A1: Simulation Reflection

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Customer Acquisition through Digital Marketing - MKT-6043 - SFO1

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Contents

From Clicks to Commitment:

A Data-Driven Journey Through Customer Acquisition and Retention Strategy

Introduction

This simulation turned out to be one of the most insightful parts of my summer coursework. It wasn't just about setting marketing budgets or tracking clicks — it became a hands-on experience in understanding how real brands grow, retain customers, and adapt when the numbers tell a different story than your gut.

Over five simulated years with ExerciseMinder, a fictional fitness tracker brand, I designed campaigns, ran A/B tests, and made strategic decisions based on frameworks like RACE and See–Think–Do–Care. What made it meaningful was how often I had to pivot — when regression results challenged assumptions, or when value-driven messaging outperformed short-term discounts. Every insight shared in this report is backed by actual simulation data, which you'll find in the Appendix. What follows is a breakdown of how those numbers informed my strategy and shaped my thinking as a future marketer.

1. Effective campaigns for customer acquisition

The most effective campaigns for customer acquisition were *New Member Price Discount* and *Reach Out to Non-Exercisers*. These offered clear value propositions that motivated immediate sign-ups. Price Discount drove high volume early on through direct incentives, while Reach Out engaged untapped segments with empathetic messaging. Both campaigns performed best when paired with high-ROI channels like email, branded search, and Facebook ads. Their success depended on aligning messaging with intent—discounts captured the ready-to-buy, while engagement-based campaigns attracted new segments and nurtured them into conversion (Whitler & Twente, n.d.).

2. Effective campaigns effective for customer retention

The *Message Customers with Tips and Ideas* campaign proved most effective for customer retention. It emphasized consistent engagement, wellness education, and goal support—fostering long-term value. Unlike transactional campaigns, this approach built trust and relevance through sustained email communication. It resulted in reduced churn (down to 3.1%) and the highest CLV ($359 for new customers). The campaign's email-heavy distribution enabled timely, personalized content, helping users derive ongoing benefit from the product. Its success highlighted that retaining customers depends not just on satisfaction, but on continually reinforcing value and behavioral momentum.

3. Role of intuition, analytics, and A/B testing in decision making

Intuition helped form initial campaign choices based on marketing fundamentals—discounts for acquisition and engagement for loyalty. However, it was analytics and A/B testing that refined those instincts into strategic precision. Regression analysis provided clarity on which channels delivered the highest ROMI and impact per dollar spent (Korst & Puntoni, n.d.). For example, email consistently showed high explanatory power ($R^2 > 0.7$), while TV proved inefficient despite initial assumptions. A/B testing validated messaging strategies, showing that campaigns like *Message Customers with Tips* outperformed alternatives in both engagement and retention. When projected outcomes diverged from results, analytics prompted timely course corrections. This cycle of hypothesize–test–optimize ensured each decision was grounded in evidence, not assumption. In sum, intuition sparked ideas, A/B testing revealed behavioral truths, and analytics provided a roadmap for profitability.

4. Lessons on Data-Driven Decision Making from the Simulation

The simulation underscored that effective data-driven decision making is iterative, not static. Initial campaign choices were rooted in reasonable logic, but only ongoing measurement and refinement led to sustainable success. I learned the importance of distinguishing between high CTR and high ROMI, and between volume and quality. Channels like Facebook had excellent engagement but required analytics to confirm their real conversion impact. Meanwhile, regression modeling revealed marginal return inflection points that helped optimize budget allocation. Importantly, I experienced the need for adaptability—scaling back television spend, retiring underperforming campaigns, and pivoting toward long-term CLV strategies. The most valuable insight was that data should not only confirm what's working, but actively guide *where* to experiment next (Acar, n.d.). It taught me to trust metrics over momentum and use evidence to lead, rather than follow, marketing trends.

Conclusion

The Customer Acquisition through Digital Marketing course provided the theoretical backbone to apply frameworks such as the RACE model, See–Think–Do–Care, and conversion rate optimization (CRO) in a dynamic, data-driven environment. The simulation allowed me to operationalize these models through iterative decision-making, emphasizing:

i. **strategic channel selection,**
ii. **A/B testing,**
iii. **and campaign refinement**.

