



# Customer Lifetime Value as a Part of the Customer Journey

Into Quintero

BACHELOR'S THESIS  
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Bachelor of Business Administration  
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## **ABSTRACT**

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INTO QUINTERO:

Customer Lifetime Value as a Part of the Customer Journey

Bachelor's thesis 37 pages, appendices 2 pages

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This thesis was commissioned by StepOne Tech Oy. The company has been operating for over a decade and needed cost-efficient ways for new customer acquisition and innovations to increase customer lifetime value of acquired customers. The company has been working on this matter but wanted new and fresh perspectives from outside of the company.

The objective of the research was to find new ways of acquiring customers cost-efficiently and to increase the lifetime value for acquired customers. The customer journey was used as a guide to analyse and understand the current customer acquisition path. The research gave a clear understanding of the company's operations as a whole.

The research was conducted by using a mixed method, combining both qualitative and quantitative research methods. The chosen method for qualitative research was interviews for the Director of Operations of Etanolautolijaty and the Chief Growth Officer of StepOne Tech Oy. The quantitative research was done by analysing different data sources and graphics.

Finding new ways to acquire new customers cost-efficiently helps the profitability of StepOne Tech's operations and increases the customer lifetime value by introducing new innovations. To measure the success of the recommendations provided the suggested key performance indicators (KPIs) can be taken into account.

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Key words: customer lifetime value, customer acquisition cost, customer journey, renewable fuels

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## 1 INTRODUCTION

In today's world fossil fuel is a gift and a curse. It makes a lot of things work but also has negative effects on the environment. According to the U.S. Environment Protection Agency (2023) the formation of acid rain and smog is caused by nitrogen oxides that get released from fossil fuels when they are burned. The release of nitrogen oxides does not only affect the air we breathe but also the water and the land we live on. (U.S. Environment Protection Agency 2023.)

Renewable fuels are one way to reduce emissions and the one with the most benefits for the environment and the user is bioethanol (E85). According to StepOne Tech bioethanol reduces a vehicle's carbon footprint by 80%. E85 is produced from grains, corn, sugar beet and household biowaste distilled into ethyl alcohol (ethanol). It does not only reduce the carbon footprint but also increases a vehicle's power output by 20%. (Pietilä 2024.) This makes the use of bioethanol enjoyable for the environment and the driver.

A great majority of StepOneTech's customers have chosen to buy the eFlexFuel Ethanol Conversion Kit to generate savings on fuel costs. The decision to buy eFlexFuel products is made simply by comparing gasoline (unleaded E95) and E85 ethanol fuel price differences. As oil and gasoline prices as well as E85 ethanol prices are determined by external economic factors that are beyond the control of StepOneTech, demand for the company's products is at the mercy of external factors. If oil prices go down and E85 prices increase, the demand for eFlexFuel conversion kits will be affected negatively. When making a purchasing decision, the customer will also evaluate a payback time – how long does it take for the customer to depreciate the price of an eFlexFuel kit (499 €-1200 €) and start earning money when filling his tank with E85 ethanol fuel. There are some government subsidies available especially in France to convert vehicles into bioethanol which will help in customers' decision making. A small minority of customers choose to convert their vehicle for environmental reasons as well. (Pietilä 2024.)

Due to Step One Tech's business nature, being at the mercy of external fuel price factors, and the fact that eFlexFuel kits are purchased at one time only without

any additional individual customer lifetime value, managing sustainable net sales growth and profitability becomes challenging. For that reason, this thesis will take a cost-efficiency perspective for the management of the customer journey because of the simple fact that without any outside finances or investments to support the cyclical nature of business, operatively generated income needs to be carefully invested along the customer journey in order to produce maximized returns at the lowest cost.

## 2 THESIS PLAN

### 2.1 Thesis topic

The topic of this thesis is handling the importance of a customer's lifetime value as a part of the customer journey in a highly cyclical industry. The thesis will go over the importance of customer lifetime value; the total income that can be generated from the customer after the first purchase and why it is crucial, especially in this business where external factors such as gasoline and E85 bioethanol prices are beyond the control of the enterprise and dictate their product demand.

Step One Tech's business has a true impact on the possibility of reducing traffic-based emissions on an individual level. The ethanol conversion kits are currently sold as a one-time sale with no aftermarket income, which means there is a very low customer lifetime value present with the current business model.

### 2.2 Thesis objective, purpose, and research question

The objective of the thesis is on the other hand to identify ways to recognize efficient customer acquisition methods to have the customer acquisition cost at a feasible level and overall spot some potential methods to improve the customer lifetime value for StepOne Tech's eFlexFuel products to improve the profitability of business operations.

The research question to be answered throughout the thesis is: **How to acquire customers most efficiently in a low customer lifetime value business and how to maximize the customer lifetime value with new innovations?**

The thesis focuses on answering the research question and the question will be used as a guide in the whole thesis process. The purpose of the thesis is to provide potential solutions on how the company can improve its customer lifetime value while keeping the customer acquisition cost low.

