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# Digital Marketing: Developing a Customer Acquisition Strategy for a B2C Start-up Company

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<p>The internet has brought many changes to the world of business, including changes to marketing. While the core of marketing has remained the same, digital technology has provided new tools and ways to improve the efficiency of marketing techniques. The constant development and improvement in the digital technology keeps marketers on their toes, focusing on how to best utilize what is out there to make sure that company explores every avenue to achieve online success or even dominance.</p> <p>Finding a market and customers for the product or service that the start-up is developing or selling, is the most critical part of the business. Start-ups do not have stores, so to present and sell their product or services they rely on the internet. To be visible online, companies need to have a website that can deliver informational and exciting content, visually and/or textually.</p> <p>The purpose of this paper is to identify an appropriate customer acquisition strategy for Start-ups. To identify an appropriate strategy, this paper will explore different digital marketing tools and platforms that are available.</p>	
Keywords	Digital Marketing, Customer Acquisition, Search Engine Optimization,

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## Glossary

API	Application programming interface
CAC	Customer acquisition cost
CLTV	Customer lifetime value
CPC	Cost per click
DM	Digital marketing
PPC	Pay-per-click
Prospect	A person regarded as likely to succeed or as a potential customer, client, etc.
PSM	Paid search marketing
SEO	Search engine optimization
SEM	Search engine marketing
SERP	Search engine result page
SMM	Social media marketing
USP	Unique selling point
UVP	Unique value proposition
WOM	Word-of-mouth

## 1 Introduction

The internet has brought many changes to the world of business, including changes to marketing. While the core of marketing has remained the same, digital technology has provided new tools and ways to improve the efficiency of marketing techniques. The constant development and improvement in the digital technology keeps marketers on their toes, focusing on how to best utilize what is out there to make sure that company explores every avenue to achieve online success or even dominance.

It is important for companies to develop an online presence. According to Worldometer the world population as of beginning of March 2020 was 7.76 billion people (Worldometer, 2020) with 4.54 billion being active internet users (Clement, 2020). The pool of potential customers is great. This thesis will display that acquiring customers is not easy, especially for small companies or start-ups, which have limited budgets.

According to Eric Ries, who is the creator of Lean Start-up Methodology,

“A start-up is a human institution designed to create a new product or service under conditions of extreme uncertainty” (McGowan, 2018)

In the very beginning, start-ups are very small, with one to three employees and are essentially the embodiment of the owner’s dreams and visions. Where a start-up differs from small businesses is that they focus on growth, whereas small businesses remain small businesses.

Finance is essential when it comes to running a business. Initially most start-ups are financed by the founder’s personal funds or bank loans. Finance is also one of the biggest reasons why majority of start-ups fail, along with no market needed for the developing idea, pricing and cost issues, and poor marketing.

Finding a market and customers for the product or service that the start-up is developing or selling, is the most critical part of the business. Start-ups do not have stores, so to present and sell their product or services they rely on the internet. To be visible online, companies need to have a website that can deliver informational and exciting content, visually and textually.

## 1.1 Objectives

When the author began writing this paper, the COVID-19 started to spread globally. As country after country started initiating lockdowns and closing all retail and hospitality businesses, customers turned towards internet and online shopping. In May 2020 Research and Markets released a report E-commerce Global Market Report 2020-30: COVID-19 Implications and Growth. Its finding indicates significant increase in e-commerce. It is expected that by the end of 2020 global e-commerce market will grow to \$2,405.0 billion, from \$1,808.5 billion in 2019 (N/D, 2020). They note that significant growth was in the demand of food, medicine, hand sanitizers, disinfectants, etc.

Initially, once the pandemic was declared, there had been a lack of personal protection equipment (PPE). Demand greatly surpassed supply, therefore many companies began production to fill in the lack of supply for various PPE, hand sanitisers, and disinfectants. Author noticed that there had been increased Kickstarter campaigns to fund start-ups offering innovative PPE.

While PPE is in great demand and will be for the foreseeable future, companies and start-ups still need to rely on customer to buy what they offer. It is understandable that research and development of a product or service take precedence, it is also essential that marketing processes remain as important and having a customer acquisition strategy in place can be vital.

The purpose of this paper is to identify appropriate customer acquisition strategies for Start-ups. To identify an appropriate strategy, this paper will explore different digital marketing tools and platforms that are available. To identify and formulate an appropriate strategy we will look into best practices for customer acquisition used by market leaders and marketing experts. The author will also draw from the experience that she got from six-month internship with a start-up, whose core product was indoor hydroponic garden. One of the tasks that author performed was customer acquisition.

The general objective for this thesis is to address the main question: What are the best customer acquisition strategies for a start-up.

The thesis will also address the following questions:

- What are the benefits of digital marketing?
- What are the tools of digital marketing and how to best use them?

The outcome of this research is to provide valuable digital customer acquisition strategies for an emerging start-up and to find what are the dos and don'ts when acquiring customers.

## 2 Theory

It is understandable that many people think of marketing as just promotion and selling, mainly because that is the part of marketing that they are subjected to. To understand what marketing is, we must look beyond what is seen by consumers.

### 2.1 Marketing

There are many definitions of what marketing is. Peter Drucker, who is viewed as a guru of modern business, defines marketing as follows:

The aim of marketing is to make selling superfluous. The aim is to know and to understand the customer so well that the product or service fits him/her and sells itself. (Dibb & Simkin, 2001, p. 191)

Dibb and Simkin argue that Peter Drucker's view on marketing is that if companies researched the market and its customers they could achieve the level of understanding between product and customer that they would not need to hard sell the product (Dibb & Simkin, 2001).

While Peter Drucker's aim is to make product sell itself, the UK's Chartered Institute of Marketing (CIM) sees marketing as,

The management process responsible for identifying, anticipating and satisfying customer requirements profitably. (Dibb & Simkin, 2001, p. 191)



Dibb and Simkin argue that this definition takes a step further, by adding profitability. Their claim is that this is true for all companies, including not-for-profit organizations, since even those seek to create a surplus of revenue. (Dibb & Simkin, 2001).

Another definition about marketing which comes from the American Marketing Association, and text from the *Marketing: concepts and strategies* book by Sally Dibb, Lyndon Pride, William M. Pride and O.O. Ferrell (Dibb, et al., 2005) defines marketing as consisting

... of individual and organisational activities that facilitate and expedite satisfying exchange relationship in a dynamic environment through the creation, servicing, distribution, promotion and pricing of goods, services and ideas. (Dibb & Simkin, 2001, p. 192)

Dibb and Simkin argue that marketing is dynamic and that what may affect a company one week, may not be relevant in a few weeks or months. Customers change their minds, competitors change their marketing activities, changes in political, economic, social and technological forces that influence the company, and market trends all contribute to the dynamic. This definition also introduces two concepts. One is elements of the marketing mix (see Figure 2 below), and the other is that marketing is applicable not only to products but also services and ideas (Dibb & Simkin, 2001).

All three definitions touch on a variety of aspects of marketing which shows that marketing is open to many interpretations and views. One thing is clear: marketing is about understanding customers, their needs, wants, and beliefs, adjusting the marketing mix to satisfy customers, to provide competitive advantage, and acceptable financial returns (Dibb & Simkin, 2001).

Understanding the customer's needs, wants and beliefs is one of the most important things marketers need to know in order to capture value from the customer and to build a strong customer relationship. (Kotler, et al., 2013)

A lot of research and data analysis has to be done to understand customers' needs, wants and demands. Marketers can use primary data, secondary data or both when gathering the information needed. Secondary data is information that is already collected and already exists. Usually that information was collected for some other reason (Kotler,

et al., 2013). Primary data on other hand is information that is collected for a specific reason. While secondary data is a starting point for many marketers, collecting primary data is sometimes necessity (Kotler, et al., 2013). Marketers can collect information with observational research, survey research, and experimental research. This can be done by mail, telephone, personal interviewing, and online marketing research with questionnaires and mechanical instruments (Kotler, et al., 2013).

Though as crucial as that knowledge is for companies, there are other factors that must be considered, such as what other offerings are on the market, how satisfied are customers with these and how much they value them, what makes customers establish exchange relationships, and of course who are the actual or potential buyers on the market. (Kotler, et al., 2013)

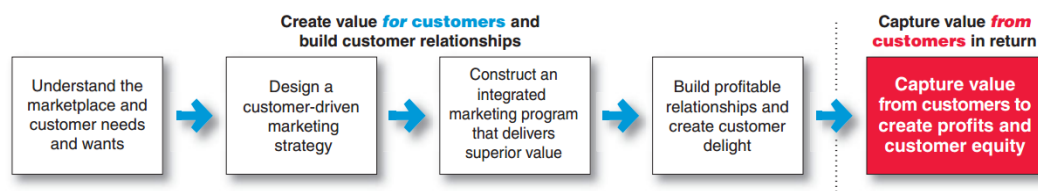


Figure 1. A simple model of the marketing process (Kotler, et al., 2013)

One of the tools that marketers use in the marketing process is the marketing mix. It is used to identify which product or service would be appropriate for particular customer. The marketing mix, also known as the 4-Ps, consists of product, price, placement, and promotion. To meet a company's marketing objectives, by delivering value to consumers, all elements of the marketing mix should be well blended into an integrated marketing programme, which is designed to achieve company's marketing objectives. (Kotler, et al., 2013)

