# Understand the economics

Illustrative service offer. First-sale revenue is $997, variable delivery cost is $450, and the desired contribution after ads is $247. Click-to-inquiry rate is 5%, inquiry-to-customer rate is 20%, forecast CPC is $6 and test budget is $900.

| Calculation | Example result |
|---|---|
| Target acquisition cost = price − delivery cost − desired contribution | $300 |
| Allowable cost per inquiry = target acquisition cost × close rate | $60 |
| Maximum affordable CPC = allowable inquiry cost × click-to-inquiry rate | $3 |
| Planned clicks = budget ÷ forecast CPC | 150 |
| Expected inquiries = clicks × inquiry rate | 7.5 |
| Expected customers = inquiries × close rate | 1.5 |

The $6 forecast CPC exceeds the $3 ceiling under these assumptions. The plan needs a different price, cost structure, conversion assumption supported by evidence, or acquisition approach before it meets the stated contribution target.

Expected counts are averages across repeated trials. Actual customers arrive as whole people. First-sale contribution excludes fixed overhead, taxes and unproven repeat revenue.

# Check the full customer path

| Check | Evidence or remaining action |
|---|---|
| Buyer, offer and conversion are specific. | [Evidence] |
| CPC and conversion assumptions have sources. | [Evidence] |
| Budget limit and review date are agreed. | [Evidence] |
| Ads and landing page describe the same offer. | [Evidence] |
| A test inquiry reaches the intended destination. | [Evidence] |
| Source tracking survives the booking path. | [Evidence] |
| Someone owns inquiry follow-up. | [Evidence] |
| A completed sale can be reconciled to the record. | [Evidence] |

Readiness means the path can be tested and measured. Record the remaining work explicitly before setting the campaign live.