

The Cheapest Leads Cost the Most

Re-reading a paid account on CAC, not CPL

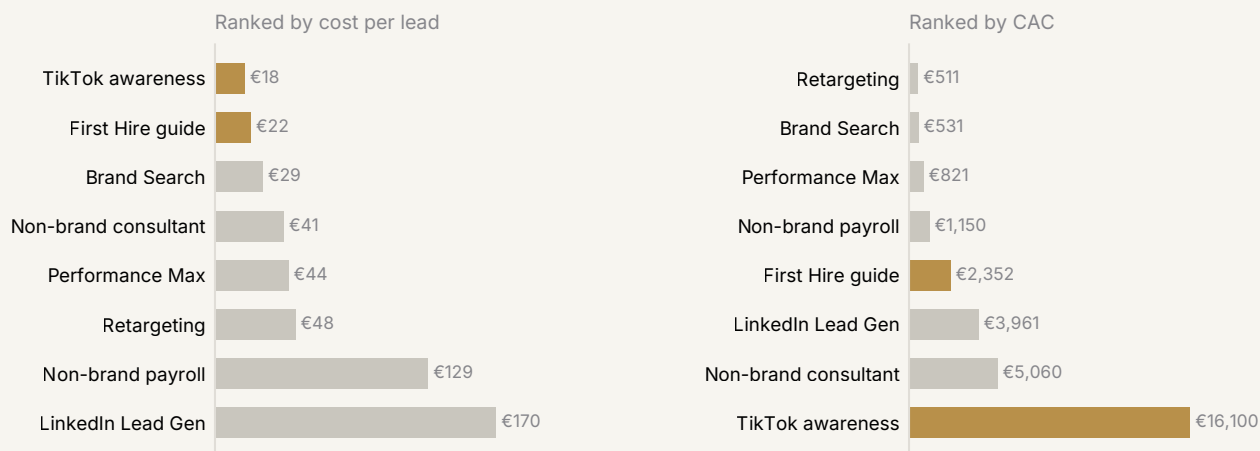
A €200K-a-quarter B2B paid account, eight campaigns across four platforms, managed on cost per lead. Re-read on customer acquisition cost and payback, the ranking inverts: the two cheapest lead sources are the two most expensive ways to acquire a customer. Every one of the account's problems either looked fine or stayed hidden on the metrics it was managed on.

An analysis for an Italian SaaS company — payroll and HR software — on the paid-account data it supplied. Company name, campaign names and money figures are anonymised; money figures are rescaled by a single constant, so every rate, ratio, ranking and verdict is exactly as computed. An interactive version of this analysis, with every lever editable, accompanies this document.

- 01 How the account was read
- 02 Three distortions in the reported numbers
- 03 What growth actually costs
- 04 The reallocation, and why not all at once
- 05 The first experiment
- 06 The first quarter, sequenced

Two cheap leads, two expensive customers

CPL and cost per SQL are the metrics this account had been managed on, and they are the reason it was misallocated. Neither survives contact with the last two columns of the table.



Eight campaigns ranked by cost per lead (left) and by customer acquisition cost (right). The ranking almost fully inverts.

Every campaign was re-evaluated on **CAC** (spend ÷ won) and **payback** (spend ÷ new MRR, in months of gross MRR), with an LTV:CAC view layered on top using two explicitly stated working assumptions: 80% gross margin and a 36-month average customer lifetime. No retention data was provided, so both are levers, not facts, to be replaced with observed contribution margin and cohort churn on day one.

Campaign	Spend	Leads	CPL	Lead→SQL	Won	CAC	New MRR	Payback (mo)	LTV:CAC
Brand Search Google	€13,800	480	€29	20.0%	26	€531	€20,930	0.7	43.7×
Non-brand payroll Google	€43,700	340	€129	44.7%	38	€1,150	€35,830	1.2	23.6×
Non-brand consultant Google	€25,300	610	€41	7.2%	5	€5,060	€2,300	11.0	2.6×
First Hire guide Meta	€51,750	2,400	€22	7.5%	22	€2,352	€9,610	5.4	5.3×
Retargeting Meta	€9,200	190	€48	32.1%	18	€511	€12,630	0.7	39.5×
LinkedIn Lead Gen LinkedIn	€35,650	210	€170	13.3%	9	€3,961	€16,560	2.2	13.4×
TikTok awareness TikTok	€16,100	900	€18	1.3%	1	€16,100	€300	53.7	0.5×
Performance Max Google	€11,500	260	€44	22.3%	14	€821	€12,560	0.9	31.5×
Total / blended	€207,000	5,390	€38	11.7%	133	€1,556	€110,720	1.9	15.4×

