Self-Assessment #6 Solutions

1. According to the lecture, which of the following is *not* one of the characteristics of objectives when establishing social media goals?
   A. Attainable
   B. Comprehensive
   C. Relevant

Ans. B
The characteristics of objectives when establishing social media goals include specific, measurable, attainable, relevant, time-bound.

2. For advertisers, please choose the correct ranking of the risks of running advertisements from highest to lowest.
   A. Cost per view, cost per sale, cost per click
   B. Cost per sale, cost per click, cost per view
   C. Cost per view, cost per click, cost per sale

Ans. C
For advertisers, the advertising risk ranking from high to low is cost per thousand > cost per view > cost per click > cost per lead > cost per sale.

3. According to the lecture, what model do hybrid advertisements use?
   A. Cost per view model.
   B. Cost per view + cost per click model.
   C. Cost per view + cost per sale model.

Ans. B
TV advertisements are on CPM basis. Search advertisements are on CPC basis. Hybrid advertisements are on CPV+CPC basis.

Questions 4-7 refer to the Star Digital case study:

4. According to the Star Digital case, which of the following is *not* the reason why the share of online advertising spend increased compared to traditional TV advertising spend?
   A. Online advertising spend was much cheaper than traditional TV advertising.
   B. Potential customers who didn't currently have a service provider spent significant amount of time online.
   C. There were more and more consumers using internet to purchase goods and services.

Ans. A

According to the case study, the reasons why online advertising spend was gradually increasing mainly due to two reasons: i) many potential customers who did not currently have a service provider spent a significant part of their time online, and ii) customers were increasingly turning to the internet to consume media and purchase goods and services.

5. According to the Star Digital case, which of the following is correct?
    A. Compared to online advertising, offline advertising had an advantage of collecting data tying ad impressions to conversions.
    B. Attributing conversion entirely to clicks tended to overvalue the return to advertising.
    C. A controlled experiment was able to measure the increase in conversions due to online advertising.

Ans. C
A lack of data tying ad impressions to conversions made offline advertising's effectiveness measurement problematic. Answer A is incorrect. View-through conversion, rather than click-through conversion tended to overvalue the return to advertising. Answer B is incorrect. A controlled experiment is the gold standard to measure the increase in conversions due to the display ad campaign. Answer C is correct.

6. With respect to the Star Digital's display advertising experiment, which of the following is *not* correct?
    A. Instead of measuring the click-through and view-through-based advertising effectiveness metrics, the experiment measured the incremental impact of advertising.
    B. The control and test groups in the experiment were equal size.
    C. One of the factors that determined the fraction of users in control group was baseline conversion rate.

Ans. B
Since randomly assigning consumers to test and control groups of equal size was an expensive option, Star Digital decided on the proportion of consumers to be assigned to the control group (10%) so as to get a statistically valid comparison at minimum cost. Therefore, answer B is the answer.

7. According to the Star Digital case, which of the following is *not* the reason why it was an expensive cost of assigning consumers to test and control groups of equal size?
    A. Charity advertisements cost the advertiser as much as the campaign advertisements.
    B. Compared to test groups, control groups needed to be treated more carefully. Therefore, the training cost of control groups was higher.
    C. There was an opportunity cost when a consumer who could have been influenced by advertisements was shown charity advertisements instead.

Ans. B
Randomly assigning consumers to test and control groups of equal size was an expensive option because i) charity ads cost the advertiser as much as the campaign ads since the advertiser paid for advertisements served to the control group as well. ii) there was an opportunity cost incurred when a consumer who could have been served an advertisement for campaign, and who could have been influenced by these advertisements to sign up for its subscription service, was shown charity advertisements instead.

Question 8:

Select the incorrect statement from the following:

A) **The general structure of a paid search ad consists of 3 primary sections: 1) a Headline, 2) a Display URL & Path, and 3) Ad Group**
B) Landing Page is the first page a user reaches when clicking on a link in an online marketing campaign.
C) According to Week 10 slides, **Keywords**, A**d Copy, Landing Page and CTR of the Ad** are the factors that affect the quality score in Google AdWords system.
D) An organization that attains a higher quality score relative to their competitors can realize a lower CPC and still rank higher than the competition.

Ans.

All the statements are true except the A). Ad Group is a part of Google AdWords Account Structure. The general structure of a paid search ad consists of 3 primary sections: a Headline, a Display URL & Path, and a Description.

Question 9:

Planning and Setting Up a Paid Search Campaign **does not involve** the following step:
A) Establishing a Budget
B) Conduct keyword research
C) **Hiring professional digital advertisers to come up with a catchy tagline**
D) Defining business goals being supported by market research

Ans.

Following are the steps involved in Planning and Setting Up a Paid Search Campaign:

1. Define business goals and conduct market research

2. Define business objectives / metrics for success

3. Establish a budget

4. Conduct keyword research

5. Create ads (heading, description, path, extensions) and ensure tracking is in place

Question 10:

Which of the following is not used to measure the profitability of an Ad Campaign?

A) CPC (Cost Per Click)
B) Customer Complaint Rate
C) Conversion Rate
D) Lifetime Value of Customer

Ans.

Common measures of profitability are: **CPC, Conversion Rate, Sale Value, Profit Margin, Repeat behavior/loyalty/lifetime value of a customer**