

Customer acquisition cost (CAC) sounds simple: divide what you spend on marketing by the number of customers you acquire. But ecommerce makes the calculation less straightforward than it looks. A returning customer can make a campaign appear more successful, attribution tools can disagree, and a low headline CAC may still leave you losing money after discounts, fulfilment and returns.

The aim is not to find one impressive number. It is to understand what it costs to bring in a genuinely new customer, how that cost varies by channel and whether the customer is profitable. That means checking your new customer split, choosing a consistent CAC calculation and being clear about what you include in a blended CAC.

Why ecommerce CAC is harder to calculate than it looks

Online retailers face tight margins and relentless competition. Customers can compare prices in seconds, switch between retailers and use reviews, delivery promises and returns policies to decide where to buy. Winning an order may require more than an advert: it can depend on product availability, persuasive product pages, trusted reviews and a delivery option that meets expectations.

At the same time, acquisition costs are spread across different activities. You might pay for search and social advertising, email or affiliate commissions, creative production, agency support and promotional discounts. Some costs are easy to see in an ad account; others sit in different parts of your accounts. If you count only the most visible spend, your CAC may look lower than it really is.

There is also a difference between an order and a new customer. An ad platform may report conversions from people who have bought from you before, while your business goal is to grow the customer base. Without a reliable new customer split, it is easy to mistake repeat purchases for successful acquisition.

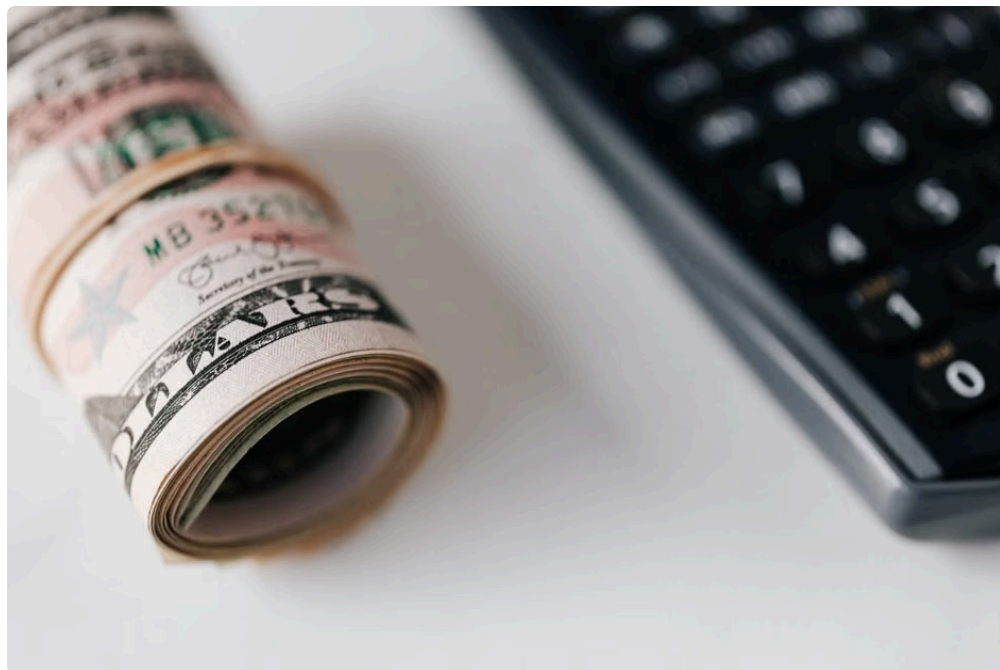
Start with a clear definition of CAC

Before doing the maths, decide what you mean by “acquired customer”. For most ecommerce businesses, this means a person making their first completed purchase within a defined period. A cancelled order or fully refunded first order should not normally count as a successful acquisition. Set a consistent rule for partial refunds, exchanges and duplicate customer records, too.

A basic CAC calculation is:

CAC = acquisition costs in a period ÷ number of new customers acquired in that period

For example, if you spend £12,000 on acquisition activity in a month and gain 300 new customers, your CAC is £40. The calculation is only useful if the costs and customer count refer to the same period and use the same rules.



Choose which costs to include

There is no single definition that suits every decision. For channel optimisation, you may want to compare media spend with new customers attributed to that channel. For a business-wide view, include the wider costs of acquiring customers. Keep the two measures separate and label them clearly rather than presenting one as the definitive answer.

- **Media spend:** paid search, paid social, display and other advertising costs.
- **Acquisition fees:** affiliate commissions or other costs directly linked to bringing in customers.
- **External support:** agency or contractor costs that relate to acquisition activity.
- **Creative and production:** content or assets made specifically to support campaigns, if you can allocate them reasonably.
- **Promotions:** track discounts separately. They reduce the order's contribution and can influence conversion, but should not be silently mixed into media spend.

Be consistent about shared costs. If a creative asset supports several channels, decide whether to allocate it across them or exclude it from channel-level CAC and include it in a broader figure. Avoid counting the same cost twice.

Get the new customer split right

Your customer data is the foundation of a useful CAC calculation. Separate first-time buyers from returning buyers using a stable customer identifier, such as a customer account or a carefully deduplicated email address. Guest checkout, multiple email addresses and household purchases can make this imperfect, so document the limitations.

For each reporting period, aim to see:

- total completed orders;
- orders from new and returning customers;
- unique new customers, not just first orders;
- refunds, cancellations and partial refunds; and
- revenue and contribution from each group.

