



Control your costs. Maximize your profits.

Optimize your organization's customer acquisition strategies.

How do you know if you're spending too much, or not enough, on acquiring new customers? Finding the right balance between what you spend on marketing (including salaries, ad spend and commissions) and on new customer support and what you bring in from those new customers, not to mention how you retain those customers, will mean all the difference to your growth and profitability. A basic metric that every business should know is its customer acquisition costs.

Simply put, CAC is how much it costs to win the business of a new customer. It's an essential number that you need to know, no matter what sort of business you're in. It's a calculation that considers every cost that goes into acquiring new business.

You can perform a simple calculation and get a basic CAC, or you can include more detailed data for a more complex, but also more precise, CAC.

The Basic Method

$$\text{CAC} = \frac{\text{MCC}}{\text{CA}}$$

Customer acquisition costs

Marketing costs for new customers

Customers acquired

The Complex Method

$$\text{CAC} = \frac{\text{MCC} + \text{W} + \text{S} + \text{PS} + \text{O}}{\text{CA}}$$

Customer acquisition costs

Marketing costs for new customers

Wages for sales and marketing staff

Software and resource costs for marketing and sales

Outside professional marketing services used

Overhead

Customers acquired

If your marketing program is relatively simple and self-contained, or if you are happy with a simpler calculation, go with the basic method. If your organization uses a complex, multi-pronged marketing and sales approach, you may be better served by the greater clarity provided by the complex calculation. It's up to you to make the choice for you and your company.

Now that we've established what CAC is and how you can calculate yours, let's talk about goals.

It's all well and good to want to improve your customer acquisition strategies, but if you don't know precisely how you want it to improve, your attempts will be made blindly. The first thing you should do is decide what you're trying to achieve with your strategy and how you will measure that performance.

Maybe your goal is simply to acquire a certain number of new customers out of a new marketing campaign, or over a set amount of time. Great—that's a clear goal that's easy to measure.

Maybe your goals are more nuanced: you are looking to drive up web traffic by 20%, email open rates by 25%, click-through rates by 15%, and so on, on top of acquiring 100 new customers. Fantastic—those are all important outcomes, and a smart and strategic plan with measurable and defined KPIs should be able to help you reach them. At the end of the day, though, the biggest metric every business is looking to improve is profitability.

Profitability is the truest measure of the growth potential for any business. You need to know how much money you're bringing versus what you're spending in order to plan for growth and the long-term sustainability of your company.



In a previous article, we made our case for why we believe [Customer Lifetime Value \(CLV\)](#) to be the best metric to use to track the effectiveness of your strategies. When you measure your customer base, you need to track not only sales and monetary value, but also which segments of your customers represent the longest-lasting and most profitable relationships. CLV does this best with the broadest view across your entire customer base.

The real marketing wizardry comes in learning how to read both figures—CLV and CAC—in relation to each other, and to use them together to judge the true effectiveness of your customer acquisition strategy. CAC is the ultimate way to understand the ROI you are getting from your marketing efforts. You can learn to see exactly how much you are spending to acquire new

customers, how valuable those customers are, and how you can adapt your marketing to be even better at drawing in your target demographics. For instance, if you find one particular tactic or channel that brings in a high-CLV customer segment, you could tailor your marketing to appeal more directly to those segments, trim away excess or underperforming campaigns, and improve your overall CAC.

As with any proper analysis, however, it's very important to measure CAC on a customer segment level. Just like we recommended with CLV, tracking CAC by segment means you get a much clearer picture of where you are getting the greatest value for your marketing dollars and where you need to improve. You can easily get a picture of where your campaign spending is getting the best returns and adjust your strategy accordingly.





Finding your best strategy

Now that we have a sense of what CAC is, we can begin to think about how to lower costs and improve results.

There are lots of different ways to go about optimizing customer acquisition. There is no one-size-fits-all plan. Depending on your type of business, or how you specifically measure customer value, any number of techniques—or a combination therein—could be the key to profitable customer acquisition.

Each of these methods involve a different set of tactics and strategies to achieve the greatest results. Let's explore them in greater detail so you can determine which is the best path forward for your business.

At a high level, there are seven main ways to improve your CAC:

- Customer research
- Personalization
- Retargeting
- Content marketing
- User-generated content
- Search engine marketing/search engine optimization (SEM/SEO)
- Price optimization

Customer research

The first thing you should do is get to know your customers. It sounds simple—maybe even misleadingly so—but many companies don't know their customers as well as they think they do.

When you don't know—or understand—who your customers are, what they want and what they value, what you're really doing is using a 'Spray and Pray' approach to marketing: you blast out as many ads, campaigns and messages as you can, hoping (and praying) something works.

This is, to put it kindly, not the best approach.

You could literally be throwing money away on marketing campaigns that achieve zero results. Even if they do somehow succeed, you end up with a campaign whose results you will have big trouble replicating, since you can't always know how or why your approach worked.

Without knowing who your customers are, you fall victim to one of the oldest sales clichés in the world: you can't sell to everyone. You need to know who is most likely to buy your product and then aim your marketing efforts at places those people are likely to see. This way, your marketing campaign is focused to a much greater degree before you've even begun.

Before you spend a single cent on marketing, you should know a lot about the customers you're trying to appeal to.

Know Your Customer

There's a lot to consider. Do you know all this information about your current customers? If not, it's time to get learning.

Who your customers are:

- Age, demographics, locations, socioeconomic status, and for B2B businesses, their position, industry, use cases, buying power, etc.
- What problems your customers are trying to solve, and how they are currently dealing with their problem—either through a competing product, internal process, or not at all
- Exactly what products and services they require
- Their buying cycle—when they buy, how often and under what circumstances, such as urgent need, annual or biannual refreshes, or on a whim

In B2B situations, you need to know:

- Who the decisionmakers are
- What entices them to buy
- What information they need to either make their decision or influence others at their company who can affect the final decision
- Your value proposition and how you differ from your competitors (and how your competitors position themselves to this same audience)

Impactful research methods

How do you learn more about your customers?

