

# Traditional Mail Blended ROI Analysis

Promotion: Back to school bonanza

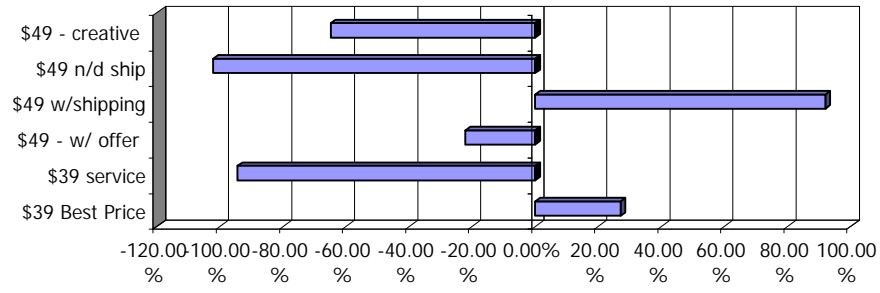
Date: 9/1/01

	<b>\$39 Best Price</b>	<b>\$39 service</b>	<b>\$49 - w/ offer</b>	<b>\$49 w/shipping</b>	<b>\$49 n/d ship</b>	<b>\$49 - creative</b>
Number of pieces sent	100,000	100,000	100,000	100,000	100,000	100,000
Number of orders received	2,323	1,800	1,765	2,134	1,560	1,460
Rate of response (pull)	2.323%	1.800%	1.765%	2.134%	1.560%	1.460%
Selling price	\$39.00	\$39.00	\$49.00	\$49.00	\$49.00	\$49.00
Other charges (postage & handling, etc.)	6.00	6.00	6.00			6.00
Adjusted price of product	\$45.00	\$45.00	\$55.00	\$49.00	\$49.00	\$55.00
Variable costs:						
Unit Direct Mail Cost	\$0.79	\$0.86	\$0.86	\$0.68	\$0.83	\$0.82
Cost of product or service	3.00	3.00	3.00	3.00	3.00	3.00
Handling and order processing cost (per unit)	1.00	1.00	1.00	1.00	1.00	1.00
Packaging Expense (per unit)	0.75	0.75	0.75	0.75	0.75	0.75
Shipping costs (per unit)	3.00	3.00	3.00	3.00	7.00	3.00
Fixed costs (for entire campaign):						
Creative costs	\$7,500	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Other fixed costs	500	500	500	500	500	500
Total fixed costs	\$8,000	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
Variable cost per unit of filling order	\$7.75	\$7.75	\$7.75	\$7.75	\$11.75	\$7.75
Contribution margin per order	\$37.25	\$37.25	\$47.25	\$41.25	\$37.25	\$47.25
Number of orders to break-even	214.77	228.19	179.89	206.06	228.19	179.89
Number of click-throughs acquired	2,250	1,875	1,853	3,450	1,800	2,598
Value of click-through acquired	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
E-mail addresses/leads acquired	1,500	1,250	1,235	2,300	1,200	1,732
Value of an address/lead	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
Revenue	\$104,535.00	\$81,000.00	\$97,075.00	\$104,566.00	\$76,440.00	\$80,300.00
Contribution margin	\$86,531.75	\$67,050.00	\$83,396.25	\$88,027.50	\$58,110.00	\$68,985.00
Estimated Value of Acquisitions	\$7,500.00	\$6,250.00	\$6,175.00	\$11,500.00	\$6,000.00	\$8,660.00
Net Income	(\$468.25)	(\$27,450.00)	(\$11,103.75)	\$11,527.50	(\$33,390.00)	(\$21,515.00)
<b>ROI of Mailing</b>	-1.80%	-122.27%	-50.06%	46.04%	-124.45%	-108.58%
<b>Blended RIO</b>	27.04%	-94.43%	-22.22%	91.97%	-102.09%	-64.88%

## Descriptions of the Offers

\$39 Best Price	This creative will emphasize the best price
\$39 service	This creative will emphasize the best service
\$49 - w/ offer	Includes free roadmaster game
\$49 w/shipping	Free shipping as offer
\$49 n/d ship	Free next day shipping
\$49 - creative	Very different creative - the corkscrew offer

**Blended ROI of Mailing**



**Net Income**