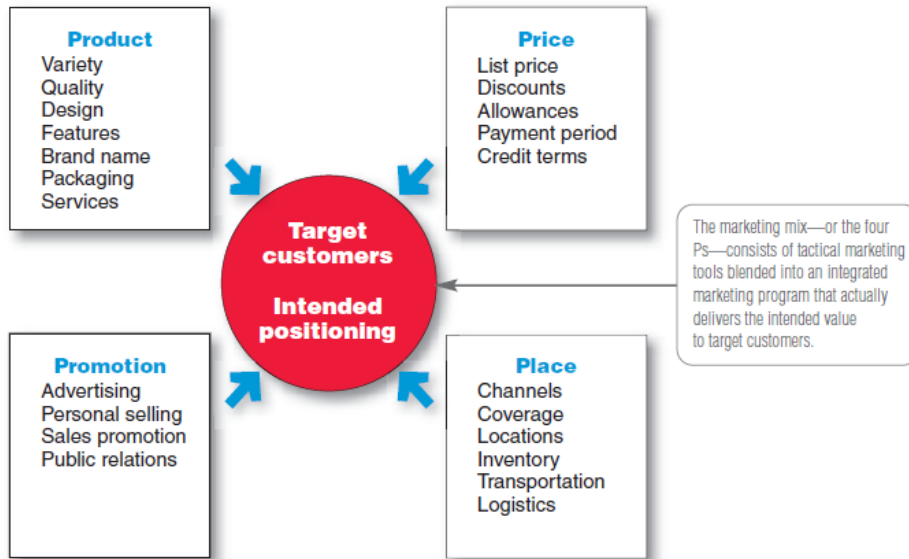


Figure 2. The 4Ps of Marketing mix (Kotler, et al., 2013)

There is some criticism regarding the 4-Ps approach to the marketing mix. The argument is that 4-Ps do not take into account people, processes and physical evidence, and that it omits services. In services people are often the service itself, the process is how the service is delivered, and the physical evidence is often critical to how successful the service is. (Jobber, 2010)

The argument regarding the marketing mix also is that for all intents and purposes it's viewed from the seller's point of view of the market. Kotler et al. argue that if we really are talking about customer value and relationship, perhaps the marketing mix should have 4-Cs. The suggestion is that instead of a product, we talk about customer solution, instead of price we talk about customer cost, instead of place we talk about convenience, and instead of promotion, we should talk about communication. They argue that instead of starting with 4-Ps, marketers should start with 4-Cs. (Kotler, et al., 2013)

As important as it is to define and understand customers' needs, wants and beliefs, and to develop the marketing mix, it is crucial to also understand the marketing environment. Macro and micro forces can directly or indirectly influence company's inputs and outputs.

Kotler et al. list actors in the microenvironment as follows: the company, suppliers, marketing intermediaries, competitors, publics, and customers (Kotler, et al., 2013). Dibb and Simkin list actors in the microenvironment as follows: internal issues, buyer power, threat of substitutes, intermediaries, supplier power, and threat of new entrants (Dibb & Simkin, 2001). While they are slightly different, both, Kotler et al. and Dibb and Simkin agree that micro forces are, while still outside company's direct control, impacting the company more specifically.

Macro forces affect all companies and customers in a particular market. Kotler et al. lists the following macroenvironment forces: demographic, economic, natural, technological, political, and cultural (Kotler, et al., 2013). Dibb and Simkin lists these as: political, economic, technological, regulatory, social, and legal (Dibb & Simkin, 2001). It is evident that Kotler et al, put emphasis on demographic and cultural aspects of the macroenvironment and even separate these, whereas Dibb and Simkin group them under social actors. Even so, both state that the macroenvironment influences the microenvironment and that companies do not have control over the actors of the macroenvironment.

By studying a company's marketing environment and keeping an eye on what is happening in it, marketers can adapt to changes, and change their strategies to meet challenges and opportunities (Kotler, et al., 2013).

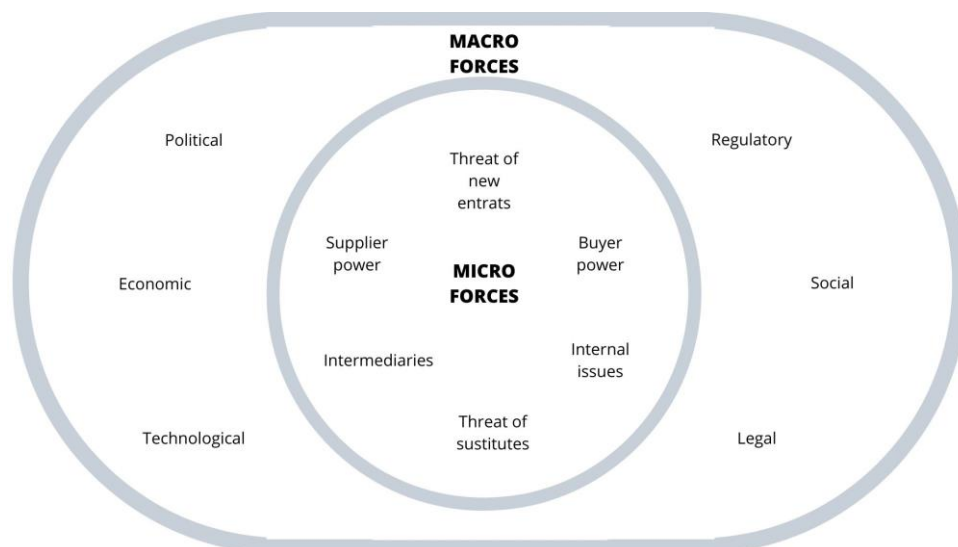


Figure 3. Macro and Micro Forces of the Marketing Environment (Dibb & Simkin, 2001)

## 2.2 Digital Marketing

We established what marketing is in the previous section. In this section, we will learn what digital marketing (DM) is and its benefits.

Chaffey and Ellis-Chadwick define DM as,

Achieving marketing objectives through applying digital media, data and technology. (Chaffey & Ellis-Chadwick, 2019, p. 9)

In *Digital Marketing Excellence*, Chaffey and Smith define DM as marketing that is being conducted online, either via web sites, online ads, emails, mobile application, social media platforms or any other online platform (Chaffey & Smith, 2017). Citing CIM, Chaffey and Ellis-Chadwick, argue that when it comes to identifying, anticipating and satisfying customers' requirements, DM can be used to support these aims by using the internet to conduct marketing research to find out what customers' wants, needs, and beliefs are. With a presence on the internet, the company can provide an additional channel by which consumers can access information or make purchases. One of the benefits of digital marketing is achieving customer satisfaction with customer service (Chaffey & Ellis-Chadwick, 2019).

Essentially, when it comes to DM, it involves getting closer to customers and to understand them and maintain a dialog with them.

Web 2.0 enabled different kinds of collaborations or business models. To understand why that is, we need to understand what web 2.0 is. As second generation of the World Wide Web, Web 2.0 is essentially a collection of web services that makes it possible for people to collaborate and share information. Key characteristics of web 2.0 are that the web-based application can be accessed from anywhere, data can be shared, value is in the content, and contribution is encouraged (Wolcott, 2008).

Perhaps the biggest difference between traditional marketing and DM is when it comes to business models. While in traditional marketing, the collaborations were business-to-consumer (B2C) and business-to-business (B2B), the internet enables two more collaborations when it comes to DM. One is Customer-to-customer (C2C) where

customers can trade with each other in form of auctions (one of the more popular platforms is ebay.com) or classified advertisements (one of the more popular platforms is craigslist.com), and the other is customer-to-business (C2B) where customers are the ones who initiate collaboration with companies. (Chaffey & Ellis-Chadwick, 2019)

We've touched the marketing mix in the previous chapter. The 4-Ps model is more widely known and talked about, though as mentioned, it comes with controversy. There is an argument, whether or not the traditional marketing mix is perhaps outdated. Some marketers think that the traditional marketing mix should be completely discarded, while some think that there are aspects of it that are still valuable. Whether the arguments have any merits or not, it is still to be decided. The fact is that the internet has introduced new elements that affect the marketing mix (Chaffey & Smith, 2017).

The digital marketing mix is changing as products become services, services become customer-driven, and customers create communities that extend the brand into new online experiences. It's a new type of mix. While "people", or staff, used to do all the customer services, now there are "new people" (customers), who help each other in creating new customer experience. The "new people" are customers who help to generate new products, new promotional materials (including advertisements, review and ratings) and new customer service such as "ask and answer services" (Chaffey & Smith, 2017, p. 52).

Digital marketing expands the traditional marketing from four Ps to seven Ps and per Chaffey and Smith to eight Ps elements of marketing mix: product, price, placement and promotion, people, physical evidence, processes, and partnership. The nature of the internet and the prospect of it has opened a new type of product that can merge several elements of marketing mix. For example, apps and widgets combine product, promotion and place since they are most commonly and easily used on mobile phones (Chaffey & Smith, 2017).

### 2.3 Customer acquisition theory

As established in previous chapters, marketing is about understanding customers, their needs, wants, and beliefs. To achieve this, companies must form relationships with customers, which is part of customer relationship management (CRM). The relationship between the company and the customer are a series of interactions between them which

are essential for increasing the customer base. These interactions can be throughout customer's lifecycle, which is a representation of what customers experience. According to Buttle and Makla, the customer lifecycle is comprised of three core stages: customer acquisition, customer retention, and customer development (Buttle & Makla, 2009).

Customers are assets for companies which need to be acquired. Although there are many types of customers, when it comes to customer acquisition a company can acquire only two types of customers: new-to-category or new-to-company. New-to-category customers are usually customers who have new need and who have found new category of existing needs. New-to-company customers are the customer won from competitors. These customers usually exist in mature markets, who switch if they find better solution for their problem or need, or because they value variety (Buttle & Makla, 2009).

