

# Chapter 11: Marketing Strategies for Startups

- **Classical (Theory):**
  - Developing a marketing plan
  - Digital marketing, SEO, and social media marketing.
  - Customer acquisition strategies.

## Developing a Marketing Plan

Marketing plan is step-by-step details outlining how you'll bring your marketing strategy to life. It focuses on specific processes, tools, and tactics needed to reach your business goals.

Your marketing plan identifies the promotional tactics that will help you accomplish the goals of your business plan, which sets out your target markets and the solutions you'll offer to them. It should also connect with your strategic plan, which sets the overall direction for your business for the next three to five years.

"If you've done your business plan, you know who you want to sell to and why," says Kazim. "The marketing plan is your attack plan for chasing after your high-priority revenue opportunities."

## Why you need a marketing plan

Having a marketing plan can help you to:

- identify your target market and how your product or service can benefit it
- identify how you might attract new customers
- encourage your existing customers to continue purchasing your product or service
- set goals and time frames for your marketing activities
- map out a strategy to reach your target audience, including the messages, channels and tools you'll use
- evaluate your marketing activities
- provide a marketing budget and see your return on investment.

## How to build a marketing plan in 5 steps

Creating a marketing plan typically involves the following steps:

## 1. Conduct a SWOT analysis

Look at your own strengths, weaknesses, opportunities and threats:

- Strengths are factors that improve your position in the marketplace. These can include skills, capabilities and proficiencies that can't easily be copied by your competitors, such as low production costs due to superior technology.
- Weaknesses are factors that reduce your ability to achieve your objectives, such as unreliable delivery or outdated production tools.
- Opportunities are ways your business can grow and become more profitable. These might include entering new markets or adopting new technologies.
- Threats are factors that could have a negative impact on your business in your primary markets, such as labour shortages or detrimental economic/political developments.

Because your strengths and weaknesses are defined in relation to your competitive environment, as part of this step, you'll also want to conduct a competitive analysis to gain a complete picture of where you stand in the marketplace.



## 2. Profile your customers

Organize your current customers into three or four main groups—perhaps by industry or transaction size. Then drill down into what defines the customers in those groups: who they are, what they want, how much they buy, the information they use to make purchasing decisions and so on. Example of a customer segmentation table.

Customer group / industry	% revenues today	Buyer profile	What is their key decision or buying criteria?	% revenues in 2 years
Segment 1		→ Age Range? → Gender? → Professional background? → Education? → Personality traits? → Geographic location? → Urban, suburban, rural?	→ What problems do you solve for them? → What do they gain from buying with you? → What do they need in a supplier or product?	
Segment 2				
Segment 3				

This is your opportunity to demonstrate that you know your customers inside and out. Paint a robust picture of them, including characteristics such as age, gender, profession, income level, education and geographic location. It's also important to understand what motivates them to buy. Ask yourself why they would choose your products—and what might keep them away from your competitors.

“This is often the ‘a-ha’ moment,” says Kazim. “Many entrepreneurs think all their customers are the same, but that’s not true. By refining your customer segments in this way, it makes it possible to prioritize and apply your marketing dollars much more effectively.”

### 3. Set clear objectives

What do you want to achieve with your marketing plan? Make sure those goals are attainable and realistic. For smaller entrepreneurs, business and marketing objectives are often one and the same. That means you can use the sales targets from your business plan for this step, such as those related to:

- Market share
- Total number of customers and customer retention rate
- Average purchase size

Not all your objectives have to be financial. Kazim tells her clients to set other kinds of targets, too, such as for digital engagement. Can you quantify your interactions on social media in terms of followers, shares, retweets, comments and likes? Your website also offers important metrics, so you should use tools such as Google Analytics that

allow you to track visitor numbers and conversion rates over time. These may not directly affect your bottom line, but they are important indicators on the health of your brand.