## **2.3 Concepts**

This thesis will explain multiple concepts that are related to the thesis topic: Customer lifetime value as a part of the customer journey. These concepts will be used as a theoretical framework for the thesis. This part consists of different theories and methods that are used as resources for the thesis. These theories and methods are related to the customer journey and its subcategories. The customer journey has been selected for the thesis to act as a base model to construct the thesis in a logical way. Its subcategories have been selected based on the case company's working methods.

### **2.3.1 Customer Journey**

“The term customer journey commonly refers to a process or sequence that a customer goes through to access or use an offering of a company” (Følstad & Kvale 2018). The examination of a customer journey is practical in showing vital service touchpoints that are important for the overall customer experience.

It is highly important for any business to map out a customer journey. Mapping a customer journey involves identifying channels, touchpoints and interactions that customers encounter at each stage. Customer journey mapping is a powerful tool for companies to identify areas for improvement and get insights into the customer experience.

The structure of the customer journey used in the thesis is presented in Figure 1. It is tailored to the case company's structure used in the real world. The first stage is the awareness phase, then the research phase followed by the final phase which is purchase & loyalty.





FIGURE 1. Customer journey steps (StepOne Tech Oy)

### 2.3.2 Customer Lifetime Value

“Customer lifetime value (CLV) is a business metric used to determine the amount of money customers will spend on your products or services over time”. (Danao & Main 2023.) Customer lifetime value (CLV) is used by businesses as a foundation for implementing and formulating customer-specific strategies. (Kumar & Pansari 2016.)

It is vital for businesses to comprehend the significance of customer lifetime value since it helps to make better decisions regarding e.g. marketing strategies and managing customer relationships. Customer lifetime value (CLV) is an essential aspect in relationship marketing and a vital factor in evaluating the making of marketing decisions. (AboElHamd et al. 2021.)

A high customer lifetime value is very beneficial for a business from a financial point of view. This is because customers create revenue over their lifetime with the company and retaining profitable customers is more cost-efficient than attracting new ones. A high CLV also correlates with customer satisfaction and loyalty. Through this, loyal customers are highly likely to refer the business to their friends and family, which attracts new customers very effectively.

### 2.3.3 Customer Acquisition Cost

Customer acquisition cost (CAC) is the cost associated with persuading a prospect customer to buy your product or service, including all of the fees from marketing, research and advertising. (Shiao 2019.) CAC is used as a metric to evaluate the fee related to a new customer acquisition.

Using the correct amount of funds to acquire a new customer can be quite challenging. “Spend too little and you miss out on sales, spend too much and your business is unprofitable” (Winter 2023). It’s critical for a business to understand its CAC since it directly gives information about a business’s profitability according to Winter (2023). Achieving profitability and long-term growth requires keeping the cost of capital (COC) in line with the customer lifetime value (CLV) at a reasonable level.

The customer acquisition metric is only one piece of the puzzle but can help inform and improve a business’s strategy on acquisition, customer retention, customer support and even the quality of a business’s services or products according to Winter (2023).

## **2.4 Working methods and data**

The main objective of the thesis is to answer the following question: “How to acquire customers most efficiently in a low customer lifetime value business and how to maximize the customer lifetime value with new innovations?” To answer this question through the thesis requires a deep dive into StepOne Tech’s operations.

Therefore, the thesis uses a mixed-method approach that integrates both quantitative and qualitative research methods. According to Bhandari (2020) quantitative research is the process of analysing and collecting numerical data. This research method is used to analyse various numerical data charts for StepOne Tech.

In order to understand StepOne Tech’s business operations and the market better, qualitative research is an effective approach. Qualitative research is the opposite of quantitative research since its research methods are carried out in a social, not a numerical way. According to Bhandari (2020) qualitative research can be used to gather insights into a problem and based on that create new solutions. The qualitative data in the thesis is collected with interviews. According

to Jamshed (2014) interviewing is the most common way of collecting data in qualitative research. Qualitative methods, such as interviews, are believed to give a more in-depth comprehension of social occurrences than what would be gained from purely quantitative methods according to Gill et al. (2008). Therefore, interviewing in this thesis will provide valuable data.

## **2.5 Thesis process**

The thesis process provides information on how the thesis will be conducted. The structure of the thesis is quite simple. The first part is the introduction of the thesis topic. Chapter one is the thesis plan, which covers the objective of the thesis, the purpose of the thesis and theories that are used in the thesis as well as data collection methods. Chapter two gives an in-depth introduction of the case company and the operation they are running. The third chapter is the first step of the customer journey tailored for this thesis specifically. It will go over and analyse important data regarding the first step of the journey. Data will be analysed in all of the stages of the customer journey. The fourth chapter will go over the “research” phase which is the second step of the customer journey. The fifth chapter is the final stage “purchase & loyalty”. In the sixth chapter, recommendations will be provided after analysing the customer journey as a whole. The final chapter will be the conclusion.