Customer acquisition is a set of processes to bring new customers to a company. The goal of customer acquisition strategy is to create processes and steps to create systematic and sustainable acquisition of customers that can evolve with new trends and changes. There are several customer lifecycle marketing (CLM) models.

### 2.3.1 RACE model

Developed by Smart Insights, RACE model helps create an approach to reviewing performance of online marketing and take steps to improve its effectiveness. This model is designed so that it consists of four steps: reach, act, convert, and engage (RACE). They help engage prospects and customers throughout the customer lifecycle. First step involves building awareness of a brand, a product or service. Marketers try to reach prospects and customers on other websites and in other offline media. The aim of this step is to build traffic by driving traffic to home page of the website, landing pages of the website or social media platforms. Act or interact is step where marketers engage the audience and try to persuade them to interact with them. This could mean reading blogs, finding more about company, product or service, and generating leads, meaning to gain permission to market a prospect using email, SMS or mobile app notification. In this step, marketers also encourage participation by encouraging audience to share content with others via social media or customer reviews (Chaffey, 2017) (Chaffey & Ellis-Chadwick, 2019).

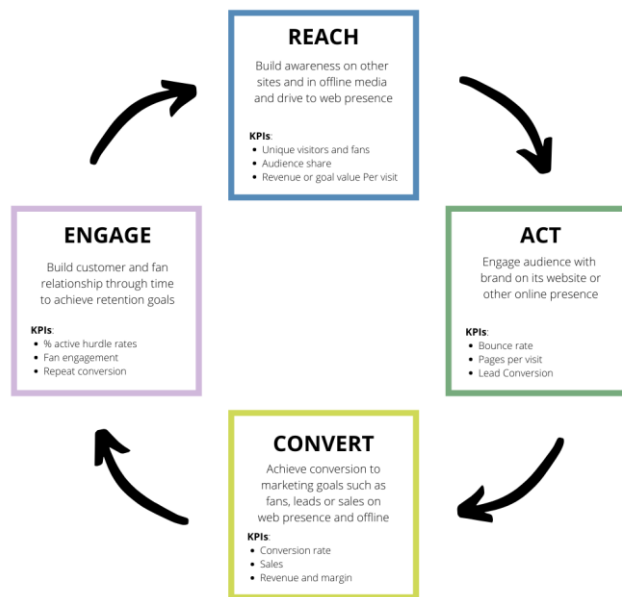


Figure 4 RACE: Reach-Act-Convert-Engage (Chaffey, 2017) (Chaffey & Ellis-Chadwick, 2019)

Third step of RACE is convert or conversion. In this step the aim is to turn the audience into paying customers. It is a vital step where payment is taken through online E-commerce transaction or offline channels. The fourth step of this circular model is engagement. The purpose is to build a long-term relationship with first-time buyers. To build customer loyalty, marketers need to engage and communicate with customers on the website, social media, email, and direct interactions for the purpose of boosting customers lifetime value (Chaffey, 2017) (Chaffey & Ellis-Chadwick, 2019).

### 2.3.2 Get, keep, and grow model

Get, keep and grow is a model designed for start-up has been featured in The Startup Owner's Manual as a customer relationship Hypothesis (Blank & Dorf, 2012). Figures 5 and 6 demonstrate the difference marketers should be aware of between the different channels.



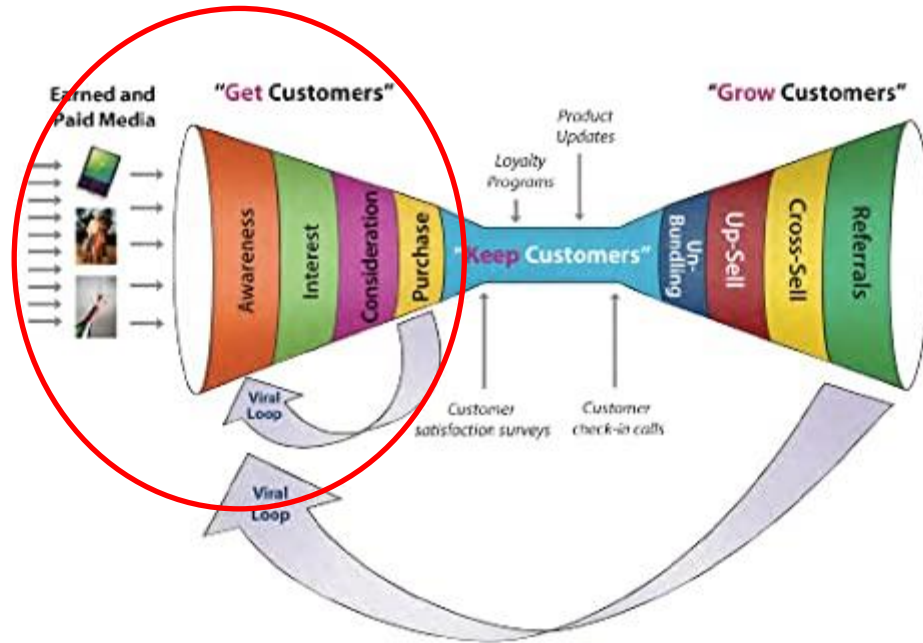


Figure 5 Get, keep and grow Funnel in Physical channels (Blank & Dorf, 2012)

Figure 5 illustrates the movement of customers from the beginning until the end of the purchasing process in the physical channel.

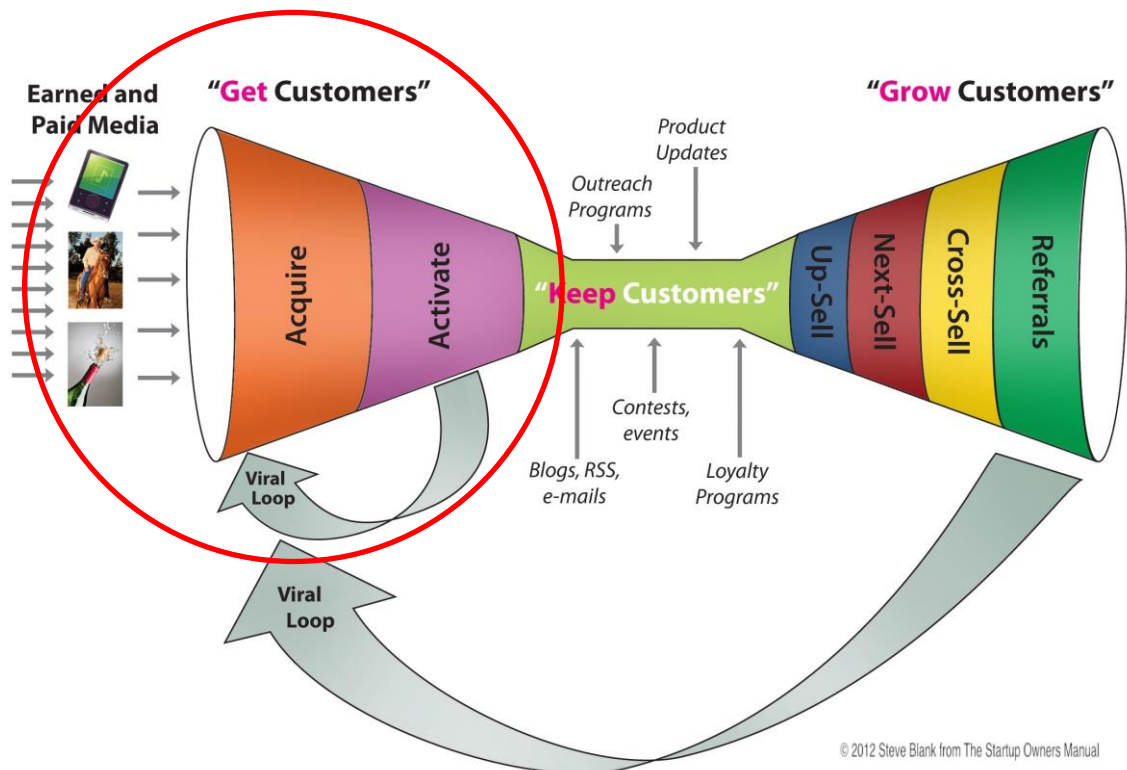


Figure 6 The Get Keep and Grow Customer Funnel in Web/mobile (Blank & Dorf, 2012)

Figure 6 illustrates the movement of customers from the beginning until the end of the purchasing process in the web/mobile channel.

As we will establish in section 2.4, people behave differently when online, therefore the marketers should adapt how they approach prospects and customers in different channels.

There are four stages when it comes to getting customers in the physical channel. In the awareness stage the marketer's aim is such that they make sure that prospect or customers know about the product or service. In the interest stage, the prospect and customer are already aware of the product or service but are no longer ignoring the message. Though at this stage prospect is yet ready to act. Marketers should continue trying to establish connection and communication to make the prospect or customer consider purchasing, which is the third stage of getting the customer. The aim of the entire process is the purchase which is last step of the getting customer or customer acquisition (Blank & Dorf, 2012).

In comparison with the physical channel, acquiring customers in the web/mobile channel only has two stages: acquire and activate. When it comes to customer acquisition in the web/mobile channel, the effort is to bring as many prospects and customers to the landing page. The purpose of this is to introduce the service and product and hopefully generate purchases or use. The more people who come to the landing page the better, since many of them just look and not buy the service or product. The second stage of the Get customer is activation. In the physical channel this would mean purchasing, but when it comes to web/mobile channel activation does not necessarily mean purchasing. It can also mean gathering data (i.e. email address) for further marketing activities with permission to do so (Blank & Dorf, 2012).