#### **4. Address the “four Ps” of marketing**

Once you know your goals and who you want to reach, it's time to make some strategic choices about how you'll do that. For each of your customer segments, Kazim suggests going through the “four Ps” of marketing to determine the best ways to meet their needs:

- **Product:** What product or service will best meet their needs? Will you need to tweak your existing offering to better stand out in the marketplace?
- **Pricing:** How much will you charge? Could you make changes to your pricing to increase your competitive advantage? Pricing is typically based on how much something costs to make, market, distribute and sell, and also on the profit margin you want to achieve.
- **Place:** Where do customers search for, choose, buy and use your product or service? Are your offerings available where customers are most likely to find them? Be sure to consider both physical and online places.
- **Promotion:** How will you communicate and sell to your customers? This is what most people think of when it comes to “marketing” and can include advertising, in-person sales, public relations, social media marketing, email marketing and other promotional tactics.

“If you’ve built good profiles and know what makes your customers tick, it should be instinctive to figure out how best to reach them,” says Kazim. “For example, if you’re selling something very visual, like handmade jewellery, and your target market is female, Pinterest and Instagram are where you will want put the bulk of your effort.” Be sure to include timing for all the tactics you’ve identified and assign someone within your business to be responsible for seeing them through.

#### **5. Create a budget**

How much will it cost to execute each of the tactics you’ve identified? Consider everything that might be involved—from copywriting and graphic design to the customer relationship management (CRM) tools you’ll need to adopt. Creating a budget is often the most challenging part of marketing planning for many entrepreneurs, says Kazim, especially if they haven’t done it before. Her advice, again, is to keep it simple.

As a general rule, she says a minimum marketing spend of 1% of topline revenue is typical across most industries. “It’s not a full-blown financial plan,” Kazim explains. “All you really need is a budget. You’ve mapped out your goals. Now figure out the costs

associated with achieving them.” She also reminds entrepreneurs to get buy-in from the bookkeeper or chief financial officer—whoever handles the money for the business—as they’re the ones who will sign off on the proposed budget.

## **Digital Marketing**

Digital marketing is one of the most popular and powerful ways to generate awareness, interest and sales for your products or services. Also known as online marketing or internet marketing, digital marketing communicates messages through digital channels accessed through electronic devices, including phones, computers and tablets.

Digital marketing and traditional marketing, such as print ads and direct mail, share the same ultimate goal: generating product awareness and influencing purchasing decisions to drive sales. The main difference between traditional and digital marketing is that digital marketing uses internet-connected technologies to communicate and engage with targeted audiences.

The launch of the World Wide Web in 1989 set the stage for the emergence of digital marketing. The proliferation of business websites, advancements in email technologies and the introduction of wildly popular social channels have sparked meteoric growth in digital marketing. Online marketing is now a key component in most businesses’ marketing plans primarily because of the widespread use of digital technologies but also because it can deliver outstanding results.

## **Why Digital Marketing Is Important**

To succeed, businesses must find effective ways to spread the word about their products and services and that’s never been more challenging than today. Consumers face more choices from more providers, all clamoring for their attention. Deploying compelling content on digital marketing platforms is one way to stand out from the crowd.

Another reason digital marketing is so important to businesses is simply this: it’s where your ideal customer is hanging out. According to the research experts at Statista, as of 2023, there are 5.19 billion internet users and 4.88 social media users worldwide. On average, internet users spend six hours and 40 minutes online every day.

This enormous, highly engaged online audience presents tremendous opportunities for businesses that want to gain visibility for their goods and services. Digital marketing offers near-endless opportunities for connecting with potential customers and is a vital component of nearly every business’s marketing mix.

# Types and Strategies of Digital Marketing

Creating a solid digital marketing strategy for your business begins with a better understanding of the types of digital marketing methods that yield the best returns. Below, we introduce you to six types of digital marketing: social media marketing, search engine marketing (SEO), pay-per-click (PPC) advertising, email marketing, mobile marketing and content marketing.

## 1. Social Media Marketing

Social media marketing is one of the most popular forms of digital marketing. In the United States alone, over 308 million people access a social network at least once per month. People of all ages use social media for entertainment, interacting with others, gaining information about specific interests and shopping.