### 3 THE CASE COMPANY

According to Pietilä (2024) StepOne Tech Oy was founded in Tampere, Finland, in 2012 by four university students Tuomo, Miika, Risto and Pekka with a mission to reduce greenhouse gas emissions in transportation without compromises, one driver and one vehicle at a time. The company's business idea, which arose from the founders' combined experiences in a variety of fields including administrative sciences, programming, software engineering, signal processing, hardware and mechanical engineering, machine design, and manufacturing, was to develop an accessible, universal, and reasonably priced solution for gasoline-powered vehicles to run on renewable fuels, more specifically E85 ethanol fuel, for more environmentally friendly driving. (Pietilä 2024.) The idea for ethanol conversion kits was born.

Currently, the company employs more than 20 people at its headquarters in Pirkkala, the subsidiary in France eFlexFuel France (SASU) and USA (StepOne Tech America Inc). The company operates in both direct-to-consumer (D2C) segments through its website and Business-to-business (B2B) segments through its extensive retail & install shop network.

#### 3.1 StepOne Tech

According to Pietilä (2024) throughout its history, StepOne Tech Oy has placed a strong emphasis on internal research and development (R&D) activities. This has later shown to be one of the company's competitive advantages. Still today, research and development are taken care of internally and are based on the founders' deep knowledge of automotive technology including fuel injection technology and signal handling.

The retrofit system, eFlexFuel Ethanol Conversion Kit (picture 1), comprises of a control unit, wiring harnesses, ethanol sensor and fuel line with accessories that are mounted around the engine bay of a gasoline-powered vehicle. In order to maximize power production and fuel economy, the control unit controls the fuel injection dependent on the fuel's ethanol content as ethanol fuel (E85) has a lower

energy content than gasoline and therefore needs to be injected in larger amounts (15-25%) into the fuel system than with normal gasoline.



PICTURE 1. eFlexFuel Conversion Kit (eFlexFuel.com)

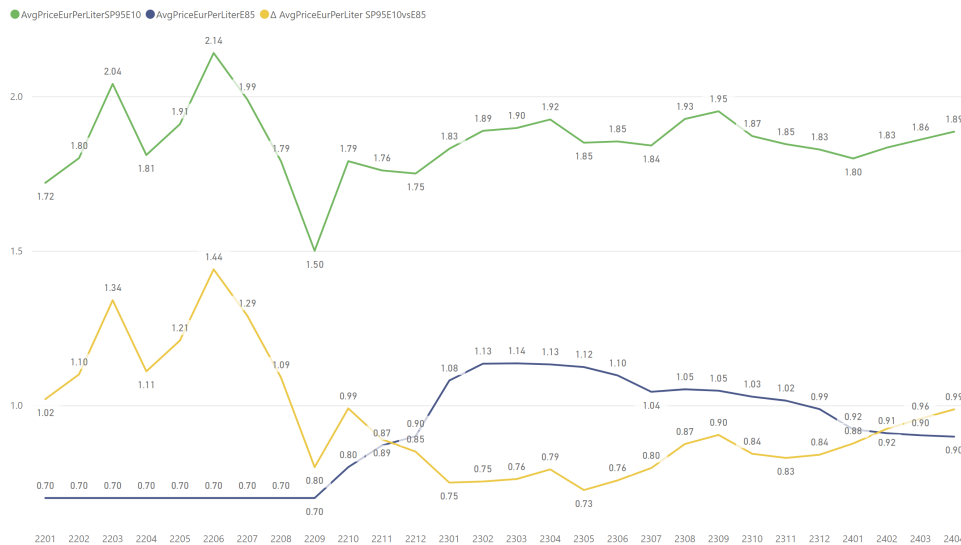
Since launching the first commercial version in 2013 and conducting the first commercial pilots in 2018, the company has grown quickly, with an annual revenue of 450,000 euros in 2018 to over 6 million euros in 2022. Today there are more than 60,000 ethanol conversion kits sold worldwide according to Pietilä (2024). In addition to the current main markets France, USA and Finland, StepOne Tech is looking into expansion towards markets such as Sweden and India. In order for StepOne Tech to conduct business in any market, ethanol fuel needs to be present at local fuel pumps.

The main drivers for the end customers to purchase the eFlexFuel Ethanol Conversion Kits have been the savings generated by driving on a lower-cost fuel, the environmental benefits of ethanol and the power gains 104-octane-based ethanol gives to vehicles.

### 3.1.1 Savings

Depending on the country, the ratio of bioethanol and fuel prices is noticeable (table 1). In France, the E85 ethanol price has been around 0.85€ per litre on average whilst unleaded 95 has cost 1.80€ per litre. Therefore, savings on fuel costs are both obvious and significant.