## 2.4 Digital Customer

We established in section 2.1 that marketing's aim is to understand customers' needs wants and beliefs. This is even more important when it comes to digital customers. The internet opens an organization's market beyond border and culture.

Online customers behave differently than offline customers. They often say and do things online that they would not do if they interacted face-to-face. This is so common that researchers named this phenomenon the online disinhibition effect. Researchers find that people online loosen up and feel less restraints. People are also more open online, and they share more about themselves, sometimes very personal things. On one side, we have benign disinhibition where people show unusual acts of kindness and help other. On other side, we have toxic disinhibition. People express hatred, anger, rude language and even threats (Suler, 2004).

For this reason, marketers need to watch their digital customers even more closely. The internet gives the customer the opportunity to not only talk back to the organizations but to shout back if the organization does not keep its word or does something that the customer deems not right. Social media gave customers means to express their opinion that are either positive or negative. According to Chaffey and Smith, even excellent products or services can have up to 5 percent negative reviews (Chaffey & Smith, 2017).

Not only does the internet expand the market for companies, it also opens the market for customers. If customers are not satisfied with the companies' services, they will seek and accept offers from the companies' competitors. Dissatisfied customers will express their dissatisfaction and anger through many platforms now available on internet, which can help spread the negative word-of-mouth (WOM).

WOM has been around for a long time. Information has long been passed from one person to another orally through storytelling. The difference between then and now is that we now have more sophisticated tools to work with. We can track, measure and listen to the conversations about us (Sernovitz, 2009). WOM marketing uses different approaches to WOM; buzz marketing, viral marketing, community marketing, influencer marketing, and brand blogging just to name a few. The aim of these approaches is to get people to talk about the brand, educate people about the products or services, form or support niche communities who are likely to share interests, identify opinion leaders who can influence the opinions of others, and create blogs and/or participate with other bloggers (Chaffey & Ellis-Chadwick, 2019).

### 3 Digital marketing activities

Digital marketing uses many tools to achieve the results marketers aim for. In this chapter we will go through several of the most valuable activities.

#### 3.1 Search engine marketing

Search engine marketing (SEM) is one of the most important digital marketing techniques when it comes to customer acquisition. SEM is part of digital marketing, which involves activities that affect how visible a website is in search engine result pages (SERP). Marketers use two techniques for these activities. One is paid placement or sponsored links using pay-per-click (PPC), and the other is organic placement by using search engine optimization (SEO).

According to Statcounter, the leading search engine worldwide is Google with 92,56 percent market share in October 2019, followed by Bing with 2,45 percent and Yahoo with 1,8 percent (Statcounter, 2020).

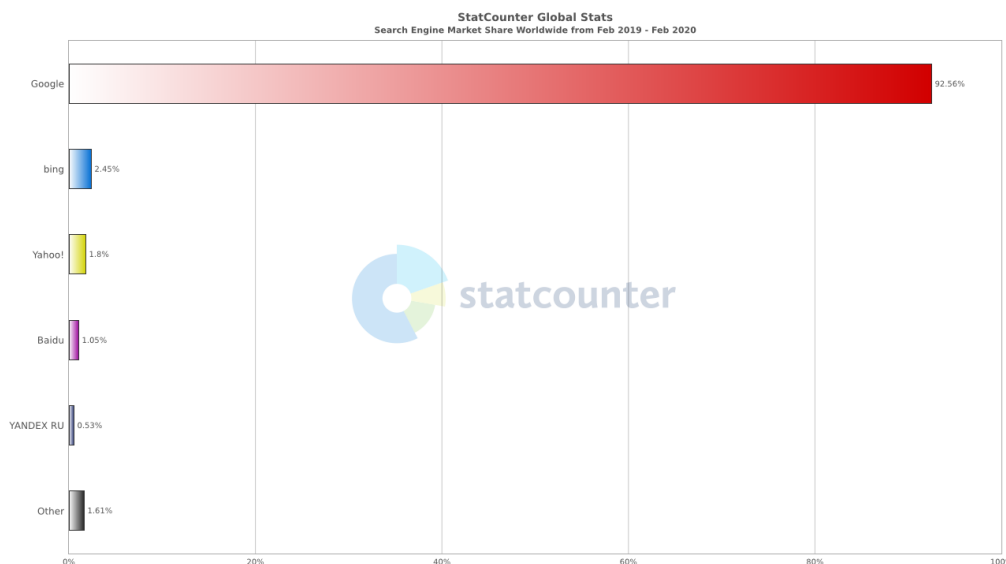


Figure 7 Search Engine Market Share Worldwide February 2019 - February 2020

With roughly 7 billion Google searches per day (Worldometer, 2020) it is likely that customers will acquire information searching on Google. Nevertheless, it is prudent for

companies to not ignore other search engines when conducting digital marketing activities.

### 3.1.1 Search engine optimization

Organic search results are unpaid and are a result of a combination of keywords or key phrases that have been typed into search engine. When it comes to Google and Bing, organic search results are listed below the top paid results on SERP, as shown in figure 8 below. The position of organic search is dependent on logarithms used by search engines (Chaffey & Smith, 2017).

smart garden - Google-haku

google.com/search?ei=j9uGXtSdMB4qwHu-40YDQ&q=smart+garden&oq=smart+garden&gs\_lcp=CgZwc3kyYWQzIjECAAQZzICCAAYAggAMgIADICCAAYAggAMgIADzI...

Google smart garden

Noin 1 290 000 000 tulosta (0,65 sekuntia)

Vihje: Etsi tuloksia vain suomeksi. Voit määrittää hakukielen täällä: Asetukset.

Tietosuojamuistutus Googlelta  
MUISTUTA MYÖHEMMIN LUE

Mainos - www.clickandgrow.com/ -  
**Click & Grow Smart Garden | Grow plants 365 days a year**  
Automatic watering, light and nutrients. Indoor gardens for every growing need. Get yours!  
Enjoy fresh herbs, vegetables and flowers grown in your own indoor garden all year round.  
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Grow tomatoes, strawberries and many more all year round.

Garden does all the work  
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Klarstein Growit Farm Smart -... 166,99 € klarstein.fi Sivustolta Google	Kastelusargi naukkulle Gardena... 539,99 € netrouta.fi Sivustolta Google	Plantui Smart Garden 6, harmaa 265,00 € FinnishDesignS... Sivustolta Google
Click & Grow Smart Garden 3 Start Ki... 92,90 € iPhonelalo Sivustolta Vertaa.fi	Plantui 3e Smart Garden -... 149,00 € Stockmann Sivustolta Google	Click and Grow Smart Garden 3... 96,90 € Proshop.fi Sivustolta Comlyn

Figure 8 Google Search engine result page (SERP) – indicating organic search results.

The benefit of the organic search is that it is essentially free. It is also one of the preferable searches for the obvious reason that we do not need to pay when someone clicks on it. When it comes to Google search engine there is another benefit of organic search, which is that it is not constrained by languages and location (GoogleAds, 2020).

SEO is used to optimize online content so that when certain keywords are being typed into search engine, SERP displays the result as a top result. The aim of SEO to get the search result as high as possible, especially since the first five organic results account to 67 percent of clicks (Sarcona, 2019).

When it comes to SEO, there are two main techniques: on-page optimization and off-page optimization. Both techniques will be described in more details in next subsections.

### 3.1.1.1 On-page Optimization

On-page optimization refers to optimization of the website. There are several important things that need to be considered when it comes to website: content, keywords and meta-data.

Content of the website refers to the design, text (copy), images and graphical information that forms a web page. Before creating copy, it is important to do a keyword research and to include keywords into the copy as much as possible. Because search engines check that the keyword is not overcrowding the text, it is recommended that the keyword appears two to five percent of the time (Rognerud, 2014) otherwise the search engine will consider it keyword stuffing, and not list the page on SERP (Chaffey & Ellis-Chadwick, 2019).

Keywords or keyword phrases are combination of words that user type into search engine. Keyword analysis is highly advised by many experts mainly because the right keyword or even keyword phrase will direct the right people to visit the website. Of course, this depends whether we aim for traffic or conversion. More generic keywords will generate more traffic but will most likely generate less conversions (Rognerud, 2014).

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Figure 9 Search engine result page highlighting keywords and keyword phrase

Meta-data describes the other data or information. Use of it is important, since it contains description of pages content as well as the keywords used and linked to content. It displays relevant information on SERP so that users can see the result of their query and display information they need in order to click on the result (Chaffey & Ellis-Chadwick, 2019). There are three most important meta-data types as shown in Figure 10.

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3

Figure 10 Three meta-data tags: 1. meta title, 2. meta description, and 3 meta keyword

Meta title tag is the most important of the three. Search engines put a significant importance to the keyword in the title of the page. Title of the document or the page is the first piece of information that users can see, therefore it is important for it to contain keyword (Chaffey & Ellis-Chadwick, 2019). Figure 10 displays the use of the meta title and keywords used in it.

Meta description in general does not help the ranking on SERP. Keyword rich description shows information that users look for and if it is done properly can help with click-through ratio. Meaning that the ratio between how many times link is displayed and how many times users click on it is significantly higher than poorly done meta description (Rognerud, 2014). Figure 10 displays the short description and offers information pertaining to the link.

Meta keywords summarise the content of a document based on keywords. Though they are not important when it comes to ranking, they still provide key information about the query (Chaffey & Ellis-Chadwick, 2019). They are displayed bold in the meta description as shown in Figure 10.

#### 3.1.1.2 Off-Page optimization

On-page optimization includes all the activities on the website, while off-page optimization includes activities that happen outside of the website for the purpose of raising the ranking of the website with search engine.