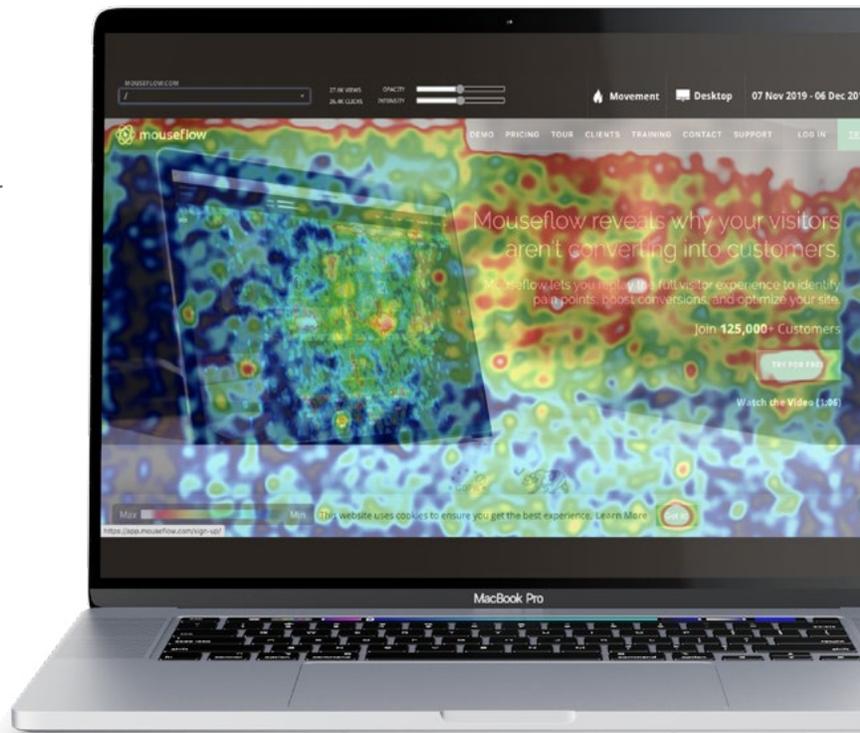
If you are primarily a B2B business, a good place to start can be to perform a competitive analysis to learn who the customers of your competitors are, how they're targeted and how they think and feel about the products or services they buy. From this starting point, you can examine the marketing strategies your competitors use, how effective they are, and then position your own company to appeal to that same audience.

If you're a B2C business, you focus on the consumer first, not the competition. Dig into social media channels for behavioral and sentiment data, targeting specific demographics across different sites to learn more about the likes, dislikes, needs and wants of potential customers. You can also look at the behavior on your own site to see what customers are looking for and whether or not they are finding it. Tools like [Mouseflow](#) can help you visualize how customers interact with your website, including heatmaps of activity, where people click, what they read, how they scroll and view information, and more.

You also probably have analytics built into your site already—Google Analytics, Squarespace's analytic tools, or other programs—that can tell you where your visitors are from, how long they spend on your site, the links and searches that brought them to you, bounce rates and other important data. These basic and vital resources are a central piece of effective customer research.

Going farther, you can obtain customer data from third-party data aggregators specific to your audience or industry, or look into getting second-party data from your company's existing partners or suppliers. Many companies are happy to exchange information, as insights from your data can often be of assistance to others in related fields.

Another simple way to learn about customers is to go the old-fashioned way: ask. Customer surveys, like those created using a platform like [Qualtrics](#), are a fantastic, and often underused, tool in discovering exactly what customers want and why they want it.



Surveys can be undertaken at various stages in a customer's journey—either at the pre-purchase stage where customers are still shopping around, or speaking with existing customers to understand more about what brought them to your company, what they are satisfied or dissatisfied with, and what compels them to stick around.

Surveys can get a bad rap for bringing in low-quality or irrelevant data, but that's usually because the survey has been poorly designed. At Smith, we have extensive experience designing and implementing customer surveys that get actionable information and quality data, so reach out to us if you are looking to put a survey into the field.

An additional approach that can get great customer info is to run marketing campaigns designed around driving new sign-ups, usually through incentives or other benefits to new customers—discounts, exclusive offers, free shipping, etc. In exchange for these special incentives, companies include a short questionnaire in the registration process that gathers targeted data

about these new customers. That information can then be fed back into marketing efforts to attract more new customers—and this info can even be targeted at the most valuable segments of newly acquired customers, continuing to improve your strategies and increase the return on your marketing investment.

Great marketing involves understanding that it takes more than catchy ads or low prices to attract customers. It's all part of a larger customer experience strategy. The more you know your customer, the more you can improve the end-to-end experience of doing business with your company, and the better you can adapt your processes to build and maintain stronger—and longer lasting—relationships with your most valuable customers.

Knowing your customers is an important first step in creating more effective marketing and thereby improving ROI across your outreach programs. Knowing your customers also lets you ramp up the effectiveness of your marketing and customer acquisition through the next strategy in our list: personalization.



Personalization

Once you've undertaken one or more of the research methods suggested above, you will have a clearer picture of who your customers are. You know what they like, what they want, what they need, and how they like to do business. Now what? How do you begin to use that information to improve your customer acquisition strategies in ways that will make a meaningful impact on your acquisition costs?

Start to speak directly to your customers as individuals, through personalized marketing.

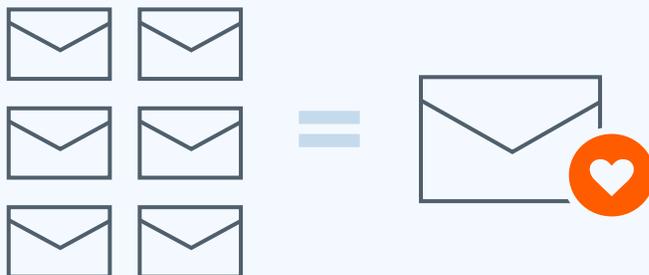
People like to feel recognized and acknowledged. They like to feel like someone has listened to and understood their likes and dislikes, and personalized marketing can help reinforce that feeling in your customers.