TABLE 1. E85 prices vs. Gasoline 95 prices and the average price difference (PowerBI/ eFlexFuel)



### 3.1.2 Environment

E85 offers an alternative for drivers to reduce their carbon footprint by 80% by driving on domestically produced biofuel. The reduction of emissions is one of the key selling points of E85. The point of carbon-neutral fuels is that their usage does not produce any new carbon dioxide in the atmosphere like fossil fuels do. Some purchasing decisions with environmental impact are sometimes emotionally based, i.e. consumers are willing to use renewable energy even if it costs more.

### 3.1.3 Performance

E85 fuel has a faster ignition time and flame propagation in comparison to gasoline. (Pietilä 2024.) With 104 octane E85 ethanol, one can increase engine power

output by up to 20% for the current vehicle. E85 fuel is popular in racing because there is less heat build-up in the engine.

The US market is operating especially in the performance customer segment. It is common in the US for people to tune their cars and E85 fuel is one of the ways to do it. The cars that people tune are usually high-performance and muscle cars but E85 also increases a “normal car’s” power output.

## **4 BRAND AWARENESS STAGE IN THE CUSTOMER JOURNEY**

“When looking at the entire customer journey, we have to start before you’ve ever even spoken to them, before they are customers” (McBee 2023). The first stage of the customer journey, in which the customer has a problem or a need they need to fulfil. Potential customers are looking for answers and are just becoming aware of the solutions that a company provides. A business must create the right type of content for the awareness stage, which makes the audience see your expertise and builds trust at the same time. At the awareness stage, companies want to draw in these prospective clients by drawing their attention and introducing them to their brand or line of products.

In the case of StepOne Tech and eFlexFuel conversion kits, the fact is that customers do not recognize a need for the kit as a need for toothpaste or shoes. A person may be bothered by excessive everyday costs like gasoline expenses, but an ethanol conversion kit is not something an ordinary consumer would be looking for automatically. Therefore, it is rather very important to create customer awareness and interest in E85 fuel. Once the prospect customer becomes aware of ethanol fuel is priced at about 0.85€ per litre on average compared to gasoline E95 being 1.80€ per litre, questions will start to appear. “Could I fill a tank of my current vehicle with this lower-cost fuel?”, or “Is this fuel a safe choice for my car?”

### **4.1 Cost Efficiency**

Pietilä (2024) stated that StepOne Tech needs to be as cost-efficient as possible in marketing and generating brand awareness due to one-off customer relations and lower margins on products, it is crucial to find the most efficient ways to make that happen. This has forced the company to optimize its marketing strategies to gain the most brand awareness with the lowest costs and with the highest ROAS (return on ad spent) possible.



## 4.2 Social Media

At the start of 2024, there were 5.04 billion social media users globally, equating to over 62.3% of the world's population. (Statista 2024.) Social media's impact on marketing comes from its capacity to establish a tailored and interesting direct connection between companies and their target audience. Social media platforms provide a wide audience that allows businesses to rapidly present their brand, goods, and services to people all over the world.

Since the platform is so big it is not necessarily easy to reach the right audience, although lately, the big social media platforms have started providing analytics for businesses. Through analytics, social media provides useful insights that assist organizations in understanding the preferences, behaviours, and trends of their audience. This understanding helps businesses develop marketing plans that are more effective.

eFlexFuel has 11.8 thousand followers on Instagram and 4.5 thousand followers on Facebook. The company does a big part of its marketing through these channels either with organic content or paid Meta Business Suite advertising. Since there is a limited budget for social media marketing, eFlexFuel has to be able to reach the target audience as efficiently as possible. Regarding social media marketing, eFlexFuel is making visually pleasing posts of fast cars that attract people from the same niche. They also repost customer-generated content (people's stories who tag them) to get more interactions with users of the ethanol conversion kits. Customer-generated content is highly appreciated as it reflects objectivity and natural, credible context for using the ethanol conversion kits.

In terms of organic appearance, the strategy is to get more followers who like and share the content according to Pietilä (2024). Meta Business Suite (table 2) is offering a platform to do paid advertising through Instagram and Facebook. Meta offers the possibility for a low cost per click and more precise targeting of the ads for various selected audiences, but it is not yet so highly developed that the result data can be trusted completely as Meta measures poorly e.g., conversions meaning deals. However, click per post can be easily measured. In any case, Meta

offers StepOne Tech a good possibility to reach the target audiences with reasonable costs compared for example to the investment in TV advertising or paid magazine articles. However, it is very challenging to measure the real impact of a specific Instagram post to the actual conversions which means sales of conversion kits, unless there is a specific discount code used in the ad that helps to detect sales. Therefore, measuring the ROAS is not simple through paid social advertising.