For businesses hoping to gain visibility and sales, social media statistics reveal that incorporating social media into your marketing mix can be a sound strategy. Social media is the go-to source for brand information for 78% of internet users. Nearly half of U.S. consumers report they've made a purchase through social media. Top social platforms include YouTube, Facebook, TikTok, Instagram, WhatsApp, Pinterest, LinkedIn, Snapchat and X (formerly Twitter). New platforms, such as BeReal and Poparazzi, are entering the market regularly.

The social landscape is ever-evolving. For example, Twitter, now X, was once a top platform, but the social channel now appears to be struggling. Twitter has lost approximately 32 million users since Elon Musk purchased the platform in 2022. TikTok didn't even come on the international scene until 2017, but now has more than 1.7 billion monthly active users. Digital marketers need to remain attentive to social media channel changes.

## 2. SEO

Search engine optimization (SEO) is a vital digital marketing strategy for businesses that benefit from driving traffic to their websites. SEO is the process of optimizing your website so search engines, such as Google rank your website high on search engine results pages (SERPs).

SEO is all about driving organic traffic to your site. Unlike paid advertising, with SEO, visitors who find your site come from unpaid searches. Approximately 8.5 billion searches are done on Google daily, which presents a lot of opportunities for businesses that want to promote their product and services. Ranking high on Google is key to driving more traffic to your website.

In a survey conducted by Search Engine Journal, 49% of respondents reported that SEO delivers the highest return on investment (ROI) of any digital marketing channel. You can get started with SEO on your own for free by learning more about Google Ranking Factors or with the help of top SEO tools and software. You can also work with an SEO service or agency to create an SEO plan and manage your SEO for you.

### **3. PPC Advertising**

PPC advertising is precisely what the name implies: you pay a fee every time someone clicks on your digital ads. The amount you'll pay is determined by the platform you're advertising on, the potential traffic for your promoted post and the number of competitors willing to pay for similar ads.

Google Ads is the largest PPC platform in the world. Many businesses who engage in SEO marketing also engage in PPC advertising on Google. Paid ads on Google appear above organic search results and that positioning advantage can drive even more traffic to your website.

Google Ads is not your only avenue for PPC advertising. You can also purchase PPC ads via the Microsoft Search Network on Bing and partner sites as well as on top social channels, including YouTube, Facebook, Instagram, Snapchat, LinkedIn, Amazon and TikTok.

### **4. Email Marketing**

Email marketing is another top digital marketing strategy you'll likely want to add to your marketing mix. According to Statista, businesses earn an average of at least \$32 for every dollar spent on email marketing. For some sectors, such as retail, e-commerce and consumer goods, that number is \$45.

To be effective at email marketing, you must develop a strategy for collecting email addresses from clients and prospects. Many businesses collect emails with every customer encounter, sometimes offering a special incentive for joining an email list. Your business website is also a terrific place to offer incentives to visitors so you can grow your email database.

Growing and nurturing your email list is vital to successful email marketing. You also must respect the communication preferences of your list and only send relevant information that your base wants to receive. Also, failing to manage the legal aspects of email marketing, including staying compliant with CAN/SPAM Act mandates, is paramount for email marketing success.

Rather than managing business email manually, most marketers acquire email marketing software. The best email marketing software makes it effortless to keep your email database updated, handling new subscribers and unsubscribes for you.

Your email software should also make it easy to segment your email database based on customer interests, create attractive email designs, manage email scheduling and measure email metrics, including open rates, click-through rates (CTR), conversion rates and bounce rates.

## **5. Mobile Marketing**

There are more than 310 million smartphone users in the U.S. alone, so it should be no surprise that mobile marketing has become a popular digital marketing strategy for businesses.

Mobile marketing typically is conducted via text, also called short message service (SMS). Text open rates are estimated to be as high as 98%, which is one reason mobile marketing can be so effective. While text messaging is the most common way to market via mobile devices, notifications from mobile apps and social channels can also be received on smartphones. The business applications for mobile marketing are expanding every day.

## **6. Content Marketing**

Every form of digital marketing relies on compelling content to attract interest and engage prospects and customers. Content marketing is the term used to describe the different types of content you can develop to deploy in your digital marketing campaigns.

Content marketing can take many forms, including blogs, infographics, whitepapers, ebooks, videos, podcasts, quizzes, slide decks and webinars. Unlike advertising, content marketing is not blatantly promotional but instead employs more subtle tactics to inform, educate or influence a desired target market.

