200,000 in acquisition, that puts you \$50,000 in the red! That factors out to almost losing \$4,200 per month. How long could you maintain your agency losing that amount?

Knowing what your CPA calculates out to is vital to your business.

Don't just assume you are profitable; know you are by figuring out your CPA!



REDUCING LEAD COSTS

It is not only about reducing the cost of the lead; it is about reducing the cost of the conversions.

When buying leads, regardless if they are internet based, telemarketed, or some other type of price per lead transaction, you still need to figure out how much each step of the process is costing you.

If you increase your appointment ratio and/or closing ratio, the cost per acquisition also reduces. This increases your profitability!

Focus Your Marketing Dollars on What Works

Another advantage to knowing your CPA is better understanding on how to maximize your marketing dollars. With your CPA calculated per marketing campaign, you can make sure you are budgeting better.

COSTS IN THIS GUIDE

Depending on the quality and the sourcing of your leads, the numbers in this guide can vary greatly.



MAILERS

Campaign Cost
\$480

Total Leads Generated = 15 (1.5% return)
Cost Per Lead
\$32

Total Appointments Generated = 6
Cost Per Appointment
\$80

Total Sales = 2
Cost Per Sale
\$240

This method is low cost but higher in workflow.

Even though you are receiving a lead card, you must still generate interest and set the appointment.

Mailers also require a lot more time for the actual mailing to occur and the lead cards to be returned.



LOW COST LEADS MAY EQUAL HIGH CPA

Sample CPA for individual leads

Lead Cost
\$12 per lead

10% Appointment Conversion
\$120 per appointment

20% Appointment to Sale (Close Ratio)
\$600 per sale (50 Leads)

That seems high!

If you only convert 10% of your leads into appointment, that means you would need 10 leads for every appointment.

If you only convert 20% of appointments to sales, then you would need 5 appointments for every sale, or 50 leads per sale.

\$15 per lead =
\$150 Per Appointment
\$750 Per Sale

\$20 Per Lead =
\$200 Per Appointment
\$1,000 Per Sale



TIME = MONEY

If you are not buying leads, but working on your own to generate leads, there is still a cost to be factored, your time.

NOTE: These same time cost factors can be added to the previous examples for a more accurate CPA.

Campaign Cost Per Hour
\$40 (your hourly rate)

Total Leads Generated = 1 Per Hour
Cost Per Lead
\$40

Total Appointment Conversion = 20% (5 hours = 1 Appointment)
Cost Per Appointment
\$200

Total Sales = 1 (5 Appointments)
Cost Per Sale
\$1,000 worth of your time (25 hours)

CALCULATING YOUR TIME

In 2019, there are 251 traditional working days or 2008 working hours. Take your annual income and divide accordingly.

REFERRALS



Referrals have the lowest CPA!

Referrals traditionally have the lowest CPA and highest closing ratio. They are calling you (no upfront marketing cost to you) with a perceived level of trust from someone else (higher closing ratio). These two factors greatly increase your profitability.

Referrals are not FREE! Referrals require you have an effective retention plan in place for your clients to remember you.

It costs up to 5x's more to acquire a new client than to retain a current one.

There may be expenses with a retention plan, but in most cases this cost is far less than bringing on new clients.

Make sure your retention plan is in place and being used effectively.

NEXT STEPS



Calculate your CPA

- What was the overall cost of the campaign?
- Divide by number of appointments
- Divide by number of sales
- Factor in time for a more accurate number

Answer these Questions

- What can you do to reduce your costs / increase your ratios?
- What marketing campaigns are costing you the most?
- Which campaigns are the most profitable?

Which campaigns are right for you? Contact Senior Marketing Specialists for a personalized review of your marketing!

Review Your Retention Process

What are you doing to increase your referrals?

If you do not have a process in place, now is the time to start!



PROFIT WITH THE PROFESSIONALS

Need help? We can assist you in:

- Calculating your CPA
- Increasing your marketing
- Increasing your referrals
- And more!

We have created numerous marketing plans and strategies for agents all over the country. Let's work together and get your sales and profitability up today!



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