According to [Instapage](#), personalized emails result in transaction rates six times higher than non-personalized emails. Looking deeper, segmented personalized emails account for a 46% increase over non-personalized messages, and organizations using personalized emails generate 17% more revenue through their campaigns than the average.

All of these statistics show that personalized marketing works. So how do you use this to your advantage to improve your CAC? No company has the time to manually create customized messages or marketing for individual customers. **Enter automation.**

Huge recent strides in data collection and automation mean that companies can use the information they are already collecting to automatically generate targeted, personal messages that more strongly appeal to their customers. There is a large and growing range of tools that can centralize customer contact and profile data to build email messages that not only directly address their recipients, but also provide customized information or recommendations for products they are most likely to enjoy.

It can be as simple as personalizing the email greeting all the way to highlighting new products that a customer's profile indicates would be of high interest. Emarsys is a leading platform in the personalized marketing space, and Smith is partnered with them to help our clients get the most out of marketing personalization.



Personalized emails result in **transaction rates six times higher** than non-personalized emails



Beyond emails, it's important to offer promotions that are tailored to a customer's interest. For B2C companies, emails that highlight sales on frequently purchased products are a common tactic, and targeted birthday promotions have been found to [generate 342% higher revenue per email](#) than standard promotions. B2B companies can modify birthday messages to mark important milestones for their clients—such as anniversary dates of the relationship with the client, or company milestones such as years in operation or major business achievements. As well for B2B, the more you know about your target organization, the more effective your personalization will be. For example, if you can target decision-makers with personalized emails that highlight relevant products and services, these will be much more effective than generic email blasts.

As with all of these efforts, tracking by segment is hugely important. In B2B, you can track by industry

and create customized campaigns for companies in the same field. For B2C, you can use the same approach on customers in the same demographics or segments.

If you can extend the personal touch to your website, that's even better. Many companies are using customized landing pages that offer personalized information depending on where a visitor comes from—geographically, or via targeted marketing campaigns. According to [Hubspot](#), this level of personal attention leads to a 202% greater chance of conversion than without.

You can even get your customers involved in the effort of passing on the custom experience. Personalized referral codes and promotions, and their associated rewards, are great incentives for satisfied customers to share their positive experience with family, friends and colleagues, leading to reciprocal benefits and additional customer acquisitions in both the B2B and B2C worlds.

Retargeting

There's a statistic that frightens marketers:

[96% of visitors to your website are not ready to buy.](#)

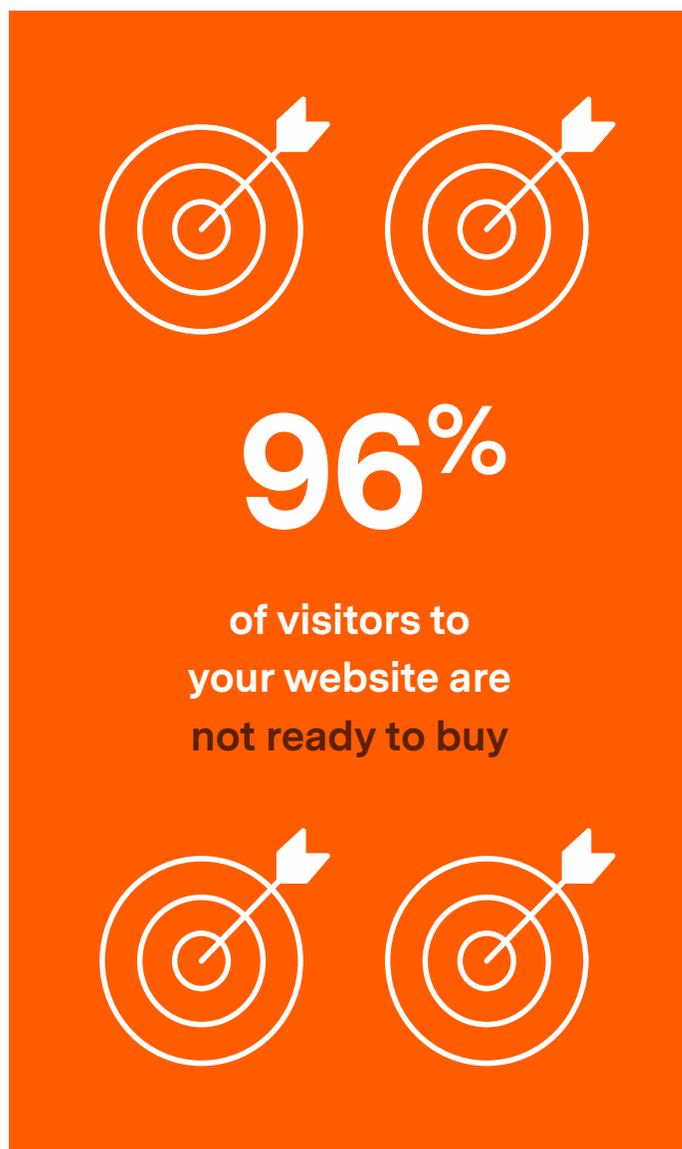
That means that the vast majority of traffic to your company's site will result in no purchases being made, even if users add items to their cart and start the checkout process. No sale is certain until it's complete. So this means that a smart marketing tactic is to refresh the memory of past visitors to your site through retargeting.