You can use content marketing to establish authority on particular subjects or create buzz for your brand. One of the key advantages of content marketing is that you can do it on virtually any budget. A do-it-yourself (DIY) approach to content marketing will cost you mere pennies or, if your budget allows, you can work with copywriters, videographers, designers and other content development experts to create content for your business.



## Benefits of Digital Marketing

There are several key advantages of using digital marketing. Here are the top benefits:

1. Budget-friendly: You can engage in some forms of digital marketing, such as email and social media, with little to no money.
1. Measurable results: Most forms of digital marketing allow you to measure key performance metrics, including total number of impressions, CTRs, cost per conversion, overall conversion rates and more.
2. Improved brand awareness: With so many people using digital devices to access social channels, texts and emails, you have near-unlimited potential to generate awareness for your brand and products.
3. Strong engagement: Digital marketing lets you create compelling content via text, images and video, leading to strong customer engagement.
4. Strong ROI potential: Digital marketing often earns a more substantial ROI than traditional marketing and advertising tactics.
5. Global and regional reach: Depending on the digital marketing tactics you choose, you can limit your reach to a local or regional area or use digital channels, such as YouTube and TikTok, where your content can reach a global audience.
6. Flexibility: You can change or adopt new digital marketing strategies relatively quickly.

## Digital Marketing Best Practices

While digital marketing can be very effective for building business results, you must understand the drivers of success. When you embrace direct marketing best practices, you're far more likely to achieve the stellar results you want.

### Establish Your Digital Marketing Goals

Before engaging in any type of digital marketing, you must establish SMART goals. Specifically, what do you want to accomplish? Examples of top digital marketing goals include:

- Increase website traffic
- Build brand awareness
- Boost brand engagement
- Become known as an expert in your industry
- Generate more qualified leads
- Expand your email prospect database
- Increase sales

## **Define Your Target Audience**

You must have a well-defined audience in mind before selecting digital marketing channels and content marketing strategies. Otherwise, you risk creating messaging or using digital marketing tactics that are off the mark.

Defining your target audience begins with identifying shared attributes, including age, gender, income and education levels, geographic locations, interests and purchasing patterns. Next, you need to identify the specific problems your audience is facing or the pressing desires they have. Once your target audience is defined clearly, you can develop digital marketing messaging that highlights how your business solves their top problems or satisfies their needs.

## **Determine Your Digital Marketing Budget**

Establishing a digital marketing budget will keep you from under or overspending. Setting clear marketing goals and success targets will ensure your digital marketing spend is on target.

You may choose to establish a budget for each digital channel or an overall budget for all efforts. It's important to have a good handle on digital marketing costs to set a strong budget. Be sure to consider the technologies you'll need to deploy your digital marketing efforts, including SEO software, email marketing software, website hosting services and social media management tools.

If you plan to do PPC advertising, you must research costs related to the platforms you intend to use. PPC costs are platform-specific and Google Ads and most social media channels offer extensive information about PPC costs on their advertising portals.

Other costs you may need to incorporate into your digital marketing budget include marketing services for copywriting, videography and design. If your budget allows, you can work with a traditional marketing agency, which can cost anywhere from \$75 to \$300 per hour. If you're on a shoestring budget, you may want to hire freelancers from popular gig sites, such as Upwork, Fiverr and Freelancer.com, which can cost as little as \$15 per hour.

## **Select Your Digital Marketing Methods**

Launching a company website is the first step in digital marketing for many businesses. The additional digital marketing methods you choose depend on what you're selling, where your ideal audience is spending their time and how much money you want to spend on digital marketing. Social media, SEO and email are the most popular digital

marketing techniques, but you may find a different mix works best for your target market.