TABLE 2. Sample of the performance of Meta Business Suite campaigns CTR (click-through rate based) (Meta Business Suite)

Off/On	Campaign	Agency	Cost per result	Bud	Amount spent	Ends	Impressions	CPM (cost per 1,000 impressions)	Link clicks	CPC (cost per link click)	CTR (link click-through rate)	Clicks (all)	CTR (all)
<input type="checkbox"/>	New Leads campaign		U.L.			Ongoing							
<input type="checkbox"/>	Tailored leads campaign 25/01/2024 Campaign		U.L.			Ongoing							
<input type="checkbox"/>	New Awareness campaign		U.L.			Ongoing							
<input checked="" type="checkbox"/>	FR - Moto kampsis 03/24	1.24	€0.06 Per link click	U.L.	€11.22	30 Apr 2024	5,032	€2.23	177	€0.06	3.52%	536	10.65%
<input type="checkbox"/>	FR-HL - Reprogram	1.24	€0.20 Per landing page	U.L.	€12.07	30 Apr 2024	6,553	€1.84	73	€0.17	1.11%	334	5.10%
<input type="checkbox"/>	US - Q2 Remarketing/Sales 2024	1.13	€0.96 Per ComptableAuto	U.L.	€231.65	Ongoing	50,606	€4.58	535	€0.43	1.06%	890	1.76%
<input type="checkbox"/>	FR - eFlexPlus Marine - B	1.23	€0.69 Per landing page	U.L.	€9.63	30 Apr 2024	3,480	€2.77	49	€0.20	1.41%	103	2.96%
<input type="checkbox"/>	FI - Siinenen pistooli	1.09	€0.10 Per link click	U.L.	€6.59	30 Apr 2024	2,646	€2.49	67	€0.10	2.53%	220	8.31%
<input type="checkbox"/>	FR - 100 days guarantee	1.37	€6.45 Per ComptableAuto	U.L.	€51.59	Ongoing	16,627	€3.10	54	€0.96	0.32%	118	0.71%
<input type="checkbox"/>	FR-HL - Remarketing - Website Visitors (compatibl...	10.80	€1.01 Per link click	U.L.	€36.36	Ongoing	6,999	€5.27	36	€1.01	0.52%	57	0.83%
<input type="checkbox"/>	FR - Remarketing - Website Visitors (compatible ok)	14.38	€2.08 Per link click	U.L.	€24.91	Ongoing	3,121	€7.98	12	€2.08	0.38%	22	0.70%
<input type="checkbox"/>	US - Q1 Lead Gen	1.20	€0.58 Per onFacebook lead	U.L.	€12.84	Ongoing	2,469	€5.20	37	€0.35	1.50%	99	4.01%

### 4.3 Influencer Marketing

Influencer marketing is a collaboration between social media users who have a large following and brands to promote their products or services (McKinsey, 2023). These influencers use sponsored material, reviews, or recommendations to promote products or services. Influencer marketing seeks to increase brand exposure, reputation, and eventually sales by leveraging the trust and influence that influencers have developed with their following. The reality of marketing is that people despise advertising. (Harvard Business Review 2023, 19.)

Collaborating with big influencers gets quite expensive, which is why eFlexFuel mainly collaborates with micro-influencers. A micro-influencer is someone who has a follower range of 10.000-100.000 followers. Even though the influencers are smaller there are a few benefits to it. Micro-influencers usually have a smaller, but more specialized following that is very engaged. Businesses can reach a

more niche audience with specialized interests and preferences by working with micro-influencers. They are more intimately connected to their followers, and micro-influencers tend to obtain greater levels of authenticity and trust. This means working with micro-influencers is not only cheaper but potentially also has a high return of investment (ROI).

#### **4.4 Word of Mouth**

Word of mouth is one of the most powerful forms of marketing for a company. Through personal recommendations and referrals from friends, family, or peers, word-of-mouth advertising has the power to impact consumer perceptions and purchasing decisions. “According to a study by Nielsen, 92% of consumers trust recommendations from friends and family over all forms of advertising” (Allton 2023).

Businesses like StepOne Tech can strategically increase word of mouth marketing and naturally raise brand awareness by concentrating on providing outstanding customer experiences and promoting favourable comments and reviews. This has worked for StepOne Tech since after all they are selling the customer experience as the ethanol driver instead of the products themselves. Now they are working on creating an E85 fuel movement where people are driven to join a group of forerunners that drive on domestically produced, low carbon footprint E85 ethanol fuel.

StepOne Tech uses customer referral campaigns as a part of a low-cost marketing agenda. These campaigns are further specified in Chapter 5: Purchase and Customer Loyalty.

## 5 RESEARCH

During the research stage, the buyer will have identified and defined their problem or need precisely, and they will be dedicated to learning about and analysing all of the potential solutions for the identified opportunity or problem. This stage is where the potential customers are comparing prices, reading already existing reviews, looking at competitors, and learning more about your product or service according to Zubak (2017).

StepOne Tech has a lot of competition with the same technology and computer programming. Since there is a lot of competition eFlexFuel has to shine and stand out from the others. This is why eFlexFuel is putting in lots of effort on Google Ads, SEO and brand communication.

### 5.1 Google Ads

“If you build it, they will come... right? In today’s market, if you build a good Google Ads campaign, they will” (Martin 2023). Google Ads is a bid-based internet advertising network that offers display choices such as banner ads, YouTube ads, video ads, and text format search engine ads. Google Ads can be found on millions of Google partner websites as well as in Google search results.