Over six simulated years, I progressed from launching broad, incentive-based acquisition campaigns to deploying precise, **value-driven messaging** aimed at long-term customer engagement. Early campaigns like *New Member Price Discount* captured high volumes but offered diminishing marginal returns, while later efforts like *Message Customers with Tips and Ideas* and *Reach Out to Non-Exercisers* significantly improved **Customer Lifetime Value (CLV)** and **retention**. The most impactful strategy shifts emerged when regression analytics revealed underperforming investments in television and unbranded search, prompting budget reallocations toward **email, Facebook, and branded search**, which consistently offered superior ROMI and click-through performance.

By Year 5, I had nearly doubled the customer base to 3.97 million and surpassed $900 million in cumulative revenue with an average ROI of **2.7:1**. However, a decline in Year 6 (to **1.79**) signals the threshold of diminishing returns and the urgent need for **innovation and optimization**.

To maintain a ROMI of **3.0 or higher**, ExerciseMinder must:

- **Double down on high-efficiency channels** like email and branded search while continuing to personalize Facebook ads.
- **Reintroduce A/B testing** annually to explore new message variants and user segments.
- **Expand segmentation and retention strategies**, leveraging behavioral data to trigger targeted campaigns.
- **Avoid over-saturation** of successful channels; marginal gains decline without diversification.
- **Incorporate attribution modeling** (e.g., ranked or first interaction) to guide multi-touch spend more accurately.
- **Iterate campaign creative and channel allocation** quarterly, rather than annually, to stay agile in a competitive digital landscape. This quarterly creative iteration aligns with HubSpot's content strategy recommendations, which stress continuous optimization of visual storytelling and format experimentation to keep digital audiences engaged (*52 Visual Content Marketing Statistics You Should Know in 2024*, 2023).

Ultimately, sustaining high ROI requires a **balance between analytical rigor and creative agility**, both of which were core takeaways from the coursework and the simulation. The experience demonstrated how marketing science and storytelling must co-exist to drive not just acquisition, but sustainable growth.

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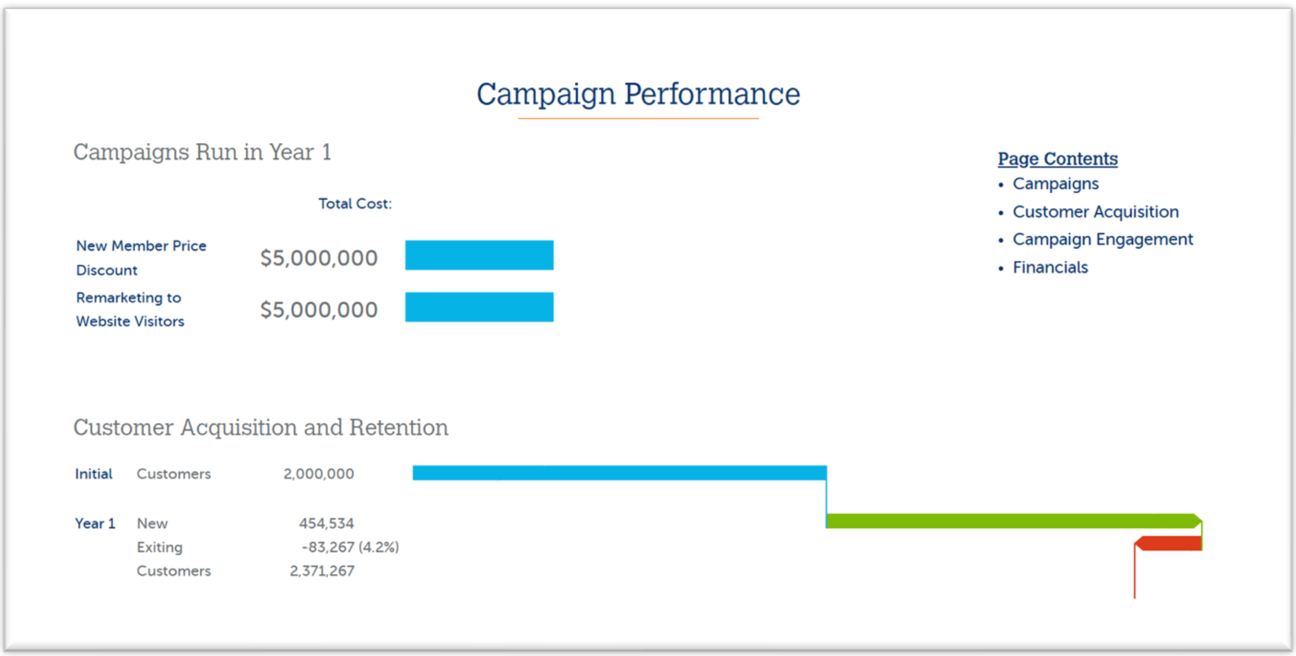
Appendix

This report chronicles a five-year digital growth strategy for ExerciseMinder, revealing how data-driven experimentation, A/B testing, and multi-channel allocation led to nearly $1B in revenue and a near doubling of the customer base. Using foundational digital marketing frameworks **(RACE, See-Think-Do-Care)**, **campaign A/B testing**, and **attribution analysis**, this report evaluates how channel allocation, customer journey mapping, and conversion-focused tactics impacted Return on Marketing Investment **(ROMI)** and Customer Lifetime Value **(CLV)**.

