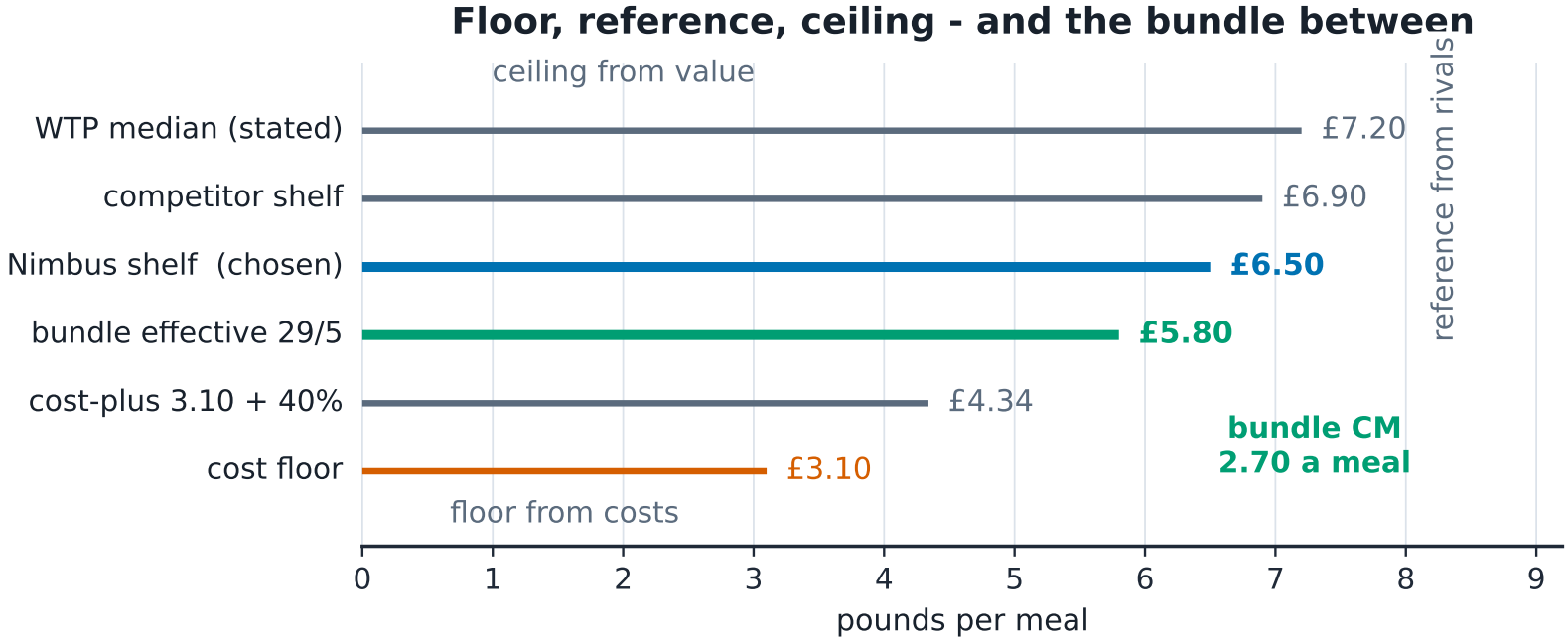
Exercise walk-through

7.6
Promotion and digital measurement

University Business

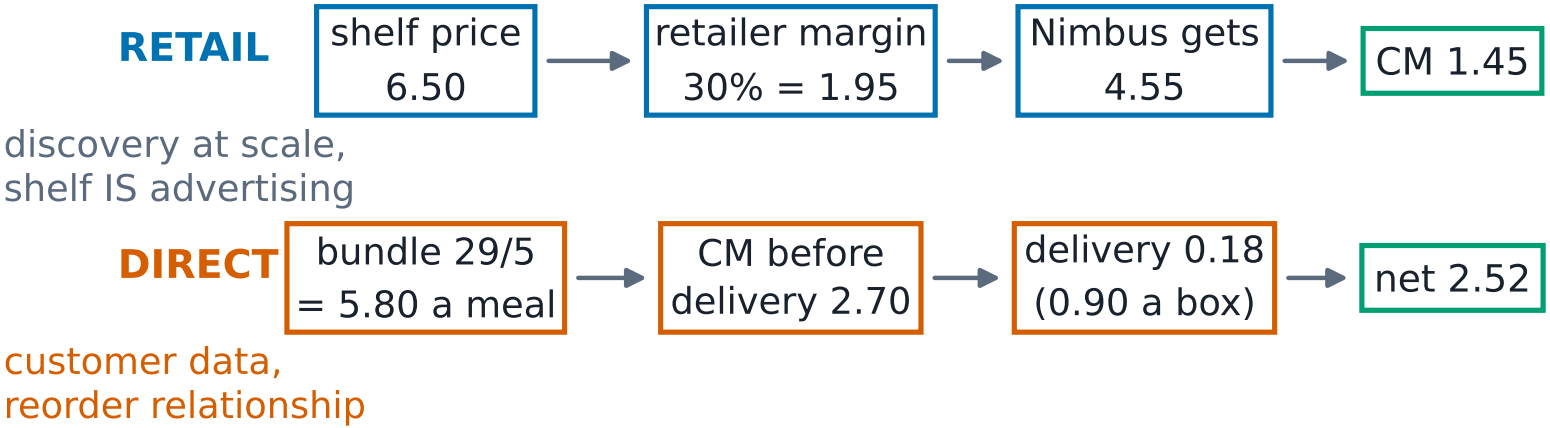
Pricing: floor, reference, ceiling



Floor from cost 3.10, reference from rivals 6.90, ceiling from **value** 7.20.