Part of the off-page optimization is link building. There are three categories of links according to Harold Davis: Inbound, outbound, and cross links (Davis, 2006).

*Inbound links* link back to the website from somewhere else on the internet. The more links that point back to the company's own website, that point from good-quality sites, the better the ranking on search engines. The good thing about the inbound link is, that you can determine whether you provide good content on that page. A good value site would, most likely, only use links from a site that provides good and valuable content (Davis, 2006).



*Outbound links* point a page on the company's own website to somewhere else on the internet. The downside of this is that every time we post a link to other websites, the visitor could leave our website. Davis recommends to not have more than ten or fifteen outbound links per page (Davis, 2006). Though the author of this thesis would argue that a page should not have more than five outbound links.

*Cross links* point from one page to others within the website. These are important to provide visitors a way of finding useful information and content relevant to their visit and to keep them on the website for as long as possible (Davis, 2006).

While outbound and cross links are part of on-page optimization the inbound links are part of off-page optimization. For a successful off-page optimization Chaffey and Smith recommend to identify and create popular content and service, and to identify potential partner sites that will link the company's page on their websites (Chaffey & Smith, 2017).

### 3.1.2 Paid search marketing

Paid search marketing (PSM), also known as pay-per-click (PPC), includes all kinds of paid-for ads such as banner ads, search ads, promoted post etc. The display advertising is accompanied with relevant text and a link that is displayed once someone types a specific phrase or keyword in search engine. When it comes to the Google SERP, PPC ads are usually labelled as sponsored links and appear above organic search results on SERP as shown in figure 11 (Chaffey & Smith, 2017).

In 2019 the two largest global ad sellers on internet were Google Ads and Facebook, with revenues of \$103,73 billion and \$67,37 billion respectively. Although in the USA, Amazon is gaining some of the digital ad platform, globally it is still behind Alibaba (Enberg, 2019).

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Figure 11 Google Search engine result page (SERP) – Indicating paid search results

There are two characteristics when it comes to PPC and are significantly different from conventional advertising: advertisers only pay when user clicks on the link, and it is highly targeted, meaning, the ads will only appear when the corresponding keyword or keyword phrase is used (Chaffey & Smith, 2017).

A misconception regarding PPC is that the ranking of the placement on SERP is only based on highest cost-per-click (CPC) bid for keyword phrases. Search engines considers also the quality of the listing, known as quality score with components such as quality of landing page, relevance of the search, geographical performance, performance of the targeted devices, expected click-through rate of the ad, and display and clicks of the ad (Chaffey & Smith, 2017).

### 3.2 Content marketing

Today content is considered as any word, image or pixels that form a web page that encourages interaction (Chaffey & Smith, 2017) (Pulizzi, 2014). Created content should work directly to attract new customers or retain existing, with the help of content marketing.

There are numerous definitions of content marketing. Joe Pulizzi, who is one of the founders of the Content Marketing Institute defines content marketing as:

Content marketing is the marketing and business process for creating and distributing valuable and compelling content to attract, acquire and engage a clearly defined and understood target audience-with the objective of driving profitable customer action (Pulizzi, 2014)

Content creating and implementation poses challenges, since there are many forms of content (web page, video, image, podcast, infographic, e-books, user-generated content, etc.) that can be delivered in different forms, and different places. The challenge is also that the content can be distributed on different platforms, and places great importance to engage customers, especially on social media (Chaffey & Smith, 2017).

According to Chaffey and Smith (Chaffey & Smith, 2017), there are five elements that need to be planned and managed when it comes to content:

*Content engagement value* - before creating any content, marketers need to understand who the targeted audience is and what kind of content they need (product or service information, guide, instructions, etc.)

*Content media* – depending on what the content is and what kind of form it is: plain text (i.e. HTML text, e-book, PDF), rich media (Flash, interactive elements in ads), audio, hosted or streamed video.

*Content syndication* – content can be hosted on partners' sites via feed and application programming interface (API). Content can also be embedded on site through widgets, which display information delivered by feed.

*Content participation* – good and effective content should enable participation from the audience. Comments, ratings, and reviews, which can be found not only on original location but elsewhere, should be monitored and managed.

*Content access platforms* – when creating content marketers need to take into consideration the different platforms the content will be accessed. When talking about digital content, desktops, laptops, tablets, mobile phones have all different resolutions, therefore the content should be modified accordingly.

Part of content marketing is content strategy, which defines what kind of content needs to be developed to engage a targeted audience throughout the customer lifecycle. Chaffey and Ellis-Chadwick believe that content marketing should be at the heart of digital marketing. This is because content fuels main digital marketing channels for communication (Chaffey & Ellis-Chadwick, 2019).

### 3.3 Social media marketing

To understand what social media marketing is, we must first define what social media is. The Chartered Institute of Public Relations described social media as follows:

Social media is a term commonly given to Internet and mobile-based channels and tools that allow users to interact with each other and share opinions and content. As the name implies, social media involves the building of communities or networks and encouraging participation and engagement. (Chaffey & Smith, 2017, p. 225)

Jonathan A. Obar proposes that there is a challenge regarding what social media is, and identifies what the commonalities among the current social media services are:

1. Social media services are Web 2.0 internet-based applications
2. User-generated content is the lifeblood of social media
3. Individuals and groups create user-specific profiles for a site or app designed and maintained by a social media service
4. Social media services facilitate the development of social networks online by connecting a profile with those of other individuals and/or groups (Obar, 2015, pp. 2-3)

Some of the most popular social media platforms worldwide as of April 2020 are Facebook, YouTube, WhatsApp, Instagram, Tik Tok, etc as shown in Figure 12.

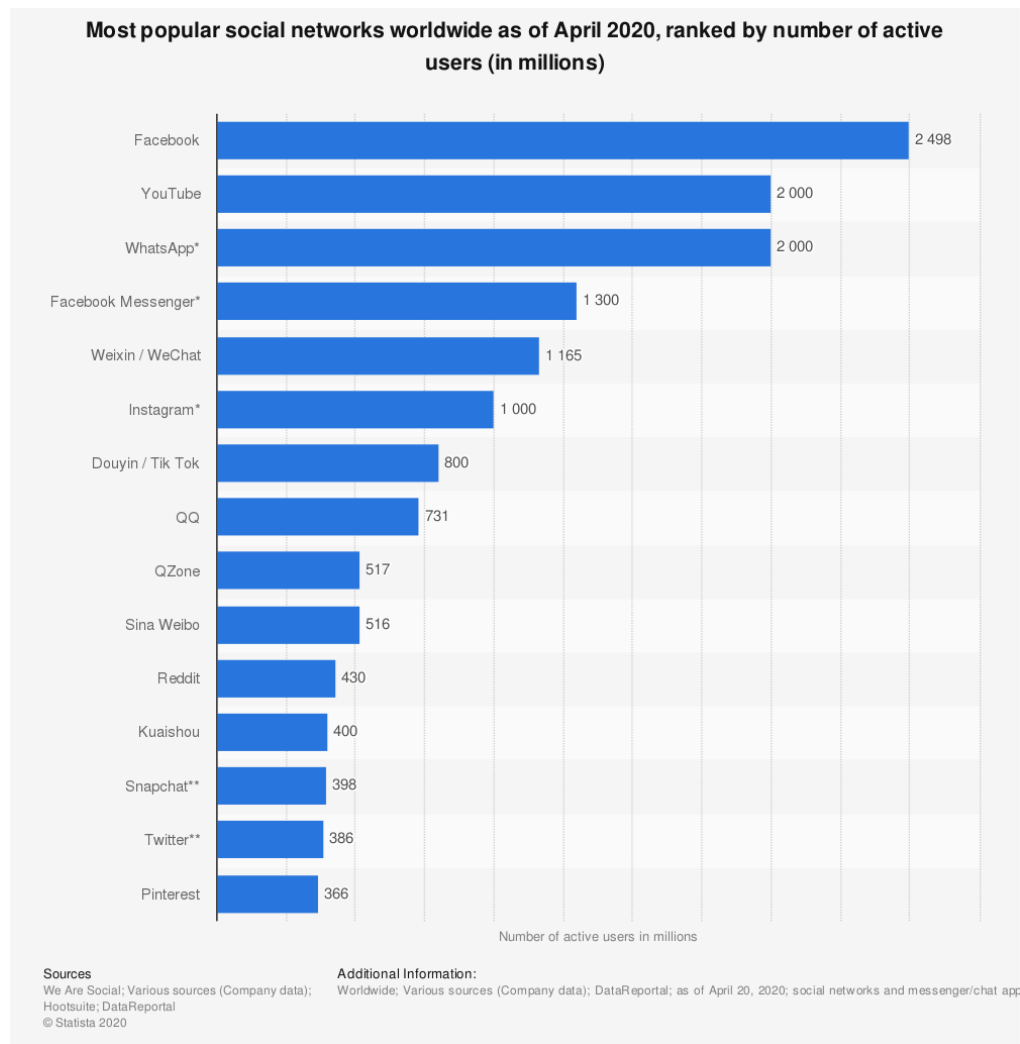


Figure 12 Social media platforms worldwide as of April 2020 (Statista, 2020)

Marketers use social media to understand customers and engage them in a way that leads them to achieve marketing goals. The goal of social media marketing (SMM) is to use social media platforms and tools to reach targeted audience and nurture engagement, sharing, and advocacy (Zahay, 2015).

In order to protect and expand the brand, SMM needs to monitor and facilitate interaction, participation, and sharing through social media. To achieve commercial value, SMM needs to encourage positive engagement with the company and brand which can

happen on the company site, social networks and other third-party sites (Chaffey & Smith, 2017).