A company’s advertisement appears on Google and they are charged a fee by Google for each click that results from an ad that the business has placed. The effectiveness of the ads can be monitored and adjustments can be made to improve the outcome. Google Ad Platform assists in reaching internet prospects and charges only when they express interest in the company by clicking the ad that appears on Google search.

For StepOne Tech, Google Ads have produced about 60% of the website traffic during the past 12 months in highly competitive markets such as France. Google Ads seems to be the most efficient way for reaching mid-funnel customers (who know about the solution already) searching with terms like ethanol conversion kit, flex fuel kit, etc. Google Ads is a platform that is easy to read in terms of ROAS and conversions (sales generated through the ads). The challenge for StepOne

Tech has been to keep the cost per conversion at a reasonable level in relation to the product margin. The average cost per conversion via Google Ads for the French market was 21% of the total product selling price in March 2024. Google Ads represent a significant expense considering that the customer buys usually once. Therefore, any kind of cost per conversion can be considered as Customer Acquisition Cost (CAC) over the lifetime.

Google Ads also links to Google Analytics which is a data platform that provides statistics and basic analytical tools for marketing and search engine optimization (SEO) according to Chai (2021). Google analytics also offers customer demographic, behavioural and conversion data.

## **5.2 Search Engine Optimization**

A website can increase its visibility in search engines like Google by implementing SEO (search engine optimization) methods, which eventually lead to an increase in organic website traffic. Making your website more appealing to search engines like Google is the fundamental notion behind SEO, which will help it rank higher in search results when users enter relevant keywords or phrases. “The higher you rank, the more people will visit your page” (Pavlik 2022).

Compared to Google Ads, SEO rankings offer a more cost-effective way to get deals, meaning conversions. StepOne Tech uses SEO as one of the main building blocks for both brand awareness and website traffic and conversions. The practical ways used are:

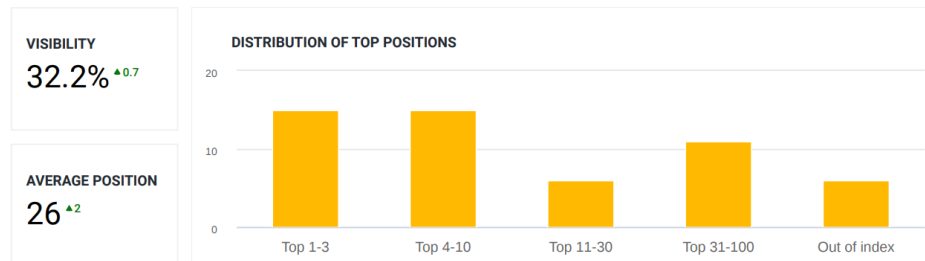
1. Regular production of written content around the selected keywords in which the company chooses to rank. This is done through content production in the marketing department.
2. Backlinks to the website from the sites with high Domain Authority. In practice, partners such as ABC and ST1 fuel stations are asked to link to the [eflexfuel.com](https://eflexfuel.com) website.
3. Sitemaps and descriptive URLs.

TABLE 3. A sample of SE Ranking report on the position rankings on Google Organic searches (eflexfuelfrance.com)

Keyword	Baseline	2 years ago	18 month ago	1 year ago	9 month ago	6 month ago	3 month ago
boitier flexfuel	27	44 ▼17	36 ▲8	42 ▼6	25 ▲17	15 ▲10	19 ▼4
eflexfuel homologué	N/A	3	3	2 ▲1	2	2	3 ▼1
kit éthanol e85	N/A	6	5 ▲1	4 ▲1	4	5 ▼1	7 ▼2
kit flex fuel	N/A	9	16 ▼7	13 ▲3	12 ▲1	9 ▲3	5 ▲4
eflexfuel installation	N/A	3	5 ▼2	10 ▼5	5 ▲5	8 ▼3	5 ▲3
kit ethanol	6	7 ▼1	6 ▲1	4 ▲2	4	6 ▼2	8 ▼2
kit ethanol e85	7	6 ▲1	5 ▲1	4 ▲1	4	5 ▼1	8 ▼3

TABLE 4. A sample of SE Ranking report on Google ranking positions (eflexfuelfrance.com)

Search visibility



### 5.3 Cost Efficient Traffic Acquisition

The most important channels for website traffic acquisition are considered to be Google Paid ads, Direct traffic (using the brand eFlexFuel as a search term), SEO Organic search and Organic Social (table 5). Referral traffic is coming from other company sites. Email campaigns driven through MailChimp have also been used to drive traffic to the website with a low cost. Google Paid represents the highest cost per conversion compared to the other sources meaning 21% of the product sales price (in March 2024).