The pattern is systemic. Every platform on the account optimised for the same event — a form submission — while lead-to-SQL rates ranged from 1.3% to 44.7%. Algorithms were being trained to buy cheap, low-intent leads; the CPL-versus-CAC inversion is the direct consequence. **A measurement problem before it is a media problem.**

Performance Max was taking credit for brand demand

62% of PMax leads came from searches containing the company's own name. Someone already searching the brand would very likely have converted through Brand Search or organic at near-zero incremental cost.

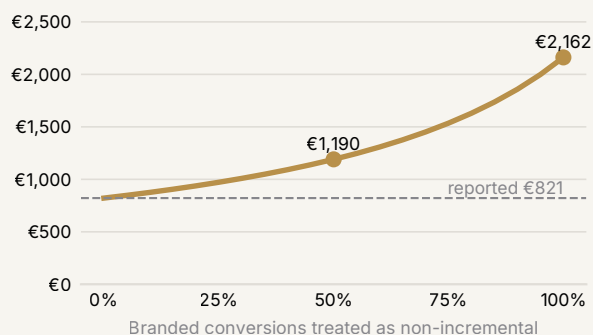
€821
reported CAC

€2,162
incremental CAC

0.9 mo
reported payback

2.4 mo
incremental payback

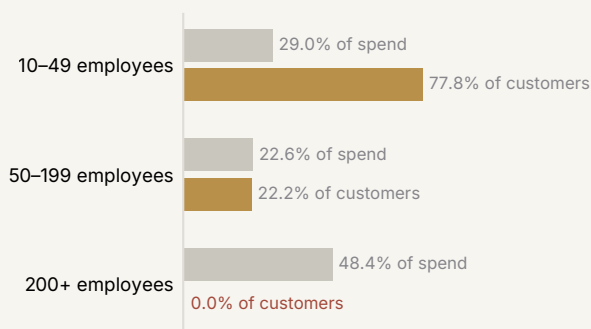
With no per-lead source data, conversions are assumed to distribute proportionally to the lead mix; the conservative case treats every branded conversion as non-incremental. Even if only half of branded conversions would have happened anyway, incremental CAC is €1,190 — still ~45% above the reported figure. One caveat cuts against PMax, not for it: branded leads almost certainly convert better than non-branded ones, so proportional attribution likely understates the true damage. **Don't judge or scale PMax as-is:** apply brand exclusions, re-measure for four to six weeks on clean data, then decide against pre-declared thresholds.



Incremental CAC across the non-incrementality range.

The LinkedIn average hid a working segment

At campaign level LinkedIn looked like a disaster. The segment breakdown told the opposite story.



Share of LinkedIn spend versus share of LinkedIn customers, by prospect company size.

Segment	Spend	Lead→SQL	Won	CAC	Payback
10-49 employees	€10,350	28.2%	7	€1,479	0.9
50-199 employees	€8,050	11.4%	2	€4,025	1.5
200+ employees	€17,250	1.1%	0	n.m.	n.m.
Blended, as reported	€35,650	13.3%	9	€3,961	2.2

48% of the campaign's spend went to companies with 200+ employees: one SQL, zero customers, and a segment outside the company's SMB core anyway. The 10-49 segment alone ran at a sub-month payback — among the best campaigns in the account. Shutting down "LinkedIn" would have killed the account's best B2B targeting along with its worst. **The unit of analysis is the segment, not the campaign.**

Awareness in name, conversion in configuration

The TikTok campaign was called "Video awareness". It optimised for form submissions like everything else.

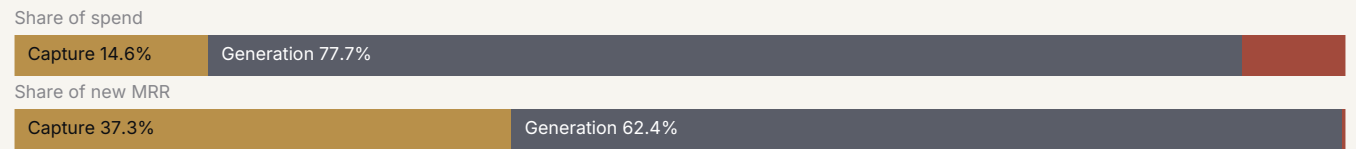
So it couldn't be judged as awareness — no reach, brand-lift or branded-search-lift data existed — and it failed completely as the conversion campaign it was configured to be: 1.3% lead-to-SQL, one customer, a CAC that pays back in four and a half years. Two incompatible identities, zero measurable ones.