Year 1: Foundational Investment and Dual-Campaign Launch



Campaigns Launched:

- New Member Price Discount
- Remarketing to Website Visitors
  Budget Allocation: $10M (split evenly)

Channel Strategy:

Prioritized cost-efficient digital channels:

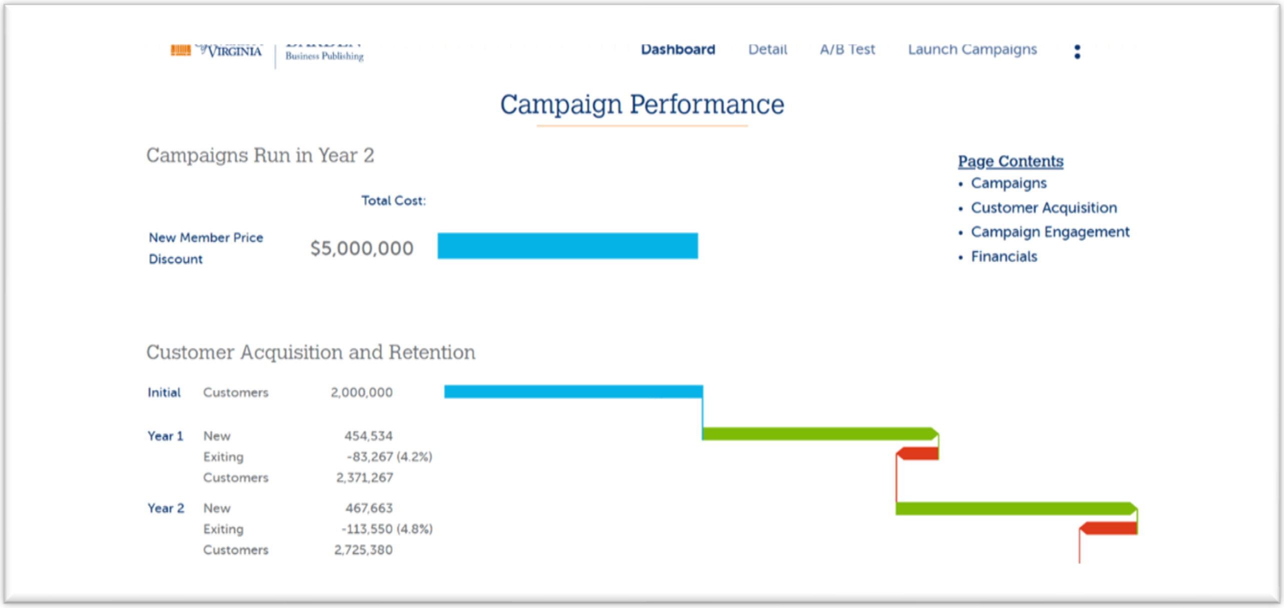
- Email (up to 50%)
- Facebook (25–30%)
- Branded Search (moderate share)
- Minimal investment in TV (10%)

Key Metrics:

- Website Visits: 340K+ (CTR: 4.36%)
- ROMI: 1.42
- New Customers: 454,534
- CLV: $90

Insight: Regression analysis confirmed email as the most cost-effective channel (Impact per $ = 0.94, R^2 = 0.743). Television underperformed. The dual-campaign model validated a retargeting-plus-offer blend, establishing a strong acquisition foundation.