Visibility, viability, and sustainability are, according to Taneja and Toombs, three major benefits of SMM. By using social media, marketers try to achieve visibility, not only to differentiate themselves from competitions when promoting products or services, but also provide other channels of communication with customers. Doing the right things right, companies need to constantly learn things about social media and how to implement campaigns. To be successful on social media, marketers need to set clear goals and objectives before utilizing social media. Social media also introduced sustainability when it comes to delivery, structure, and availability of information, cutting down hours needed to promote product or services (Taneja & Toombs, 2014).

There are two methods when it comes to SMM:

Organic – sharing posts on social media platforms and responding to customers comments. Companies can use tools to schedule posts.

Paid – paid displayed adverts in any type of format, or sponsored messages to targeted users (Decker, 2019).

### 3.4 Email marketing

Email marketing is part of digital marketing that consist sending out email to customers or prospects. As a tool, email marketing is used mainly for prospect conversion and customer retention using an opt-in list of customers and prospects who have given permission to company to contact them through e-mail they provided. According to Chaffey and Ellis-Chadwick, only 14 percent off UK marketers use email marketing for customer acquisition, while 31 percent use it for retention and 24 percent for conversion (Chaffey & Ellis-Chadwick, 2019).

To lead a successful email marketing strategy, marketers need to develop a strategic approach to gather emails and develop contact strategy determining how many times an email should be sent, and what is the content of the emails (Chaffey & Smith, 2017). All

digital marketing tools can and should be integrated and working with each other to execute a successful digital marketing campaign. When it comes to email marketing, the email should include icons that direct customers to social media platforms, or contain links that directs back to website (Zahay, 2015).

E-mail can be used for customer acquisition through cold e-mail, co-branded email and third-party e-newsletters. The practice of cold e-mail campaign is not used anymore due to privacy laws. In this instance marketers would rent email lists from other organizations or event providers. Widely used is co-branded e-mail. The customer has given permission to retailer or publisher to receive ads from a company they are familiar with. The company can publicise itself in a third-party newsletter. This can be done through an ad, sponsorship, or editorial in a publisher's newsletter (Chaffey & Ellis-Chadwick, 2019).

While e-mail can be used for customer acquisition, it is best when it comes to customer conversion and retention. Because of legal concerns and perception of intrusive e-mails or "spam", consumers respond better to e-mails they have consented to or where they have some sort of prior relationship with the sender (Zahay, 2015).

According to Statista, approximately 293,6 billion emails were sent and received per day in 2019 (Clemennt, 2019). During the survey that Statista conducted in 2019, 45 percent of users worldwide reports that they avoid opening emails from unknown e-mail address (Clement, 2019). Although 45 percent is quite a high percentage, the e-mail marketing has good response, particularly when it comes to retention. Chaffey and Ellis-Chadwick list several advantages of e-mail marketing such as relatively low cost, encouraging immediate action from receiver, fast campaign deployment, easy and cheap personalization of e-mail, offering options for testing different e-mail messages, and integration with other marketing tools (Chaffey & Ellis-Chadwick, 2019).

### 3.5 Affiliate marketing

Affiliate marketing is process where an affiliate promotes a product or service and is rewarded with a commission for each goal an affiliate achieves. There are three parties

that are involved in the affiliate marketing relationship: product/service owner or seller, affiliate, and customer (Enfroy, 2020).

From affiliates' point of view this type of marketing can be very lucrative since they do not need to invent or produce a product or service. Their role is to market the product or service, and if successful they get paid. Affiliates may get paid in several ways: pay per sale, pay per lead, or pay per click.

When it comes to affiliate marketing, affiliates often promote to specific audiences that shows interest in the product or service category through different marketing channels which are:

- Influencers – individuals who hold power that affects the purchasing decision of others. Because they have a great following, they can direct their followers towards the product through social media post and interactions.
- Bloggers – bloggers sample and review products or services and write about them on their blogs. Because they have experience with the product or service, they can promote it in a compelling way while providing links that lead back to the seller's website.
- Email lists – affiliates use their own email lists to promote a product or service with newsletters. These newsletters include hyperlinks to the products on the seller's website.
- Large media websites – designed to promote products and services to a large audience with banners and affiliate links. They offer great exposure and improve conversion rates (Enfroy, 2020).

#### **4 Customer Acquisition strategy**

In section 2.3 we established that companies could acquire two types of customers: new-to-category or new-to-company. It is much harder to acquire customers that are new-to-category of the product/service, mainly because they are not familiar with the category,



or even do not know that it exists. Far more resources and time must be directed to this type of customers. The burden mostly falls on content marketing, since the company needs to create content that is educational and attractive for potentials. Most of the resources should be directed to creating videos and photographs to make a visual presentation of the products or services, though this can be also allocated to the affiliates.

To create an appropriate customer acquisition strategy, start-ups need to understand that customer acquisition and relationship management is a continuous cycle. The following sections detail various customer acquisition strategies that are used in digital marketing.

#### 4.1 Audience

One of the most important things, when it comes to customer acquisition strategy is to know who our targeted audience is. A customer archetype combines everything we know about the company's typical customer or user. In the early stages of a start-up when developing a product or service, the company needs to develop an early profile of its customers. The company needs to ask itself for whom they are developing a product or service, who the potential customer is, who will benefit from it, etc. It is important to continue updating the archetype and even create different archetypes as the company learns more about its customers (Blank & Dorf, 2012).

To create customer archetypes and update existing ones, the company can use analytical tools such as Google analytics or Facebook ads manager (Blank & Dorf, 2012). One other tool Blank and Dorf recommend is Crunchbase, where a company can look to whom competitors sell to. The more research a company does about its customers the better it can understand what tools it should use to attract new customers.

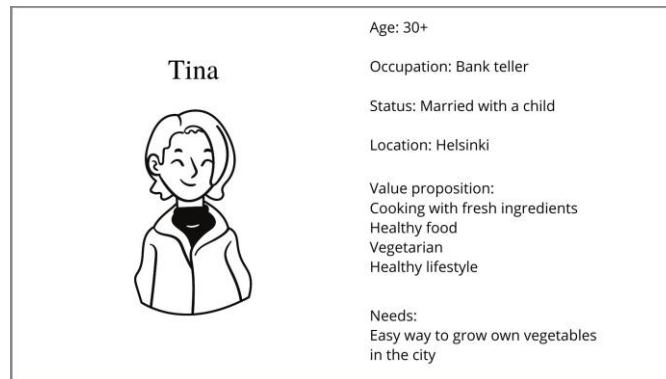


Figure 13 Example of customer archetype for Start-up selling hydroponic garden (author's example)

Creating an archetype will also help finding out where the targeted audience is. Knowing that will help develop a strategy how to best approach the audience in their space. Though the aim of customer acquirement is for the potential to buy products or services, the company should avoid only promoting these. Instead, it should also aim to increase value of the brand by interacting with the audience to achieve WOM referrals. This will result in increased customer acquisition.

#### 4.2 Unique value proposition

Unique value proposition (UVP), also referred as unique selling point (USP), should have three defining points: describing benefit of the product or service, how it can solve customers' needs, and what it is about the company's product or service that distinguishes it from the competition and why they should buy it from them.

A great UVP will make a strong first impression. Therefore, it is important to incorporate and display the UVP in every marketing campaign and on the landing page.

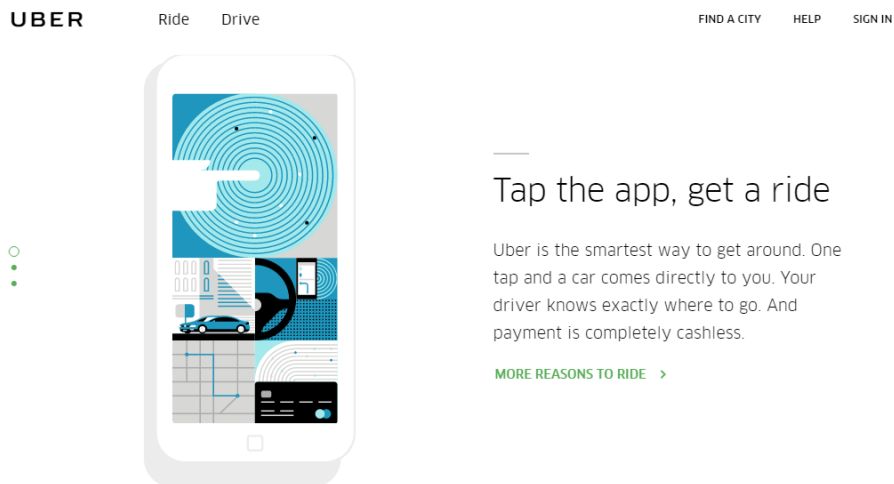


Figure 14 Unique value proposition for Uber (Shewan, 2020)

As criticised as Uber is for its practices, it knows how to market its services. As seen in Figure 14, Uber's UVP is very clear what it offers, how you can satisfy your needs and that Uber is the best so customers should use it instead of the competition.

Apple's iPhone is known for its range of products and elegant design. This is also reflected in the UVP as seen in Figure 15. The iPhone's inspiring message tells customers that all their needs will be met; they tell customers that they offer them unique experience and that, that uniqueness separates them from the competition.



## Why there's nothing quite like iPhone.

Every iPhone we've made — and we mean every single one — was built on the same belief. That a phone should be more than a collection of features. That, above all, a phone should be absolutely simple, beautiful, and magical to use.

Figure 15 Unique value proposition for Apple (Shewan, 2020)

As per Neil Patel, when they first get started, many companies make mistakes when creating UVP, because they want to include everything, they value into it. The problem is that if a company is known to be best at everything, it does not really become known for something specific (Patel, 2020).