Channels: two taxes, one map

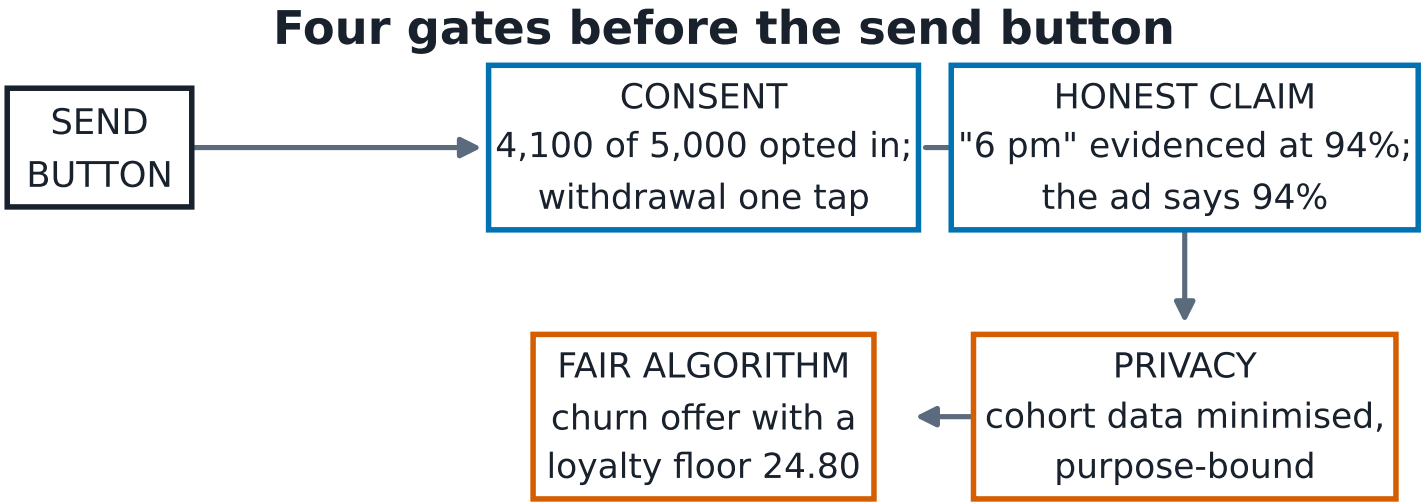
Same meal, two taxes



retail earns discovery at 1.45; direct earns 2.52 AND the data - price each job

Retail earns CM 1.45 and discovery; direct earns 2.52 and the data.

Ethics: the gate before the send button



emailing all 5,000 buys ~59 paid trials and costs the licence to operate

> Consent, honest claims, a fair algorithm and privacy before sending.

Exercises 2.1·2.2

2.1 Compute clicks, unique visits, and state the trial rate with its denominator. [3]

2.2 Compute CAC and month-2 retention. [2]

Exercises 2.1·2.2

2.1 Compute clicks, unique visits, and state the trial rate with its denominator. [3]

2.1

- Clicks $= 500{,}000 \times 0.022 = 11{,}000$.
- Unique visits $= 4{,}200$ (given; dedup already applied).
- Trial rate $= 630/4{,}200 = 15.0\%$ of unique visits.

2.2 Compute CAC and month-2 retention. [2]

2.2

- $CAC = 9{,}000/378 = £23.81$.
- Retention $= 252/378 = 66.7\%$.

Exercises 2.3·2.4

2.3 Six-month cohort CM is £21,700. Compute LTV/CAC and say in one line what it implies for spend. [2]

2.4 Last-click credits 60% to retargeting. Design the test that checks it, and state the finding that would falsify the claim. [3]

Exercises 2.3·2.4

2.3 Six-month cohort CM is £21,700. Compute LTV/CAC and say in one line what it implies for spend. [2]

2.3

- $LTV/CAC = 21{,}700/9{,}000 = 2.41$.
- Below the healthy 3: scale spend only into channels that lift retention, not just installs.

2.4 Last-click credits 60% to retargeting. Design the test that checks it, and state the finding that would falsify the claim. [3]

2.4

- Holdout: disable retargeting in a random region for a month.
- Measure the sales gap against the claimed 60%.
- If sales barely move, the claim was attribution fiction – the orders would have happened anyway.

Exercise 2.5

2.5 In one line each: why is a CTR gain a dangerous gift, and why must CAC comparisons name their channel mix? [2]

Exercise 2.5

2.5 In one line each: why is a CTR gain a dangerous gift, and why must CAC comparisons name their channel mix? [2]

2.5

- CTR rises with the wrong visitors – the denominator fills with clickbait traffic that never converts.
- CAC blends channels; a mix shift changes the number without any channel getting better or worse.