## **Customer acquisition**

Customer acquisition is the process of bringing new paying customers to your brand. It involves a wide range of strategies and tactics aimed at attracting potential customers and converting them into loyal buyers. In the context of data management, especially in ecommerce and content marketing, customer acquisition includes various methods to reach potential customers who are strong candidates for the products or services you're offering. In this guide, you'll learn about customer acquisition, including:

- Why customer acquisition is important for business growth
- What are the key customer acquisition strategies
- Understanding and measuring customer acquisition metrics
- Developing and refining customer acquisition models
- Customer acquisition vs customer retention

## **Why customer acquisition is important for business growth**

Customer acquisition is essential for boosting your company's profits, increasing brand awareness, and building a stable foundation for the future. While retaining existing customers is crucial, bringing in new customers is what keeps a business growing. Without a consistent influx of new customers, even the best retention strategies may only result in stagnation rather than growth.

## **Key customer acquisition strategies**

### **1. Search engine optimization (SEO)**

SEO is one of the most important methods of customer acquisition. It involves optimizing website content to earn unpaid, organic traffic from search engines. Since nearly 70% of all online experiences start with a search engine query, SEO is crucial for positioning your brand where potential customers can easily find it. This strategy builds momentum over time and is a foundational tactic for any customer acquisition plan.

### **2. Content marketing**

Content marketing is another vital customer acquisition strategy. It involves creating and distributing valuable content that attracts and engages your target audience. This can include blogs, videos, podcasts, social media posts, and more. Content marketing not

only introduces potential customers to your business but also solves problems and answers questions, establishing your brand as an authority in your industry.

### **3. Email marketing**

Despite being one of the oldest strategies, email marketing remains incredibly effective for customer acquisition. It allows businesses to connect with potential customers directly in their inboxes, where personalized messages can influence purchasing decisions. Email marketing is also cost-effective, with a high return on investment, making it a staple in any customer acquisition strategy.

### **4. Social media marketing**

Social media is a modern and powerful tool for customer acquisition. Platforms like Facebook, Instagram, TikTok, and LinkedIn offer unique opportunities to engage with potential customers. Whether through organic posts or paid ads, social media allows brands to reach large audiences and build relationships with customers in a more casual and interactive environment.

### **5. Paid advertising**

Paid advertising, especially digital ads, is a quick way to generate traffic, leads, and sales. Whether through search engine ads, social media ads, or display ads, paid advertising can introduce your brand to new audiences and drive immediate results. However, it's important to monitor the cost and effectiveness of these ads to ensure a positive return on investment.

### **6. Referral programs**

Referral programs leverage the power of word-of-mouth marketing by encouraging existing customers to refer new customers in exchange for rewards. This strategy not only brings in new customers but also increases loyalty among existing ones. Since referrals often come from trusted sources, they tend to convert at higher rates and have a longer customer lifetime value.

### **7. Other effective strategies**

- **Video marketing:** Video content, whether recorded or live, can significantly boost customer acquisition by providing a dynamic way to showcase products, answer questions, and engage with potential customers.
- **Giveaways:** Running giveaways on social media platforms can attract new customers by encouraging them to try your products or services.
- **Events:** Hosting or attending events, whether in-person or virtual, offers a unique way to introduce your brand to new audiences.

- Offline marketing: Traditional marketing methods like print ads, billboards, and direct mail can still play a role in customer acquisition, especially in markets where digital saturation is high.

## **Understanding and measuring customer acquisition metrics**

### **Customer acquisition cost (CAC)**

CAC measures the cost of converting someone into a customer. It's calculated by dividing the total cost of a marketing campaign by the number of new customers acquired. Monitoring CAC is essential to ensure that your acquisition strategies are financially sustainable. A high CAC means you're spending too much to acquire customers, which can hurt profitability.

### **Customer lifetime value (CLV)**

CLV represents the total value a customer brings to your business over their lifetime. It's crucial to compare CLV to CAC to ensure that acquiring new customers is profitable. Ideally, the ratio of CLV to CAC should be at least 3:1, meaning the value a customer provides is three times the cost of acquiring them.

### **Acquisition rate**

Acquisition rate is the percentage of leads that become customers. This metric helps gauge the effectiveness of your campaigns in converting interest into actual sales. While not always precise, it provides insight into how compelling your acquisition efforts are and whether they resonate with your target audience.

### **Other relevant metrics**

Other metrics include engagement rates, conversion rates, and the effectiveness of individual channels, all of which contribute to a comprehensive understanding of your customer acquisition performance.