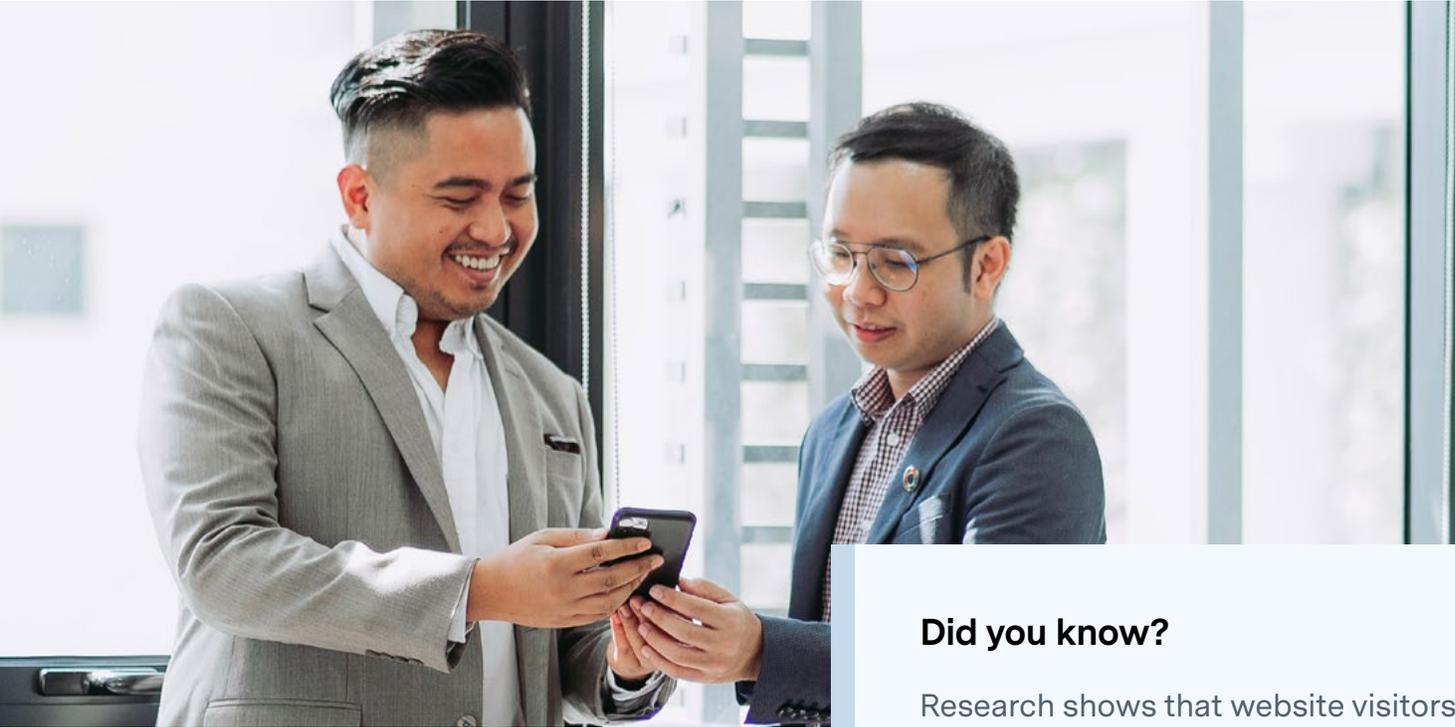
Retargeting involves leveraging technology that's built into the core of digital commerce and the internet at large. Cookies are small files that websites often place onto visitors' computers to save information from past visits, save information entered to forms and fields, or to gather data on behavior. Using these files, a company can track items that a visitor has viewed, placed into their cart, or otherwise demonstrated an interest in.

Because these files are placed onto individual users' devices, they can be used later by internet marketing and advertising programs to target individual ads for those users based on their previous behavior. You may have had this experience: you search for a company or shop for a product on a website and then, soon after, you continue to see advertisements for that product, or even for its direct competitors.

Essentially, marketers know that repetition works. Research has shown that it takes an average of seven interactions with a brand before a customer decides to make a purchase.

Years ago, that meant flooding the TV and radio airwaves with ads for a product, often accompanied by a catchy jingle. Today, it means using marketing automation, cookies, tracking and software tools to have your online advertising follow potential customers around the internet, popping up in their field of vision whenever possible.





Indeed, with today's tools, you can use these tracking and retargeting methods not only to keep your company top of mind, but the cookies you place can also be used to spotlight the exact items that a customer spent time viewing or added to their online shopping cart. Ad services such as Google Ads can be customized to serve individual products to viewers, ensuring that your company remains on your customers' minds.

A smart customer acquisition strategy needs to take a multi-channel approach to retargeting that includes different media types and venues. Your marketing should be spread across email platforms, social media, television and print media, SMS and online digital ads—static and dynamic. Targeting (and following) customers across a number of different channels is always more effective than relying on one channel alone.

This form of repetition and retargeting works—research shows that website visitors who are retargeted after

Did you know?

Research shows that website visitors who are retargeted after leaving your site are 43% more likely to convert than visitors who aren't retargeted.

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It's a fine balance to walk, however, just as with the personalization strategy earlier. You want to ensure enough exposure that you hit that magic number to keep your company top of mind, but not so many that you overwhelm or burn out your potential customer through overexposure. Be sure to calibrate your marketing strategy and ad buys to find that sweet spot of 'just enough.' Once you've got it, you can apply that level of resource allocation, spending and outreach to your most valuable customer segments to work towards prime optimization of your CAC.

Content marketing

There's more to marketing than just getting appealing ads in front of potential customers. For many customer segments, trusting in the expertise and reputation of a company is just as important as catchy advertising, quality and price—if not more so.

As online marketing evolves, and search engine algorithms like Google's evolve with it, marketers are finding that it's as important as ever to generate compelling, authoritative content to appeal to a discerning audience—especially from a B2B perspective. If you can populate your site with a wealth of interesting and relevant content that speaks to your company's expertise in your industry, you will appeal to both the AI search algorithms responsible for serving your site to potential visitors and the real-life visitors themselves.

