**Assignment – RocketFuel Case**

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**Was the advertising campaign effective? Did additional consumers convert as a result of the ad**

**campaign?**

Yes, it was effective in terms of conversion rate when the correct ad was shown , there is increase of 0.7% in conversion rate. But, it needs to be seen whether it is loss of profit.

14423 users converted in real ads out of total 564577 users.

420 users converted in control groups out of total 23524 users.

**Question 2.**

**a. How much more money did TaskaBella make by running the campaign (excluding advertising**

**costs)? (1 point)**

Taskabella made $560120 more by running the campaign

**b. What was the cost of the campaign? ( 1 point)**

Total advertising cost is the cost of campaign = $131374.6 = $9 \*(total impressions/1000)

**c. Calculate the ROI of the campaign. Was the campaign profitable? ( 1 point)**

ROI of campaign = 40\*16800 = 672000 – 131374.6 = $540625.36 is the ROI.

**d. What was the opportunity cost of including a control group; how much more could have**

**TaskaBella made if there was no control group at all? ( 1 point)**

23524 were in control group and opportunity cost is 100\*23524 = $2352400.

Taskabella could have made $18100 could have made more given 0.025 is the conversion rate when real ad was shown. 0.025\*23524 = 601 users – 420 users= 181 users \*100 = $18100.

**Question 3**

**How did the number of impressions seen by each user influence the effectiveness of advertising?**

**a. In order to answer the above question, create a chart of difference of conversion rates between**

**control and test groups as a function of the number of ads displayed to users. Group together**

**number of impressions as necessary to obtain a meaningful plot. (2 points)**

**b. What can you infer from the charts? In what region is advertising most effective? (2 points)**

**c. What do the above figures imply for the design of the next campaign assuming that consumer**

**response would be similar? (1 point)**

1. **Region1 – Control group**

**Region 2 – Users shown real ads.**

b. The region with control group is more effective as the conversion rate was 1.7% in 4% of the users as compared to 2.5% for 96% of the users.

c. No of users in control group are 4 % currently and they need to be increased in order to see the change due to advertising. No of users in control group can be increased to 8%.