## **Developing and refining customer acquisition models**

### **Customer acquisition model**

A customer acquisition model outlines the process and tactics your business uses to attract and convert new customers. Different organizations may have different definitions of acquisition, and as a result, their models will vary. For instance, some

companies consider acquiring an email address as a successful acquisition, while others only count an actual purchase.

## **Common variants of customer acquisition models**

Customer acquisition models can vary based on tactics and objectives. For example, digital advertising might focus on generating website traffic, while referral programs might emphasize conversions. Each model should be tailored to the specific goals of your business.

## **Indicators of a poor customer acquisition model**

A key indicator of a poor customer acquisition model is a disconnect between predicted and actual business results. If your model predicts certain outcomes that aren't materializing, it's a sign that it needs refinement. Regular communication between marketing and data teams is essential to ensure alignment and accuracy.

## **Best practices for customer acquisition modeling**

Regularly reevaluating your customer acquisition model is crucial. As customer behavior and market conditions change, your model should adapt accordingly. Additionally, keeping an eye on CAC and ensuring your data management systems are robust will help maintain the effectiveness of your acquisition efforts.

## **How to improve your customer acquisition strategy**

### **1. Make it sustainable**

Customer acquisition is a long-term process. While short-term campaigns can get results, it's best to use strategies that last. Prove the longevity of a tactic, like TikTok trends, before you put too many resources into it.

Ensure that you have the time and resources to continue your efforts. Otherwise, they will peter out and lose their effectiveness over time. This means your leadership team needs to provide an adequate budget for acquisition.

### **2. Make it flexible**

You should always analyze your data and tweak your strategies to increase the effectiveness of your acquisition efforts. Your competitors, customers, business, and industry will change over time, and that's why flexibility is important. This means:

- **Changing with the times.** Make sure your campaign is flexible enough to change on the fly — otherwise, you might be stuck with a strategy that doesn't work. Being able to change direction will allow you to respond to trends, which is critical to effective acquisition.

- Diversifying your strategies. If you're only promoting your brand to new customers on social media, you're likely missing out on customers on other platforms. Your business likely caters to several customer personas that prefer different media. You'll reach a larger audience with a mix of acquisition channels, which is a boon to your bottom line.
- Adjusting KPIs. As your business changes, your goals should change too. If your KPIs are no longer useful, you have the freedom to change them. Ensure they're challenging enough that your team is motivated, but not too unrealistic that you never meet your goals.

### **3. Put the customer first**

What do customers want to see from your brand? Adjust your customer acquisition strategies so they meet customer expectations and, if needed, adapt to customer feedback.

Remember, you don't just want to acquire new customers—you also want them to become regular buyers. If customers feel like you treat them well, they're more likely to stay with your business, boosting CLV in the process. By prioritizing the customer early on, you can also help improve your customer retention in the long run.

## **Customer acquisition vs customer retention**

### **The relationship between acquisition and retention**

While customer acquisition focuses on bringing in new customers, customer retention aims to keep them engaged and loyal over time. Both are essential for long-term business success. A strong acquisition strategy that brings in the right customers can enhance retention efforts, as these customers are more likely to stay with your brand.

### **Strategies to transition from acquisition to retention**

To move from acquisition to retention, it's important to develop a relationship with your customers. This can be done by enriching customer profiles with data, allowing for more personalized and effective marketing. The goal is to create a complete customer profile, often referred to as the "golden record," which helps optimize marketing campaigns for individual customers.

### **Which is better for long-term success?**

Balancing acquisition and retention is key to sustainable growth. While it's cheaper to retain existing customers, continuously bringing in new customers is necessary to offset

any churn and maintain growth. An integrated approach that gives equal attention to both strategies will ensure long-term success.

## **Get started with customer acquisition**

Customer acquisition is essential for boosting your company's profits, increasing brand awareness, and building a stable foundation for the future. The first step to a successful customer acquisition strategy is arming your team with sufficient data to connect with your target audience

- **Project:** Design a basic marketing plan for your startup.
- **Goal:** Learn how to market your startup and attract customers.