Upper-funnel assist effects — feeding branded search, filling the retargeting pool that produces the account's best CAC — are real in principle and unmeasured in this data. The honest move is not to guess their size but to measure it: branded-search volume against flight dates, and a geo-holdout if the effect looks material. Until then, the campaign either runs as actual awareness with awareness KPIs, or it doesn't run.

03 — WHAT GROWTH ACTUALLY COSTS

Capture is cheap and cannot scale. Generation is the job.

One structural lens ties the three distortions together: split spend by the job it does. Capture harvests demand that already exists. Generation creates it. Only generation can triple revenue.



Bucket	Spend	% of spend	Won	New MRR	% of MRR	CAC	Payback (mo)
Demand capture	€30,130	14.6%	52.7	€41,347	37.3%	€572	0.7
Demand generation	€160,770	77.7%	79.3	€69,073	62.4%	€2,027	2.3
Awareness (misconfigured)	€16,100	7.8%	1.0	€300	0.3%	€16,100	53.7

Demand capture: Brand Search, retargeting and PMax's branded share. Demand generation: everything creating new demand. Awareness: the misconfigured TikTok campaign, shown as diagnosed, not as a forecast.

Capture ran at a sub-month payback, and it cannot be scaled: you cannot buy more people searching your brand. Generation was 78% of spend and ran at roughly three and a half times the CAC. **That is the true price of new growth, and the number a paid role exists to improve.** A dependency worth naming: retargeting harvests a pool filled by upper-funnel traffic. Cut all top-of-funnel spend and the pool shrinks with it.

Budget follows evidence; it does not front-run it

Component	Current / qtr	Proposed	Rationale
Brand Search	€13,800	€13,800	Protect brand impression share and absorb demand released by PMax exclusions. Capped by search volume, not ambition.
Non-brand payroll	€43,700	€43,700	Best generation economics in the account. Frozen while its test runs; scaled in +30% steps afterwards, watching marginal CAC.
Non-brand consultant	€25,300	€6,900	LTV:CAC below the 3× line. Residual budget tests routing this traffic to a partner motion instead of the SMB funnel.
First Hire guide	€51,750	€51,750	Attracts companies at their very first hire, below the value threshold. Frozen: it hosts the first experiment.
Retargeting	€9,200	€11,500	Best CAC, but it scales with its pool, not its budget. Modest increase only.
LinkedIn 10–49	€10,350	€18,400	The hidden winner. Near-doubled; ICP-aligned.
LinkedIn 50–199	€8,050	€6,900	Under observation — five SQLs is too small a sample to kill or scale.
LinkedIn 200+	€17,250	€0	Zero customers, one SQL, off-ICP. The only unambiguous shutdown.
TikTok awareness	€16,100	€6,900	Reduced and reconfigured as actual awareness, with awareness KPIs — or paused.
Performance Max	€11,500	€11,500	Flat budget, changed composition: brand exclusions, 4–6 weeks of clean data, then a pre-declared decision.
Allocated	€207,000	€171,350	
Validation reserve		€35,650	Held on pre-declared triggers: PMax's post-exclusion verdict, the first experiment's outcome, marginal CAC on scaled search.

Reallocating the full budget immediately would assume the winners' unit economics hold linearly at any scale — the exact assumption this analysis dismantles. At current unit economics, valuing PMax incrementally, the day-one allocation projects roughly today's new MRR on 17.2% less immediate spend, before the reserve deploys. Linear extrapolation is an upper bound: marginal CAC rises with scale, retargeting scales with its pool rather than its budget, and every projection inherits the optimisation-event bias the first experiment exists to fix.

Fix what the algorithms optimise for

A whole family of the account's problems traces back to one configuration choice: every platform optimised on raw form submissions.