If a product or service has some specific features, then those features should be the focal point of the UVP. If the product or service has a premium price, the UVP should reflect the reason why, and why the customer would benefit buying this product or service instead of buying something similar that the competition sells.

### 4.3 Competitors

In section 2.1 we were talking about micro forces that can influence us. One threat to a company is competition. It is important for a company to perform marketing research, also known as benchmarking, regularly. Getting to know the competition can help understand what is happening in the market, what are the current trends, who are key players in particular market, etc. Benchmarking will help paint the picture of what is happening in the market in which the company operates.

Because of the nature of start-ups, competitors should not only be a source of threat, but also source of knowledge. Because it is rare that a company does not have a website,

benchmarking could be started with the internet. Examination of a competitor's website, searching for articles, seeing what they say about themselves and seeing what others have to say about them can all be done at least to some extent online. Reading articles about the market in which the company operates can lead to a lot of information that can help improve the company's performance and help with customer acquisition (Blank & Dorf, 2012).

Observing competitors' digital marketing practices, the company can see what works and what does not, helping develop its customer acquisition strategy or modify its existing one.

#### 4.4 Content

One of the most effective customer acquisition strategies is content. New, relevant, and exciting content can be very efficient when trying to get attention from audience. Running a blog on website is a great way to create informative content and express knowledge in the industry the company operates. Blogging also creates great opportunity to engage an audience, giving them the opportunity to bookmark and come back later to read the post or offering opportunity to post comments and engage the author with additional questions. Blogging also enables cross-linking the content of the website and encourages call-to-action they can click. For instance; if the person came across the blog post from SERP or some other website, the company can encourage them with a sign up for newsletter, create an account or even buy product or service with a call-to-action they can click somewhere in the blog post.

A bit more specialized content that a company can offer is eBooks and guides. These types of content are usually meant to be downloaded. They also offer a great way to collect emails for email marketing. That is to say, for content to be downloaded, the person needs to either create an account or provide email.

Visual content is also a very important part of content. This is especially important when trying to acquire a customer who is new to the category. If possible, the company should use its own pictures that are used for marketing purposes and that are displayed on the website. Nowadays, mobile phones have cameras that can take great quality pictures,

but if the company does not own equipment to take quality pictures, they should hire a professional photographer or marketing company for it. Otherwise, using stock pictures might be acceptable, although because they are free to use by anyone, chances are that competitors also use those.

The company should also try and implement user created content, either on social media or as testimonials on its website. It is important to ask for permission before using it and to credit the content. This will help company with positive WOM.

Video content tends to be the most expensive type of content. Therefore, when creating video, it should be considered what it will be used for. If the video is used for advertising, it should be done professionally. Such videos can be outsourced to freelancers or production companies (Decker, 2019). Alternative to this is also slideshow videos, where product or service can also be visualized for the audience.

#### 4.5 Social media

In section 3.3 we were talking about SMM and mentioned the most popular social media platforms. Before joining any platform, the company must decide what it would like to achieve with its presence there. There is no need to be present on all of them, in fact, unless the company has enough personnel to manage social media platforms, it should limit only to a few. Creating content, managing content, interacting with audience, answering questions and moderating conversation, etc. takes a lot of time and resources. Quality should not be compromised for quantity.

It is recommended that whenever a user or customer mentions the company, its products or services on social media, that there should be a response. It will make users feel heard and will establish a relationship with them. Leverage the user generated content, as it will increase the company's reach. There is a high likelihood that the user will also share or re-share the post and expose your company to even more users, and therefore expand the circle of users you are trying to reach.

If the company struggles with gaining audience on its social media platforms, it can start collaborating with influencers. Most small business prefer working with micro influencers.

Their audience is smaller, but they represent the audience that is interested in products and services that company is offering (Sajid, 2019).

#### 4.6 E-mails and newsletter

Building an email list is not an easy task. To build an impressive email list takes time and patience. The company should offer potentials an incentive why they should give their email.

- Create and publish high-value content and asking the visitors to exchange their email for updates.
- In exchange to participate in a giveaway the participant needs to provide their email.
- Offer discounts for creating an account on the website and receiving marketing related emails.

It's recommended to use a tool when running e-mail campaigns. They offer different options such as different designs templates of e-mails, creating different kind of contact lists and analytical tools to measure performance of campaigns. Some of the most popular tools are Mailchimp, Sendinblue, Constant Contact, etc. Some of these have a free version, which comes with limited options.

One of the most important things, when it comes to e-mail and newsletter is optimization of emails that are sent. A strong subject line is a key. There is a debate whether including an emoji is good or bad. From the author's experience, when it came to opening rate of e-mails sent, it made no difference whether the subject line had an emoji or not. If an emoji is used though, it should enhance the subject line and offer more information and grab the recipient's attention. Following the subject line, the body of the email should be clear and to the point. Optimize emails with a call-to-action (Sajid, 2019). Whether the call-to-action is Buy now, Read more, Learn more, etc. they should lead your audience towards your goal of the email.

There is no definitive perfect time when an email campaign should be sent. It could be late at night or early in the morning. The best would be to test campaigns and analyse responses. Observe when the highest opening rate of the campaign is and continue from there on.

Leverage the sent emails by including options to join or follow company on social media, and to share it. Encourage the recipients that by doing so, they will be up to date with news from company or receive more information.

E-mail campaigns should not be only used for sale. They should be used also to inform customers about the company, the products and services that the company offers, announce publication of a blog entry, remind customers about their activity on companies' website, etc.

#### 4.7 Paid advertising

When it comes to paid advertising, most start-ups go for Google Ads and social media platforms such as Instagram and Facebook.

Google Ads offer various campaign options as seen in Figure 16. The company can promote sales, leads, website traffic, product and brand consideration, brand awareness and reach, app promotion, or creating of a campaign without a goal's guidance. Depending on what goal needs to be reached, Google Ads offers: search, display, video, app, smart, shopping and discovery campaign types (GoogleAds, 2020) .

Knowing what the budget for Google paid advertising is crucial to determining what kind of a bidding strategy is going to be run. To have most of the control over the budget for the campaign, Google Ads offers manual cost-per-click (CPC), which means that each keyword would have same bid, even if the bid would be lower. Manual CPC takes more time managing ads. Whereas under automatic CPC, less time is spent managing the ads, and the bids can raise and lower automatically.

The key to a successful Google ads campaign is keywords or keyword phrases, which we were talking about in section 3.1. Google offers keyword planner tool that helps



finding keywords for campaigns. The tool offers suggestions for keywords that are most relatable to the product, service, or website. There are also other tools that company can use to do a keyword research, some are for free.

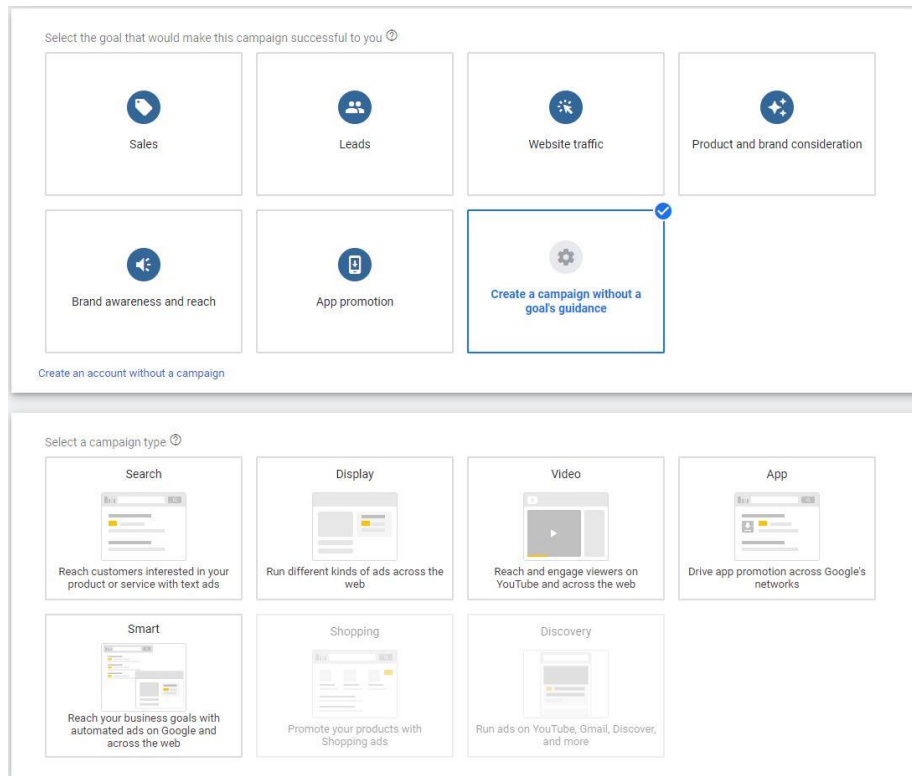


Figure 16 Google Ads manager

There is a limit to how much text there can be in an ad, so it is important that the copy is precise, contains a keyword or keyword phrase and UVP. Inclusion of UVP is what will set the ad apart from the competition and drive the audience to click on the ad.

Google reviews every ad that is published before it is shown on SERP. It is recommended to create one ad first, and have Google approve it before creating more ads. After approval, the ad can be duplicate and modified. It is recommended to run them against each other to see which one performs better.

When it comes to Facebook and Instagram the company can create paid advertisements in two ways. One way is to create an ad with Ad Manager. Facebook offers three categories with various objectives: awareness, consideration and conversion.












