

MARK 452 FINAL REVIEW

CLV= Average Profit per sale x Number of repeat transactions x Retention time in months

CAC= total cost/ #of clicks that turned into purchases/customers

Maximum CAC= Value of a customer in a year = Average profit per sale x 12 months
You want a 3/1 CLV to CAC ratio, that is you want your CLV to be 3 times bigger than your CAC

Why does CLV matter:

Helps calculate ROI on customer acquisition:

- helps organize marketing practices, which channels to focus on
- which acquisition strategy should be used, how should you price it
- helps identify target market

Improves customer retention/customer service:

- price of retaining a customer
- who should you keep/ fire

Helps determine a pricing strategy/ selling price

- should it be free? what price?
- if free:

- up-sell: offer a free basic version and promote the paid premium version

- cross sell: offer a free product and promote another product that does not directly tie to the free product (good if partnership/ if broad amount of products in your line)

- third party: charge a third party but offer free to everyone, i.e advertisements

- bundle: offer a free product with the purchase of something

- if priced:

- Tiered Pricing: buy one for \$10 or buy 2 for \$15

- Decoy Pricing: Economist Example

- Anchoring Pricing: retailers example

Improves CLV:

- want to increase the repeat transaction rate
- want to decrease the churn rate

Rethinking the Consumer Journey

Before:

Awareness—> Familiarity —> Consideration —> Purchase —> Loyalty

- focuses on push strategy

- marketers should be pushing at every single step

- funnel approach: as customer goes down his consideration set is getting smaller, and he is slowly making a decision

- after purchase is where it is decided if customer will be loyal/ repeat customer

- Focus on **Outbound** Marketing: push, awareness, expensive, interrupt

Now/New Model/ McKinsey Model:

1. Initial Consideration Set

2. Active Evaluation

3. Moment of Purchase

4. Post-purchase Experience

5. Is customer Loyal? go straight to moment of purchase if yes; if no go to step 1

-every touch point is a battleground for marketers to win or lose

-new model focuses on customer driven marketing:

-outreach of consumers to marketers > outreach of marketers to consumers

-Focus on **Inbound** Marketing: pull, acquisition, cheap, permission

2/3 of touch points during **active evaluation stage**, are consumer driven touch points so it is important to:

-tailor your message: use content-management systems to have 100s of variations of your advertisement

-invest in consumer driven marketing initiatives:

-influence WOM

-have information websites so you can monitor and influence what is being said

-ZMOT: Zero Moment of Truth, very important during this stage, needs to be on internet and mobile!! consumers turn to their phones for information; people are making decisions at the precise moment that they have a **need, intent, or question**:

-Steps:

1.) use search to uncover and understand moments

2.) be present during the moments

3.) have engaging information/content

4.) measure the impact

-I want to do: « how to » searches

-I want to know: information

-I want to go: « near me » searches

-I want to buy: « should I buy this? » searches

Paid, Owned, and Earned Media

Paid: You pay for it, PPC

Earned: Customer does it for you, Shares Brand Content

Owned: You create it, SEO

Paid+Earned: pay for an ad on facebook and consumers share that ad

Paid+Owned: generates exposure, think about PPC and SEO, people will easily find your brand

Earned+Owned: people share content straight from your facebook page (not from an ad)

Reach Tools:

SEO

PPC

Affiliates

Online Advertising
Online PR
Social Media Marketing

— —> **Common Approach to Strategizing these tools: similar to reach process**

- identify your target
- tailor your unique selling proposition (USP)
- define your overarching objectives, micro-goals, KPIs
- define your key message and associated mark material
- apply

— —>**Reach Process:**

- 1.) Define your overarching objective
- 2.) State your goals and KPIs
- 3.) Define your key message
- 4.) Define your target audience
- 5.) Tailor associated media to those targets

Landing Pages: a standalone page that serves a specific goal; has one single purpose; 1:1 attention ratio; you should copy others landing pages you believe hold the best practices; A/B test —> also consider Conversion Centered Design:

- Encapsulation
- Leave White Space
- Color and Contrast
- Directional Cues
- For Psychology, scarcity and urgency; try before you buy (reciprocity); social proof (testimonials, rewards, etc)

Psychology Design sounds like Cialdinis 6 Principles of Engagement:

- 1.) Reciprocity: people feel indebted to those who do something for them
- 2.) Scarcity: if people think there aren't as much they want it more
- 3.) Social Proof: people turn to those around them to help make decisions (do something like spottily does: friends in your network recently listened to...)
- 4.) Consistency: consumers want to be consistent
- 5.) Liking: people say yes if they like you
- 6.) Authority: credibility leads to authority which leads to persuasion

Landing Pages may have Forms on it: about 8 seconds to persuade consumer, shorter forms are better. you will receive more information from consumer by using progressive profiling where you progressively ask for more information on them

Leads: potential buyers who show an interest in purchasing your product or service

Market qualified Leads: you should market to these leads (not ready to purchase yet)

Sales qualifies Leads: these are sale-ready leads

Lead Scoring: scoring a lead based on their activity with the company:

- Lead Fit: based on observational characteristics; how much does this lead fit with your companies persona
- Based on Behaviour/Engagement

-Based on Buying Intent

Lead Nurturing: Understanding and tailoring your messages to nurture your customers needs: Remember leads have life cycles also, and 4/1 rule: 4 educational messages for 1 offer

Retargeting: essentially targeting your leads; targeting customers who have visited your website or are in your database:

-Pixel based retargeting: using cookies to track pages your customer was on

-List based retargeting: when consumers gave you their email, you look it up on facebook to find their page and target specifically to them

—> recall: you can use these for Active Evaluation phase when you have to tailor your message; using content management systems

Goals of retargeting: awareness (re engaging website visitors) and conversion

Content Marketing:

-Benefits:

-Can Boost your SEO

-Generates trust in your business

-Increases Brand Awareness

-Gated Marketing vs Ungated

-Pillar Approach: use light undated information and central piece as gated information

Choice Paralysis: We rather not choose when faced with too many choices

Choice and Satisfaction Deadline: we are less satisfied with our decision when faced with many choices than we would be with less choices

-opportunity cost: we think of happiness we would receive from other choices and subtract that happiness from our feelings on our choice

-escalation of expectations: because so many choices we believe there must be the perfect choice out there and so whatever our choice we will continue to think that there was a better choice out there

Conversion Funnel: Path to conversion

-Last Interaction

-Assist Interaction

-First Interaction

KPIs and Definitions of:

Reach: build awareness through online and offline mark activities and build traffic through outbound and inbound mark activities and paid owned and earned media touch points —> Fans, Followers, Unique Visitors

Act (Interact): encouraging interaction with consumers on your website and social media —> Leads, Shares/Comments/Likes , Time on Site

Convert: transform a lead into a sale, sign up, etc. convert leads into doing whatever your goal is (which should be sales in the long run) —> orders, revenue, sales

Engage:

-Brand to Consumer Engagement: are you transgressing or sticking to brand personality; Relationship between brand and consumer

-Cognitive: thoughts consumer has for your brand

-Affection: emotions consumer has for your brand

-Activation: the effort and time spent on your brand

-Social Brand Engagement: level of social endorsement and social creativity effect this interaction; it's brand to consumer to consumer

-4 forms:

-Remember the table it includes:

-Social Endorsement

-Social Creativity

-Apathy, Evangelism, Authentication, Activism+Creation

-4 Strategies

-Care: find customer complaints -customer led + intimacy

-Create: co-create- customer led +excitement

-Communicate and Sharing: company led + excitement; want to post interesting stuff that, if the consumer shares it, once that consumers friends see it they will want to share it too

-Communing and Listening: company led+ intimacy

—> repeat purchase (CLV), referral, bookmarks, sign ups (those are KPIS and metrics)

—> why bother with engagement: repeat customers spend more, learn how to make your customers loyal, consumers work on your behalf, receive better insights because they interact with you more

—> keep things simple: Decision Simplicity Index: how easy it for consumers to find and understand your information; how much can they trust this information; how easy it for them to weigh their options