TABLE 5. Various traffic sources 1.-30.3.2024 (eflexfuel.com/us)

	First user Top channel det...	Total users ▼	% Δ	Average session duration	% Δ	Conversions	% Δ	User conversio...	% Δ
1.	Paid - Google	12,744	20.4% †	00:07:55	-11.0% †	107	8.1% †	1.79%	-15.5%...
2.	Direct	7,195	-0.4% †	00:03:12	-0.7% †	60	-13.0% †	0.81%	-13.1%...
3.	Organic - Search	5,042	6.2% †	00:03:59	-4.1% †	42	-25.0% †	0.81%	-28.5%...
4.	Organic - Social	1,635	701.5% †	00:06:39	11.0% †	1	-50.0% †	0.07%	-96.6%...
5.	Referral	1,543	77.2% †	00:03:30	-14.5% †	20	17.6% †	1.3%	-33.7%...
6.	Email	675	610.5% †	00:02:46	-32.6% †	2	0.0%	0.3%	-85.9%...
7.	Unassigned	85	-90.7% †	00:01:12	281.3% †	0	-	0%	-
8.	Paid - Meta	41	-75.7% †	00:02:37	-23.2% †	0	-	0%	-

## 5.4 Brand Communication

Brand communication is a tactic that businesses use to interact and communicate with current and potential customers according to D'Angelo (2022). The goal of brand communication is to impact prospective customers' thoughts on the brand and its importance. (D'Angelo 2022.) Brands in most cases communicate to persuade, inform, and provide knowledge about the brand and its values and offerings. The communication from the brand has to be strategic to support the customer's positive perception of the brand and the brand communication has to differentiate the offering from the competition.

StepOne Tech has been created to deliver a mission for making a positive environmental impact on the planet. Fundamentally they exist to reduce greenhouse gas emissions in transportation - without compromises - one driver and one vehicle at a time. StepOne Tech product fits the important global megatrend for preserving the planet. Therefore, they have chosen especially in the European markets, to demonstrate the close proximity to nature in their verbal and visual communications. Even though the products are eventually the ones being sold, communications aim to emphasize the ethanol driving experience and belonging to a group of greater good-doers.

## 5.5 Customer Profile

In order to succeed in marketing efforts, the target customer profile (picture 2) needs to be well-known. The target customer profile, a buyer persona, must be defined based on the data found in various tools such as in Google Analytics.



PICTURE 2. A sample buyer persona of StepOne Tech's US market

Customer profile data is used in marketing campaigns such as Google Ads and Meta Business Suite campaigns to ensure that the ads will reach the audience that is most likely to buy the conversion kit. In addition, the content for any communication is written for that specific audience.

There is a big challenge to get a deeper understanding of a buying customer profile and behavioural patterns. Therefore, many companies do data enrichment



by buying additional data from other sources and combining it to the existing one to develop a better understanding and targeting.

## 6 PURCHASE AND LOYALTY

The purchase phase sometimes referred to as the decision stage is the stage where the customer has decided to purchase a product or a service. This decision has usually been made after careful consideration of competitors' products or services. A decision is the summary of the pre-decision stages, meaning that the decision reflects all the social influences experienced so far (Hamilton et al, 2021, 80). A lot of research has shown how the presence of a person close to you at the moment of a purchase decision can affect the outcome. The presence of another person makes their influence more direct and may affect the consumer because of "self-presentational" matters. (Hamilton et al 2021, 80.)

Customer loyalty is a topic of great importance due to its effects on gaining competitive advantages and financial outcomes. Customer loyalty refers to the positive attitudes of already existing customers toward a company or brand that results in repeated purchasing and a lower sensitivity to the price according to Anderson & Srinivasan (2003). Loyal customers are more profitable than new ones since they spend more time and money with the firm and have lower maintenance costs. (Richard & Zhang 2012.) Therefore, enhancing customer loyalty is a crucial stage of the customer journey.

At StepOne Tech, the loyal customer does not buy additional products or services because there aren't many options available. However, customer loyalty can be demonstrated by recommending the product to a friend, neighbour or colleague. StepOne Tech runs the following customer loyalty/referral programs:

- Campaign #1: Each customer who has purchased an ethanol conversion kit, receives a customer-specific code by email. With this code, a new customer can get a 50€ discount and the actual referee gets 50€ credit on the past purchase.
- Campaign #2: A voucher is mailed with the conversion kit package. This voucher gives a 100€ discount for the new customer, and the referee does not any receive any financial compensation.

Referral campaigns have worked moderately so far. However, they would offer an important source for cost efficient leads for future sales.

## **6.1 One-time Purchase and the Importance of Margin**

eFlexFuel conversion kit sales prices are dictated by market constraints such as competition price levels and expected payback time for customers. If the brand is well known and the product is greatly differentiated, an additional premium can be cashed out. In reality, margins are tight, and all product cost-related actions including marketing need to be efficient.

Increasing customer acquisition costs puts pressure on finding and using low-cost channels for finding new customers to increase customer lifetime value by generating a maximum amount of income from a single customer. Rising customer acquisition costs force businesses to strategically leverage low-cost channels such as social media marketing, content marketing, and referral programs.