Do not assume that every first purchase is driven by the last ad a customer clicked. A shopper may discover you through social media, read reviews, compare delivery terms and later search for your brand directly. The new customer split tells you who is new; it does not, by itself, prove which channel caused the purchase.

Calculate blended CAC and channel CAC

Blended CAC is the total acquisition cost across the channels you include divided by all new customers acquired in the same period:

Blended CAC = total included acquisition costs ÷ total new customers

This gives you a useful top-level view of how much it costs to grow the customer base overall. It can also show when rising spend is becoming less efficient. However, blended CAC hides differences between channels. A strong organic result may make expensive paid acquisition look healthier, while a growing brand campaign may bring in customers whom other channels also claim.

Channel CAC is usually calculated by dividing the cost of a channel by the new customers attributed to it. Treat this as a directional comparison, not unquestionable truth. Attribution models, tracking gaps, view-through conversions and customer journeys across devices can all affect the result. Use one attribution approach consistently, and compare platform reporting with your order and customer data.

Measure What it tells you Main caution Blended CAC Overall acquisition cost per new customer Does not show which channels or activities drove the result Channel CAC Cost per new customer credited to a particular channel Attribution can over-credit or under-credit a channel First-order contribution Whether the initial purchase contributes enough to cover its costs Depends on accurate product, fulfilment, discount and returns costs

Connect CAC to profitability, not just revenue

A £40 CAC is not automatically good or bad. It depends on what a customer contributes. Revenue alone is a poor comparison: two customers can spend the same amount but have very different product margins, discount levels, shipping costs and likelihood of returning their order.

Start by estimating contribution from the first order. Subtract the costs that vary with that order, such as cost of goods, payment fees, pick and pack, shipping subsidy, discounts and expected returns. The exact treatment depends on your accounting and operating model, so agree a consistent definition with your finance team.

Compare this first-order contribution with CAC to see how much acquisition cost remains unrecovered after the first purchase. If you rely on repeat orders to make the economics work, check actual repeat behaviour by acquisition cohort rather than assuming every new customer will return.

Use cohorts to understand payback

A cohort groups customers by when or how they first purchased. Track how much customers acquired in a particular month contribute over time, after variable costs. This helps answer practical questions: how quickly does acquisition spend pay back, do some channels bring customers who reorder, and are recent cohorts behaving differently from older ones?

Be cautious with lifetime value estimates. They can be useful for planning, but forecasts are not cash in the bank. Base them on observed purchase behaviour, allow for returns and churn, and compare like with like. Do not use a projected future value to excuse acquisition that is persistently unprofitable in practice.



Account for reviews, delivery and price pressure

CAC is affected by the whole shopping experience, not just campaign settings. Customers often compare prices and delivery options before they buy. If your price is higher, the product page needs to make the value clear. If delivery is slow or expensive, that can undermine an otherwise well-targeted campaign.

Reviews are another conversion driver. Helpful, credible customer feedback can reduce uncertainty, particularly for unfamiliar products or brands. Make sure reviews are easy to find and that product pages answer common questions. A better conversion rate can improve the efficiency of acquisition spend, but it is not a reason to ignore margin: discounts that boost conversion may also reduce contribution.

When CAC rises, investigate the full path to purchase. Check campaign targeting and search terms, but also look at landing-page relevance, stock availability, price competitiveness, delivery promises, review coverage and checkout friction. The cause may be outside the ad account.

A practical process for calculating real CAC

1. **Set the period.** Use a regular reporting window and allow for the lag between first interaction and purchase.
2. **Define a new customer.** Specify how you treat guest checkout, cancellations, refunds and duplicate records.
3. **Reconcile customer counts.** Compare analytics and advertising reports with ecommerce platform orders and customer records.
4. **List included costs.** Separate media, fees and other acquisition costs; document how shared costs are handled.
5. **Calculate blended CAC.** Divide the chosen total cost by the matching count of new customers.
6. **Review channel measures.** Use a consistent attribution method and regard channel CAC as an estimate, not a perfect causal answer.
7. **Check contribution and payback.** Compare CAC with first-order contribution and observed repeat behaviour by cohort.
8. **Investigate changes.** Look for shifts in customer mix, pricing, promotions, delivery, reviews, conversion rate and channel spend.

Keep a simple reporting table with the period, included costs, new customers, blended CAC, channel CAC, first-order contribution and the key assumptions. A consistent, slightly imperfect measure is more useful than a precise-looking number whose definitions change each month.

Tools and reporting: use each for the right job

Use your ecommerce platform and customer records to establish orders and new customer status; use finance data to validate costs and margins; and use analytics and advertising platforms to understand channel activity. These sources will not always match exactly. Record the reason for material differences rather than forcing the numbers to agree.

An AddToAny sharing widget can make a blog post easier for readers to share, but it is not a CAC measurement tool. If you use it on ecommerce content, assess its impact as part of your site experience and tracking setup rather than treating shares as new customers or revenue.

The number that matters is the one you can act on

Your real CAC is not simply the figure in an advertising dashboard. It is a clearly defined estimate that connects acquisition costs to genuinely new customers, with the limitations of attribution made visible. Blended CAC helps you monitor the overall cost of growth; channel CAC can guide investigation; and contribution analysis tells you whether that growth is commercially sustainable.

In a competitive market where customers compare prices, reviews and delivery as readily as products, profitable acquisition depends on more than buying traffic. Measure the new customer split carefully, keep your CAC calculation consistent, and use what you learn to improve <https://smenews.digital/why-specialist-ecommerce-marketing-services-deliver-better-results> the offer and shopping experience as well as the campaigns.