Year 2: Cost Reduction and Scaling Efficiency



Campaigns Launched:

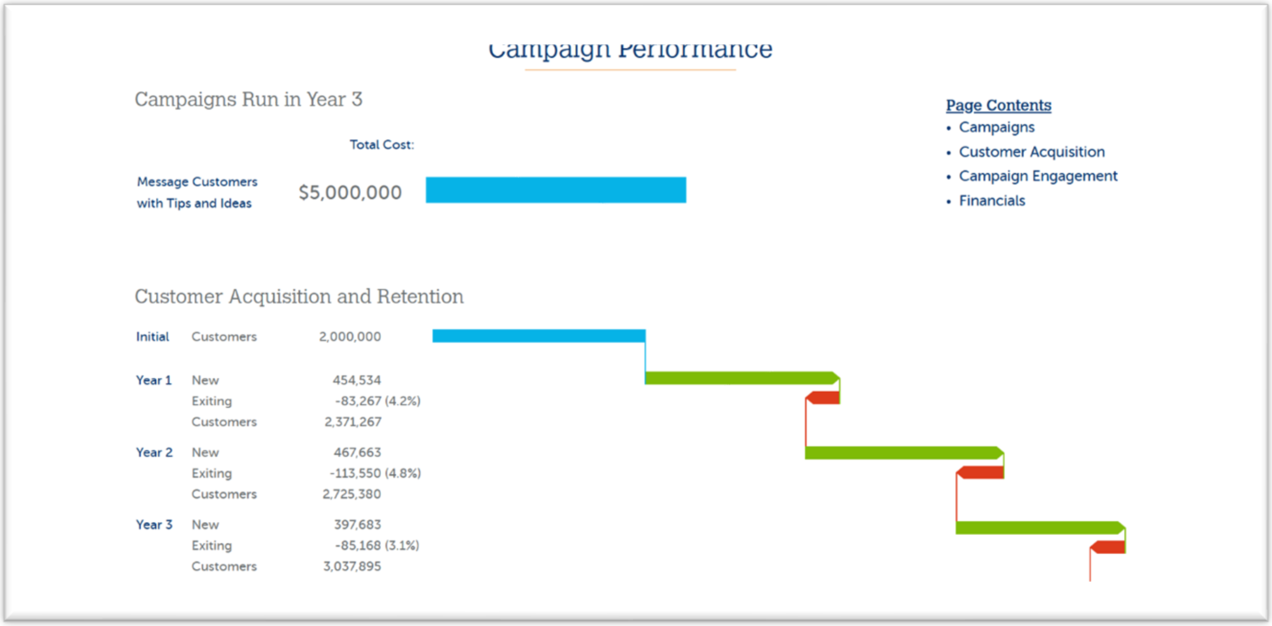
- New Member Price Discount (Single Campaign)
  Budget Allocation: $5M

Outcome:

- Website Visits: 278K+
- ROMI: 3.54
- New Customers: 467,663
- Revenue: $150.3M

Insight: By halving spend, ROMI more than doubled, emphasizing strategic scaling. Email continued to perform well (5.48% CTR), and Facebook exceeded regression expectations with a 6.78% CTR. Despite higher churn, net customer base increased.

Year 3: Transition to Value Messaging



Campaigns Launched:

- Message Customers with Tips and Ideas

  Budget Allocation: $5M

Key Channel Allocation:

- Email (60%)
- Branded Search (25%)
- Facebook (10%)

Performance:

- CTR Leader: Facebook (8.49%)
- ROMI: 2.57
- New Customer CLV: $359
- Churn Rate: 3.1% (↓ from 4.8%)

Insight: The campaign drove lower volume but much higher quality acquisitions. Transitioning from discounts to engagement-centric messaging increased retention and long-term value.

Year 4: Balanced Campaign Design and High CLV Scaling

Campaigns Tested:

- Reach Out to Non-Exercisers
- It's Easy to Get Started

Final Allocation (Selected Campaign):

- Email: 35%
- Facebook: 35%
- Branded Search: 20%
- Unbranded Search: 10%

Performance Metrics:

- ROMI: 2.99
- Revenue: $199.9M
- Net Customer Base: 3.7M+
- New Customer CLV: $261

Analytics Insights:

- Highest ROI channels: Email (engagement), Branded Search (conversion intent)
- Regression R^2: 0.826 (Website visits vs. new customers)
- Facebook retained top CTR (6.96%), email drove most conversions

Insight: This year balanced customer quantity and value, confirming synergy between broad reach (Facebook) and targeted engagement (email + branded search).

Final Outcomes (Cumulative Year 1–4)

Total Revenue: $906.6M

Average ROMI: 2.7:1

Final Customer Base: 3.97M

Strategic Summary:

- Phasing out television was beneficial.
- Email was consistently the strongest direct-response channel.
- Branded search offered high ROI with targeted impact.
- Facebook excelled in awareness and social reinforcement, particularly in campaigns with behavioral and community focus.
- Transitioning from transactional to value-driven campaigns resulted in sustained revenue growth and brand equity.