Google's ongoing refinement of how they measure and rank websites in their search results is placing greater emphasis on three factors: expertise, authoritativeness and trustworthiness (EAT). Put simply, technology advancements mean that Google can now tell, using automated analytics and machine learning based on the behavior of visitors to a website, how engaging a site's content is, and thereby how highly to rank a site in its search results.

Gone are the days when sites overloaded with targeted keywords or slapdash factory-farm content can soar to the first page of Google results. Search engines can tell when visitors are quickly bouncing away from content that they don't find useful, indicating that a site is not as valuable as others on the same topic.

Because of this, companies are finding that they are better served—and have a better chance of landing on that coveted first page of Google results—by featuring intelligent and relevant content on their sites.

Thought leadership and topical expertise is a valuable commodity, and companies that can establish themselves as leaders in their field are much more likely to enjoy increased visibility and sales.

This goes for companies in all industries, in both B2B and B2C environments.

Consumers are more discerning than ever and are equipped with the tools to do research on literally everything they buy. If they want to be sure that they are buying the best possible widget for their money, they will consult 'Best Widget' articles, read trade websites, discuss widgets on Twitter or Reddit or other discussion boards, and get to know the companies that make widgets to see which one they trust the most.

Businesses looking for partners or vendors are equally capable of and interested in researching who they do business with. By creating a robust content marketing strategy that includes multiple platforms, including leveraging partner organizations, external media and trade publications as much as possible, you can create a topical authority and reputation for expertise in your industry that strongly appeals to potential business clients.

Choosing your content marketing stream

So what sort of content are people usually looking for? While it can vary based on the industry and product, there are a number of standards that appeal broadly and across different sectors, so they can be good places to start:

- Thought leadership articles and blogs
- Interactive video content
- Virtual events
- Interactive customer service
- Quizzes
- Online calculators for product benefits or potential ROI
- eBooks and audio guides
- Static or animated infographics
- Gamified content
- Augmented or virtual reality content such as product catalogs or location tours

The possibilities are endless. Whatever your company is great at, leverage that expertise and make compelling content that demonstrates how and why you're the best at what you do.

Quick Tip

One best practice to drive engagement is to leverage these pieces to encourage customers to sign up online and use that data to create personalized marketing campaigns.

Looking at that list of content options, keep in mind that research shows big spikes in uptake and engagement from content that has an interactive component.

According to [On24](#), top performing marketers took greater advantage of seven key content tools at higher rates than less successful marketers. They invested more resources in videos, case studies, interactive tools like quizzes and surveys, webinars, interactive webpages, content hubs, and virtual events.

Once you've landed on a content marketing strategy, the next step is to turn those expert pieces of content into actionable items for your customers to build upon.



If you're not sure what kind of content to create, look back at your customer research. This research helps you determine what information your prospects care most about, what problems they're looking to solve and what information they are searching for—giving you an easy roadmap to become the trusted source for that information. Also, you should examine how current events or upcoming regulatory measures will impact the consumer environment or your customers' industry. By getting ahead of what's coming down the road, you can become known as a trailblazer and expert authority in providing smart advice and products to support your customers' needs.

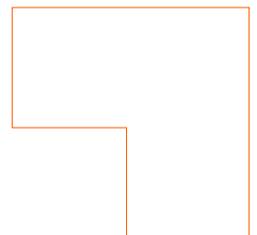
As well, all your content should always relate back to the keywords you have identified as a part of your SEO strategy. (We'll talk a bit about SEO later on.)

Relevance and trustworthiness are the main elements to keep in mind when creating a content marketing strategy. Your pieces should address issues that are top of mind for your customers, and they should trust that you have the right information. Update your content frequently—not only to stay current with the latest news and trends, but also to stay at the top of

search engine rankings with fresh content. In this way, relevant content drives both customer acquisition and customer engagement. It's a cyclical process—the more customers trust you, the more they look to you for guidance, which drives new business and new customers to your business.

Measuring the effectiveness of your content marketing strategy is best achieved through evaluating content views, downloads, shares, comments, mentions, likes, session duration and the number of contacts generated through each piece or campaign. Build on successful pieces by amplifying through all available channels and encouraging your customers and partners to do the same.

While content marketing can be a costlier approach to customer acquisition, especially depending on the route you choose to take—well-made videos or interactive tools can take time and money to create—it can also be one of the most impactful. Be sure to weigh your needs against your capacity and willingness to devote resources to creating these pieces.



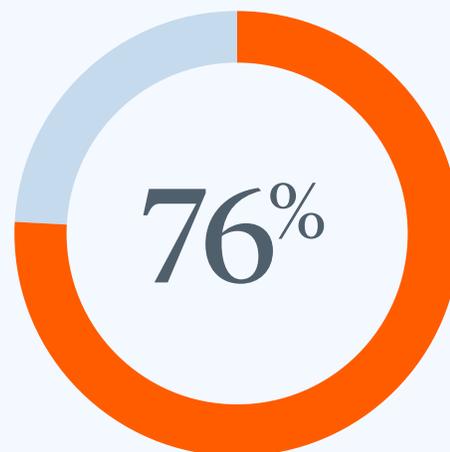
User-generated content

Who better to promote your product than your own satisfied customers? Word of mouth has been one of the most tried and true methods of good advertising for as long as humans have done business. A company is expected to say good things about themselves, but when you can get ringing endorsements from the people who actually spend their hard-earned money on your products, that can be worth more than all the paid advertisements in the world. A glowing product review, social media post or podcast feature about your company can be worth more than any ad campaign.

While user-generated content has long been viewed as beneficial for driving engagement and conversions, the growing prominence of online product research, reviews and user feedback means that it's now a vital part of acquiring new customers as well.