## **6.2 Customer Satisfaction**

Customer satisfaction is the consumers' overall assessment based on their experience with the company. (Pinar et al. 2020.) Customer reviews and scores play a key role in establishing trust along the buyer's journey. Other customer statements reflect objective user experience and give a prospective customer unfiltered information about the pros and cons of the product.

As StepOne Tech is in the business of selling customer experience as an E85 ethanol driver, supplying outstanding customer service alongside the highly performing ethanol conversion kit is key. StepOne communicates the customer experiences mainly through Trustpilot-tool where customers can freely score the service between 1-5 stars and leave a written review. After 2 weeks from the order, customers receive an automated email asking for the review.

Customer satisfaction is also measured on an annual basis.

## 7 Conclusion

As the main objective of the thesis was to find ways how StepOne Tech could acquire new customers more efficiently and maximize their customer lifetime value with new innovations, the chosen solution was to analyse StepOne Tech's operations through the customer journey and try to find potential solutions through it. Before the research was conducted, various sources such as academic publications and books were studied to explore the theories used in the thesis.

The research question for the thesis was: "How to acquire customers most efficiently in a low customer lifetime value business and how to maximize the customer lifetime value with new innovations?" The thesis used this research question as a guide throughout the whole thesis and will provide straight answers to it in chapter 8.

The thesis is beneficial to StepOne Tech since it analysed the important steps of their customer journey which gives insights and new perspectives to the company. By understanding their customer journey and looking at it from a slightly different perspective, it is easier to find ways to optimize acquiring new customers more efficiently and improve the customer lifetime value.

In conclusion, it can be stated that there is no more effective way to maximize net sales and generate profitable business in a highly cyclical industry that is at the mercy of external fuel prices and where the customer lifetime value is low, than concentrating on a highly efficient customer acquisition. Building brand awareness through loyal customer referrals and efficient social media presence appeared to be the key. At the research stage it was clear that Google Ads were not leaving enough profit for the organization to use that channel on a long-term basis. An effective SEO plan was needed to ensure the search engine visibility. Providing excellent customer service turned out to be a major point to create high customer satisfaction, referrals and hopefully more customer generated social media content followed by additional sales in the future.

The government has a role to play in creating demand for ethanol conversions. It needs to recognize the environmental benefits of using biofuels and understand that electric vehicles are not the only and the best solution from the environmental point of view. Incentives such as conversion subsidies that are already present in France (PACA area subsidy is 500€ for a conversion), lower car taxes based on carbon dioxide generation in Sweden (up to 50% reduction in car taxes) and simple reduction of E85 fuel tax in Finland (E85 has 24% VAT and 50 cent production tax in Finland) can be powerful means to influence consumer behaviour for the sake of the environment.

## 8 Recommendations

After the research was conducted and the customer journey and each step of it carefully analyzed the author discovered some recommendations and findings that are explained in this chapter. These findings give StepOne Tech some new ideas and perspectives they could consider implementing in their business.

The findings of the research were to be expected for the most part however, there are a few recommendations to be given. As a first recommendation since the R&D is done in-house and the development speed of eFlexFuel technology is high, the upgrading of the products should be taken into consideration. The upgraded product/add-on should offer enough advantages and benefits for the customers to upgrade their current equipment to the new one. This way StepOne Tech could increase its customer lifetime value and generate more profit.

A second recommendation for StepOne Tech is to create a strong bioethanol (E85) community. A group of forerunners who aim to save the planet and drive on local green fuel. The power of a strong community is huge and brings in new customers, increases customer loyalty and raises brand awareness overall. This could be done by e.g. creating engaging content and customer experiences and listening to feedback and adapting to it.

As gasoline prices and E85 bioethanol prices have been and will most likely be volatile also in the future, the emphasis on the environmental impact of E85 conversions in communication is very important. Appealing to the environmental consciousness and to a true possibility to reduce a personal carbon footprint and traffic emissions by 80% can talk loudly.

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## APPENDICES

### Appendix 1. Interview questions for Director of Operations Etanoliautoliijat ry

Interview questions for Director of Operations Etanoliautoliijat ry

- What facts is the 80% reduction of emissions using bioethanol based on?
- How is the price of bioethanol determined?
- What are the raw ingredients for bioethanol that is available in Finland and where do they come from?
- Does Finland give financial benefits to people using bioethanol? If not, will they do it in the future?

## **Appendix 2. Interview question for Chief of Operations StepOne Tech Oy**

### Interview questions for Chief Growth Officer at StepOne Tech Oy

- If you had to describe eFlexFuel in three adjectives, what would they be?
- What is StepOne Tech's mission and key markets? How do these key markets work?
- How does StepOne Tech do its customer acquisition currently?
  - a. Customer Journey and each part specifics
  - b. Google Ads, SEO, influencer marketing and social media role
  - c. Customer referral programs and customer satisfaction
- What are StepOne Tech's goals now and in the future?
- Could you tell me about your operations overall?
  - d. Challenges you are facing
  - e. Opportunities you have







