**Question 3**

Based on the exponential growth dynamics of customer acquisition, the Net Present Value (NPV) exhibits a substantial increase after a 35-year projection, contrasting with the initial market value of $5.4 billion. Consequently, it can be asserted that Amazon was undervalued rather than fairly valued during this period.

**Question 4**

The customer-centric approach to valuation is often referred to as the "eyeball approach" because it places a significant emphasis on assessing the number of customers (eyeballs) attracted to a product or service. Instead of relying solely on traditional financial metrics, this approach focuses on the customer base and user engagement as key indicators of a company's value. The term "eyeball" symbolizes the attention and interest of customers, and by evaluating the size and growth of this customer base, analysts aim to gauge the potential success and valuation of a business in a more user-centric manner.

**Question5**  
The attractiveness of the investment would decrease over time if, during year 1, Toughness gained 2,000 new customers, but each subsequent year saw a 10 percent drop in the number of new customers. The diminishing trend in acquiring new customers each year implies a reduction in the growth potential and revenue generation, which could negatively impact the overall appeal of the investment.

**Question 6**

I can determine that assumed $400 is appropriate by performing sensitivity analysis by varying the annual fee and observing its impact on NPV and IRR. If the NPV and IRR remain favorable over a reasonable range of fee values, the assumption might be robust. Additionally, market research and competitor analysis can also help to validate the assumed fee.