In our increasingly online world, word of mouth, window shopping and product discovery have changed. According to a [Bazaarvoice](#) survey of more than 9,000 online shoppers, 76% of people will seek out customer reviews when they discover a new product online. That's three out of every four potential consumers who look for the opinions of other purchasers before getting out their credit card.

Other research by [TurnTo Networks](#) found that user-generated content is more meaningful than promotional materials and search engine results for 90% of consumers. The same study said that 81% of these customers are even willing to pay more and wait



of online shoppers seek out customer reviews when they discover a new product online.

According to **Bazaarvoice**

longer for products with positive, user-based reviews. That's a huge incentive for companies to make a push for organic, user-based feedback in as many places as possible.

Encouraging your customers to leave reviews on your site, or on Google, Amazon, Yelp or any other prominent public-facing site where shoppers might be looking is a great—and often inexpensive—way to build positive customer sentiment for your product.

And not only do shoppers want to read about the experience of other purchasers, they want to see your product in action. [Bazaarvoice](#) also found that 75% of respondents to their survey preferred to see photos and video of other customers using or wearing the products they were researching. They even preferred user-generated photos and video over a company's own professional product imagery.

It all comes down to trust. Before a shopper has a relationship with a company or a product, they are more naturally inclined to trust the unfiltered and unbiased opinions of other consumers like themselves than they are the word of the company trying to sell them the product. Companies have a vested interest in making products sound appealing—customers with a positive experience they feel compelled to share offer a much more compelling argument for the value of a product.

There are many ways to use and integrate user-generated content into your marketing:

- Boost positive reviews and social posts on your own social media channels, such as Instagram, Twitter and YouTube.
- Actively solicit post-purchase reviews with a questionnaire that is either timed with a purchase, or at a pre-determined time afterwards, once the customer has had time to experience your product.
- Hold contests that encourage customers to share their experiences—especially including their own photos or videos—are a great, cost-effective way to

get a lot of real-world feedback and demonstrations of your company in action. Incentivize these contests with special benefits for added uptake.

- Align your social media strategy with all these ideas to foster engagement and encourage timely participation.
- Leverage the positive reviews and comments you get in your email marketing, which can be particularly effective when paired with personalization or retargeting—if you can include a positive review of a product a customer was already considering buying, they are moved even farther along their journey towards a purchase.
- Work with your best customers, if you are primarily a B2B business, to get a testimonial from them that can be included prominently on your website. Better still, build a case study around the great work you did for them, add in a few glowing quotes from your client, and post it as a feature that demonstrates what your company is capable of and how you can solve similar problems for other clients.

Positive word of mouth is often some of the best marketing material you can get. Make sure your marketing and customer acquisition strategies are centered around showcasing as much of it as you can.

Search Engine Marketing and Optimization (SEM/SEO)

While SEM and SEO are some of the more behind-the-scenes aspects of a strong marketing strategy, they can be some of the most important. There are two main avenues of SEM: organic and paid. For the purposes of this piece, we are focusing only on organic search. Paid can involve a complex pricing strategy where marketers bid on keywords and ad placements, but the underlying methods for both paid and organic are the same. You

should master organic SEO before putting resources into paid, so the principles we examine below apply to both.

SEO is all about optimizing your content for online search algorithms. Google is obviously the biggest player in the search engine game, so let's focus on how they operate under the hood.

[Google states](#) that its search algorithms “look at many factors, including the words of your query, relevance and usability of pages, expertise of sources, and your location and settings.

The weight applied to each factor varies depending on the nature of your query—for example, the freshness of the content plays a bigger role in answering queries about current news topics than it does about dictionary definitions.”

What does this really mean?

It means your company needs a deliberate and strategic approach to the content you create, how you design your website, how often you update your content, and the language you use across all your marketing material.

According to [Moz](#): “40.9% of Google searches result in an organic click, 2% in a paid click, and 57.1% in no click at all. For desktop devices, 62.2% of Google searches result in an organic click, 2.8% in a paid click, and 35% in no click.” Those numbers show that sites that have used organic SEO strategies have approximately a 20-fold increase in clicks than paid efforts on both mobile and desktop. Organic SEO works.



of Google searches result in an organic click, 2% in a paid click and 57.1% in no click at all.

According to **Moz**

Key factors in SEO

Consider all these elements when building your SEO strategy:

- Keywords
- Content quality and relevance
- Site taxonomy
- Site user experience
- Page load times

Note:

Each of these elements affect how algorithms like Google's assess and rank your company's website.



To optimize keywords, start by going back to your customer research.

This research will help you identify exactly which terms and issues are most important to your customers. Once you know this information, work to include those keywords into your website and marketing materials. If Google knows that your site includes lots of information on the exact topic your audience is searching for, you stand a better chance of ranking higher in search results.

With keywords in mind, creating relevant content for your site—and adding new pieces on a regular basis—is the next vital step in SEO. Algorithms today are very sensitive to fresh content. If you only post once on a topic, no matter how great or how lauded the content, your relevance and authority will begin to slide quickly in the eyes of the algorithm. Sites—and the companies that run them—build authority by proving their expertise, value and relevance on an ongoing basis, so pairing keyword optimization with a robust content marketing strategy (as discussed above) becomes essential in your SEO efforts.

Keeping content fresh and relevant also helps increase the likelihood of outside sites linking to your material, which in turn helps to boost your Google Page Rank on a continuing basis. The algorithm sees new material go up on your site, and then it sees visitors viewing that material and other sites linking back to it. It creates a feedback loop that raises your website's profile and credibility, not only in the eyes of your human visitors, but also the artificial intelligence minds of the all-powerful search engines.

Even in an online world, locality is important. If you operate brick-and-mortar stores, it's vital to consider keywords that apply to the local communities where you operate, or would like to open up shop.

If you're looking for ways to analyze your current keywords, there are useful tools for keyword and SEO review and optimization from [The Next Web](#).

On the more technical side, you need to consider site design, user experience, metadata and dealing with duplicate content to ensure your pages are indexed properly by search engines.