Awareness	Consideration	Conversion
 Brand awareness	 Traffic	 Conversions
 Reach	 Engagement	 Catalog sales
	 App installs	 Store traffic
	 Video views	
	 Lead generation	
	 Messages	

Figure 17 Facebook Ad Manager

Facebook Ad Manager offers a step by step guide to ad creation. Company can create multiple ads with images, videos or combination of both, that are run on multiple platforms within Facebook and Instagram. There is an option to run an A/B test where the company can compare different ads to determine which one is more effective.

Just like Google, Facebook also reviews every ad created before it is published.

It is not necessary to create a Facebook page or create an Instagram account to advertise on these two platforms, but it is advised. One reason is that it offers another way of communication between company and prospects or customers. The other reason why the company should create a Facebook page or Instagram account is to conduct the second type of paid advertisements on these two platforms. After creating a post, it can be boosted with engagement ads to get more comments and likes and with that increase the reach of the post.

It is important to know the budget for paid advertisement so that it can be decided what kind of a bidding strategy is best. Where Google Ads operate on keywords for ad to appear on SERP, Facebook ads operate on targeted audience where you can define who sees the ad.

Important thing about paid advertising is that it takes money, time and patience. Results might not be instantaneous, and it will take a lot of modifying and tweaking the ads. It is

important to analyse all the data that these platforms provide, to determine what works and what does not.

#### 4.8 SEO

We covered what SEO is in section 3.1 above and why it is important when it comes to organic search marketing. It is one of the most popular customer acquisition strategies. It is low cost and relatively easy to do.

It's important to do a keyword and keyword phrase research. There are tools available to find a correct keyword to use for most search results on SERP. The key for this is to not use keywords or keyword phrases that have a broad meaning. Once a good keyword is found, it should be used in the title of the post and then in the copy of the post.

Images are important part of a website. Besides using a good quality images, it is important to add alt text to them. This will help giving a company's website another way to get organic visitors. For instance, if someone searches for something on Google, and is limiting searches to images, companies' image will be within results, thus creating an organic search result. Alt text is also important if an image does not load on visitors' screens, the alt text copy appears instead.

It is recommended that if the website contains videos and audio to upload transcripts for videos or audio content. Not only is that content creation but it also helps visitors who are visual or auditory impaired.

When blog posts are part of the content on the website, leverage the cross linking within website. This will assure that the reader will stay on the website longer and explore other parts of the website.

According to Statista, in 2019 50,44 percent of global internet traffic came from mobile devices. When doing SEO, it's important that companies' website is mobile friendly (Clement, 2020).

All of this will improve search ranking on search engines. As important as SEO is, company should provide visitors by improving user experience on the website. Which means that company needs to make website attractive to visitors. This can be achieved by analysing the user-journey and finding out why visitors leave the website.

The author believes that, much like a customer would not like to enter or shop in a store that is messy and the customer cannot find what they are looking for, visitors would leave a website that is chaotic, and takes a lot of time and a lot of clicks to find what the visitor is looking for.

#### 4.9 Giveaways

Giveaways are in the author's opinion one of the best ways to get new customers. People love free things and getting something for nothing makes people feel good.

Company can do many kinds of giveaways or competitions. "First 50 comments on this post will get 50% discount on one-time purchase from our store." "Tag a friend you think would love our product and you both might win." "Post a picture with a hashtag #giveaway and win €100." The possibilities are endless. As the saying goes *Sky is the limit* of how simple or elaborate these giveaways can be.

Giveaways can be done when releasing new product or service, for holidays, announce special occasion, or for no reason than to create a buzz about the company. Giveaways on social media platforms are a great way to advertise the company to prospects. Every share, like or comment on Facebook is shown on people's news feeds, thus exposing the giveaway to wider audience, and subsequently also company itself.

There are several great tools that can be used for creating and running giveaways, such as Agorapulse, Gleam or RafflePress. Most of these tools have free versions, but with limited options. Which one is best suited depends on how big the giveaway campaigns company wants to run, how often giveaways are being done, and how much money company is willing to spend. Ultimately running giveaway campaigns can be done manually, it will just take some time and creativity.

However, a word of caution regarding giveaways on social media is in order. Every social media platform has rules that need to be followed, that includes dos and don'ts regarding giveaways and competitions. The company should also have its own set of rules accessible so that participants can read them.

Engage recipients when they post about their winnings. Comment on, like or share their post and keep the dialog open. Perhaps they will become companies' ambassadors and influencers.

#### 4.10 Referral and affiliate program

People are more likely to buy a product or service if they are referred by a friend. Therefore, a referral program is a great way to acquire customers. A company can give already existing customers an incentive to refer companies' product or service to others by offering them discounts or extra features.

Dropbox has a great referral program, where they offer extra storage space for the one who refers the service and for the one who accepts it. Every party in this situation wins, Dropbox gains a new customer, and the new and existing customer get additional features of the service.

When it comes to affiliate programs, a company can either join some other affiliate programs, or set one up on its own. There are a lot of affiliate tracking software packages that a company can use. After setting up the program, the company should find influencers and bloggers to promote the company's product or service.

The best way would be to offer them a sample which they can test and offer commission. Keep in mind that the commission needs to be adjusted based on the performance. The more customer affiliates obtained, the higher the commission. This could be an incentive for affiliates doing a good job.

## 5 Measurements

Before a company implements any of the proposed strategies, it needs to establish goals. The goals can be increase in email subscription, social media following, application downloading, website traffic, paid advertising viewing or clicking on an ad, etc. Knowing the goals, the next step is establishing which key performance indicators (KPI) are important, and which need to be analysed and tracked to measure the progress of strategies and campaigns.

Author recommends that company keeps a spreadsheet records with which it can track KPIs. Record keeping should start before implementation of certain strategies or start of campaigns and continue through so that it can be analysed whether the strategy works or not. This record keeping can help with future marketing decisions.

Depending on which tool company uses for email marketing, company should measure new subscribers, unsubscribed users, opening rate, and sale through email marketing. While one of the most important goals when it comes to social media is increased following, company should also measure comments, likes and shares. Specifically, it should be studied, what type of content increases responses from followers, so that that type of content could be replicated. Instagram and Facebook both provide analytical tool to measure KPIs when it comes to posts. To monitor paid advertisements, both Google Ads and Facebook manager offer extensive analytical tool with which company can measure anything from how many viewers viewed the ad, how many clicks there were, cost per click, etc. When it comes to website, the KPIs that should be monitored are number of visitors, page views, number of clicks on certain page, behaviour flow of visitors, etc. Google Analytics is most used tool for analysing website KPIs. For more in-depth analysis company should also use Hotjar, to analyse what visitors really do on the website. This can help with SEO and website improvements.

There are three main metrics when it comes to customer acquisition.

- Customer acquisition cost (CAC):

Sales + Marketing costs/ Number of new customers

This is the simplest form of the CAC formula. In early days of marketing activities start-up is engaged with, CAC is high since company is still investing in marketing activities and exploring what needs to be done and how. With time and correct strategies, the CAC should get lowered, so early high costs will pay off (G-SquaredPartners, 2019).

- Customer lifetime value (CLTV):

Average sales x Number of repeat sales x Average lifespan of a client

While the aim for CAC is to be low, the aim when it comes to CLTV is to be high. It's important to calculate CLTV to measure it against CAC. Company needs to determine if the potential CLTV justifies their acquisition costs. Ideally, CLTV to CAC ratio should be no less than 3:1 (G-SquaredPartners, 2019).

- Customer Churn rate (CR):

Number of customers lost that month/ Original number of customers for the month

Reality of business is that companies lose customers. Company should calculate their churn rate and compare it to the CAC, because high CCR could cause high CAC. Knowing companies CCR can be a motivation to find new customers, and high CCR is also indicator that company is doing something to drive customers away (G-SquaredPartners, 2019).

## 6 Conclusion and recommendation

As mentioned in the introduction of this paper, the internet has brought many changes to the world of business, including changes to marketing. And while the core of marketing has remained the same, digital technology has provided new tools and ways to improve the efficiency of marketing techniques. The constant development and improvement in the digital technology keeps marketers on their toes, focusing on how to best utilize what is out there to make sure that company explores every avenue to achieve online success or even dominance.

While the world is in a grip of Covid-19 pandemic, people turned to internet to find more information, communication with others, entertainment, shopping, etc. using various platforms that today's web 2.0 provides. This increased internet traffic offers a great opportunity for companies to acquire more website visitors, social media platforms followers, online shoppers etc.

This paper main objective was to answer the question regarding what the best customer acquisition strategies for a start-up are. Author believes that the paper provides some of the best and most used strategies that are applicable for start-ups. These strategies are recommended by today's digital marketing leaders and experts and guarantee, that if implemented correctly, company can expect gaining new visitors, users, followers, and customer. Unfortunately, there is no definitive formula or guarantee that, if implementing any of recommended strategies will bring a steady flow of new customers.

Author acknowledges that these strategies do not apply to all start-ups, because in the end, what kind of a strategy a company uses, depends on what kind of a product or service they offer and how much money start-up is willing to spend. It is also prudent to mention that, while customer acquisition is vital for companies' survival and success, start-ups should limit what kind of strategies they should use, especially in very beginning. Trying to do everything at once might overwhelm digital marketing team, which could lead to poorly executed strategy, and subsequently blowing the budget intended for implementation and execution of digital marketing activities.

Before implementing any of the strategies the company should have a plan of what strategies they want to implement, set goals, and timetable. Because implementation of some of these strategies takes time and resources, it's important to be patient and not abandon the implementation, if results are not visible right away. Company should try to experiment with them, adjust their strategy and most importantly, keep an eye on data that can be gathered and analyse it to improve activities.



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