

CUSTOMER ACQUISITION COST

How to reduce customer acquisition cost

INTRODUCTION

Customer acquisition cost refers to sales and marketing cost that are incurred in the process of acquiring a customer and reducing this cost is an ongoing mission for any business that wants to survive and continue generating revenues.

Let us understand it this way : for any business there are two essential components Marketer and customer .

For increasing sales of the product or services several activities are carried on including marketing research, product development , sales promotion , publicity, awareness availability of the product at the right place , right time and right price . In short all these activities are carried on to create and attract customers. All these activities cost a huge amount but they are indispensable for the organisation to grow , to make profit to compete and exist . So to increase profits we have to reduce cost . There are a few ideas that can help us in reducing this huge CAC

How to reduce CAC

1. Focus on boosting conversion rate . This can be done by targeting the proper customer and re targeting . So that the marketing activities will be specific and less expensive.
2. Utilise Marketing automation : today there several online platforms , apps which are more effective and less expensive and can effectively influence customers. It can be time and money saving.
3. Pay attention to customer retention . Acquiring a new customer is much more expensive than keeping the existing one. The existing customers may be motivated to bring new customers. This is very inexpensive way to attract and retain existing customers.word of mouth is the best tool to influence customers.
- 4.Proper communication : content is the king . If the customer is able to understand the message easily it allows the company to generate lead without spending much.
5. Define your USP clearly and show it to prospective target customers.