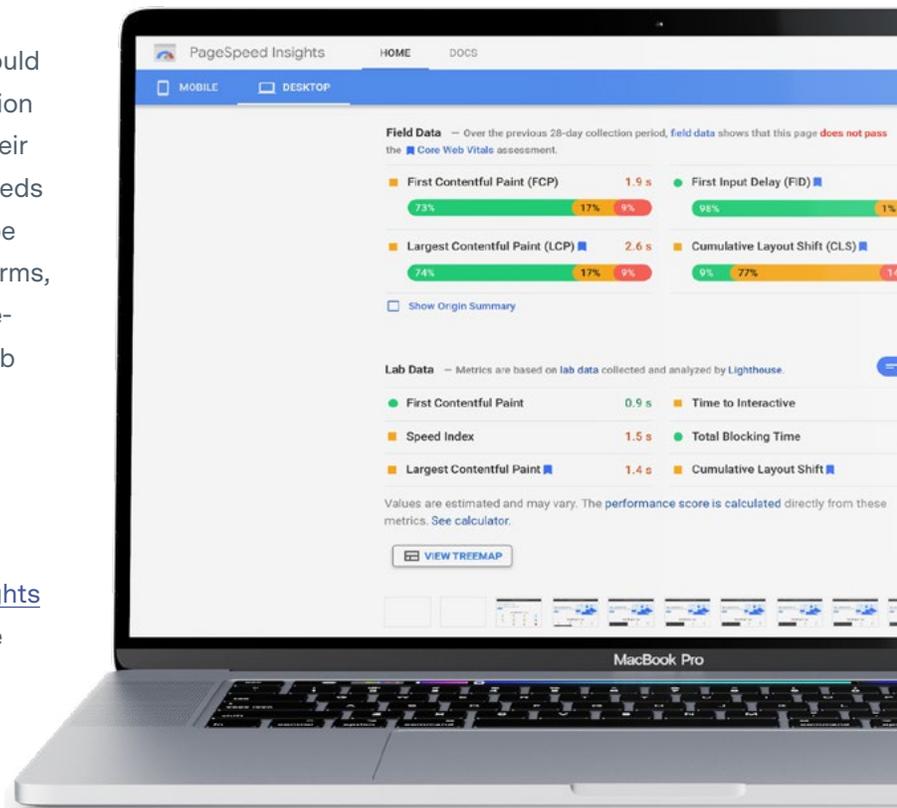
Algorithms don't only look at the body text of your website, they also review page headings, titles and descriptions. They use these items to determine what information is provided on which pages of your site, so incorporating keywords into these areas is an essential component of SEO. If you have duplicate content on your website, implement canonical URLs to inform the site engines about the default content to feature in search results.

Visual design and content layout on your website should be simple and intuitive, creating as few points of friction for users as possible. A visitor should flow through their visit, always able to find what they need. Loading speeds should be quick and seamless, and your site should be compatible with all mainstream web browsers, platforms, and desktop and mobile devices. (If you're not mobile-friendly, you should be. In 2020, more than 68% of web traffic was on mobile devices, an almost 5% increase from the previous year.)

There are numerous free online tools that provide a simple overview of your site's performance. For instance, Google offers a tool called [PageSpeed Insights](#) to measure experience and speed. If you want a more detailed performance analysis, try tools such as [Dynatrace](#).

You should also create a detailed and up-to-date sitemap. A sitemap file (sitemap.xml) helps provide information about the content on your site. Search engines like Google read this file to crawl your site more efficiently. The sitemap—which is a file you submit—tells Google which pages and files you think are important in your site.

SEO can be intimidating to begin with, but once you realize that there are simple ways to optimize and fine-tune the efforts you are already making in other areas, SEO can become second-nature aspects of successful marketing and customer acquisition campaigns.



Price optimization

Of all the seven Ps marketers learn to focus on, one stands above the rest.

There's product, place, people, process, physical evidence and promotion. That's six. The all-important seventh? Price.

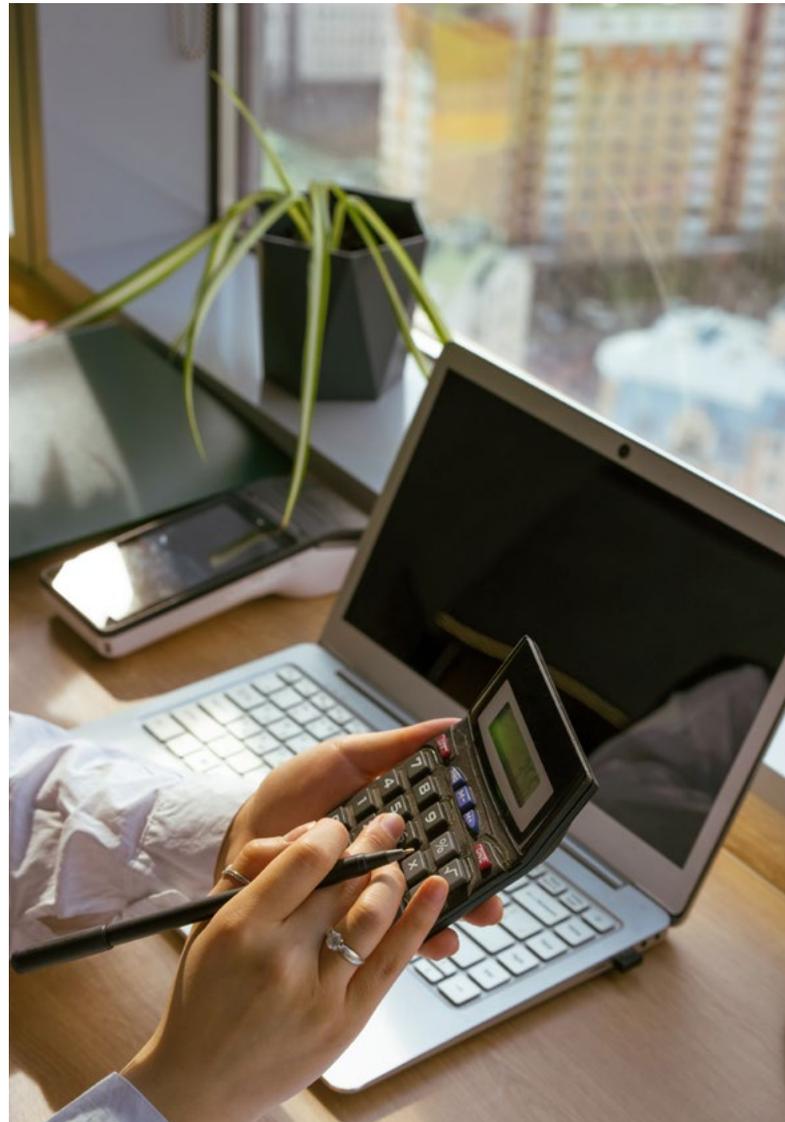
This one factor can often trump all others in a customer's mind. Price can cause a shopper to overlook other factors if they feel the difference in cost makes up for any other concerns they may have. It can also have strangely counter-intuitive and contradictory impacts at both extreme ends of its spectrum.