No platform ships an "MQL" or "SQL" event; you define these yourself and send them from your own systems. When a form is submitted, the pixel fires the standard lead event with a matching identifier — click IDs plus hashed email. The lead enters the CRM carrying that identifier, and every later stage change can be sent back to the platform as a custom event tied to it. Feed the loop consistently and delivery shifts toward users who resemble the ones that *qualify*, not the ones that fill forms.

Which stage feeds which platform is dictated by volume and latency. An MQL can be produced minutes after submission — dedupe, validation, competitor blacklist, firmographic enrichment from the company name the form already collects. An SQL takes days of sales work: excellent for measuring, usually too slow and sparse for optimising. On Meta the loop is a productised feature (CRM conversions API and the conversion-leads goal); on Google, enhanced conversions for leads pointed at the SQL stage, the bridge to value-based bidding; on LinkedIn the lever is targeting, not the event, because volume can't feed bidding; on TikTok, reconfigured as awareness, no conversion event at all.

Hypothesis	Feeding lead-stage data back to Meta and switching to the conversion-leads goal raises CPL but cuts cost per SQL by at least 20% — anchored to Meta's own published A/B benchmark, not a guess.
Where	The lead-magnet campaign: largest volume, worst quality gap (7.5% lead-to-SQL), and a form that already collects everything needed for enrichment and MQL validation. The MQL definition is tuned to land inside the platform's required 1–40% conversion band.
Design	Two cells over six weeks from the campaign's residual budget. Control: standard leads goal, as today. Treatment: CRM lead-stage events via the conversions API, campaign on the conversion-leads goal. The switch restarts learning, which the six-week window accounts for.
Primary metric	Cost per SQL. Guardrails: weekly MQL event volume above the learning threshold; downstream CAC as the honest long-window check.
Decision rule	Pre-declared. ≥20% improvement: roll the qualified-event architecture out — Google next, then LinkedIn's measurement layer. 5–20%: iterate on the MQL definition. Under 5%: the bottleneck is elsewhere — offer or landing — investigate before spending more.

Not the only lever on lead quality — form friction, funnel architecture and post-lead validation all move the same metric — but the first to test: it is the only one that applies account-wide, it is containable in a single cell, and it compounds with the others instead of competing with them. Every later experiment optimises within the system; this one re-points it.

06 — THE FIRST QUARTER, SEQUENCED

Actions on evidence now, tests on hypotheses, reserve on verdicts

Weeks 1–2	Brand exclusions on PMax. LinkedIn 200+ off. Budgets moved to the proposed levels. TikTok reduced and relaunched as actual awareness, or paused. Build of the MQL validation layer starts.	No gate — all supported by existing data.
Weeks 2–8	Two independent tests in parallel: clean PMax re-measurement post-exclusions, and the two-cell experiment on the lead-magnet campaign once the CRM integration passes verification.	Parallelism is safe: different platforms, different campaigns.
Weeks 8–12	Verdicts move the reserve: PMax scaled, kept or cut against its thresholds; the qualified-event architecture rolled out to Google or iterated; the next step on scaled search if marginal CAC held on the first.	Phase-1 results only.
Next quarter	Second-order levers, only if the data justifies them: upper-funnel architecture if the measured branded-search lift warrants it; routing labour-consultant traffic to a partner motion instead of the SMB funnel.	Earned, not scheduled.

THE NUMBERS

€207,000

quarterly paid spend,
eight campaigns, four
platforms

2.6×

PMax incremental CAC
vs. reported,
conservative case

48.4%

of LinkedIn spend on a
segment with zero
customers

3.5×

cost of a generated
customer vs. a captured
one

€35,650

held in reserve, released
only on pre-declared
verdicts

What I would ask for on day one

MQL tracking — the brief defined MQLs, but no MQL column existed, so the validation layer likely wasn't instrumented.
Retention and margin by cohort — to replace the LTV assumptions with observed numbers, which may re-rank the borderline campaigns. A branded-search volume time series — to settle the awareness question with evidence instead of opinion.

THE THREAD

Misallocated budget, a misconfigured campaign, an incoherent channel and a signal-quality problem — four different problems, one shared property: every one of them either looked fine or stayed hidden on the numbers the account was managed on.

Reported performance is accounting. Incremental performance is causality. A CAC without a counterfactual is a number with a decimal point. The work isn't choosing which campaign to scale; it's building the instruments that make that choice a decision rather than a guess — and refusing to move budget until they do.

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