

CUSTOMER ACQUISITION COST

DESCRIPTION:

What does it cost a company to acquire a customer? This module introduces the concepts of customer acquisition cost (CAC), the ratio of CAC to CLV, and the use of CAC / CLV ratios for enterprise, SBU, channel, and marketing plan analysis.

Tutorial: 18 slides
Problem Sets: 4 problem sets; 31 questions
Average Time: New Module – No data

Sample question from problem set:

Course: Faculty Access (All Modules in Alphabetical Order)

Module: Customer Acquisition Cost / Problem Set ID: 11157

Ian Shields Communications, Inc., a cellular communications provider based in Michigan, has determined that its average CLV per customer is **\$1,350**. Last year, the company obtained **63,600** new customers while spending **\$3.03** million on advertising and promotion. In terms of personnel and operational costs, they spent **\$5.16** million on their sales force and the total cost of their retail stores was **\$15.50** million, of which approximately **70%** supported service and operations and the remainder was deemed for marketing and sales. Finally, corporate overhead was **\$4.10** million.

What cost should be allocated to marketing and sales for their retail stores last year?

  \$ million

PS1 1 2 3 4 5 6 7

SUBMIT ANSWER EXIT

Problem Sets 0 4 0 Total Questions 31