A low price is great, but too low a price and customers start to get suspicious. They wonder: 'Why is this so cheap? What's wrong with it?' At the high end, price can be either a turn-off for those who can't or won't pay, or even a positive trait for some customers who equate 'more expensive' with 'better' (even though this is frequently not the case in reality).

As a component that affects your business, price directly impacts two major items:

- Your profit margin—which in turn affects how much budget you can allocate to areas like marketing and customer acquisition
- Your ability to stay competitive in the market and acquire new customers

An interesting analysis on the topic of price is the Price Sensitivity Meter (PSM), developed in 1976 by Dutch economist Peter Van Westendorp. The PSM typically gathers data from customers using four questions that gauge feelings on the price of a specific product.



The questions ask at what price a customer would consider the product to be:

- Too expensive—would not consider buying
- Too cheap—quality likely compromised
- Almost too expensive—the upper range of what you would consider paying
- A bargain—a good buy that considers cost and value

Once this data is collected, each question's frequency of responses is plotted into a single graph—inverting two of the data sets—to create intersecting points that represent potential ideal price points for a product. The PSM balances concerns of value, quality and price point comfort for businesses looking to understand the spending outlook of their customers.

Price isn't all about customer sentiment, however. Cost of goods, labor conditions, supply chain issues and rising inflation can all impact the ability of a company to set the price of its goods. In today's especially uncertain world, factors outside of your control can put upward (or downward) pressure on price.

When examining how your current pricing is impacting your business, one thing to look at is how your price affects profit margins, which in turn impacts items such as your marketing budget (which then affect sales, which affects profits, and so the cycle continues).

If you price an item with a healthy profit margin, it means that those sales will allow for a comparable marketing budget. You get funds coming in that allow for more marketing, which encourages more sales.

If you price an item more aggressively—either as a standard matter of course, or for temporary sales—you might get more sales, but your profit margins are thinner, meaning less money for additional marketing. You could be relying only on your lower price point to drive sales, which is not always a sustainable tactic if and when you need to revert to typical prices. This type of promotion strategy can also create a false set

of data that doesn't reflect the reality of your customer base. People who buy your product when it's on sale may not come back for full price, which can negatively impact important metrics like CLV.

One of the best ways to use price in creating an optimal CAC strategy is—if you have the ability to experiment with different price points—to run a series of campaigns with different price points and then track your CAC and the CLV of new customers acquired during each campaign. Knowing which price points and campaigns brought you the most valuable set of new customers can be a major help in designing future marketing efforts that optimize efforts and drive down your CAC overall.

A tool like the PSM can be used either prior to or after these types of acquisition campaigns, to either set experimental price points or land on a permanent one. Or you can undertake other kinds of market research to decide on your costs for acquisition campaigns. The choice is yours depending on how your business best operates and your ability to gather this sort of customer intelligence from your audience.

If you want to do a more sophisticated dive into price optimization strategies, powerful platforms like the one offered by [PriceFx](#)—a Smith partner—can help you leverage data and algorithms to find the best price for your products or services.

Finding your mix and reducing your CAC

All seven of the strategies examined here can help you acquire new customers, but in order to achieve the ultimate goal of improving the ROI on your marketing efforts, and managing customer acquisition costs, it's still vitally important to measure the impact these tactics have on your overall CLV.

You might acquire a big new group of customers, but if you did so by lowering your price temporarily, these customers stand a very high risk of not repeating their purchases, decreasing your overall CLV metric. The temporary bump you gain in revenue would quickly be wiped away.

It's not simply the quantity of acquisitions that matters, but the quality. You want to find acquisition strategies that endure, and that bring in high-quality, long-term

customers. And you also want to undertake all of this with an eye to controlling customer acquisition costs. Just like any marketing effort, these strategies can cost time and resources, so it's very important you approach your efforts cautiously and intelligently. No company can survive spending \$1 million dollars on acquisition efforts that only bring in 1,000 customers who only spend \$100 each. Finding the right balance is essential.

The mix of strategies is different for every business. A solid foundation of research combined with SEM and SEO optimization, retargeting and price optimization might work for you, while in another industry, a company finds success through personalization and content marketing. You will likely need to experiment with a mix of different elements until you find what works for you.



Let's Talk

If you're looking to take your customer acquisition to the next level, Smith can help you to define your acquisition strategies and optimize how they are executed. If your company would like a consultation on how to improve your customer acquisition costs, contact Smith today.

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Smith is a performance commerce agency that designs and develops digital solutions, enhancing customer experience, accelerating sales and optimizing operations.

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