

Direct Mail Response Projection

Your Company Name Here!

Updated: 2/26/19 13:16

Direct Mail Development		
Total Pieces to be Mailed		100,000
Direct Mail Fixed Costs		
Art / Creative Development		\$5,000
Other (e.g. Consultant fee)		\$500
Fixed Costs		\$5,500
Mailing Piece Variable Costs		
	Each	
Circulars	\$0.30	\$30,000
Cover Letter	\$0.07	\$7,000
Inserts	\$0.00	n/a
Lift Note	\$0.00	n/a
Envelopes	\$0.03	\$2,500
Order Form	\$0.00	n/a
List Rental	\$0.00	n/a
Assembly (folding, stuffing, etc.)	\$0.00	n/a
Addressing — Lettershop	\$0.00	n/a
Other	\$0.00	n/a
Total Development Cost		\$0.40 \$45,000

Gross Margin per Unit	
Average Unit Selling Price	\$65.78
Add: Your Own Shipping & Handling Charge	\$7.95
Total Revenue per Unit	
	\$73.73
Average Unit Cost of Goods Sold	\$8.36
Shipping & Handling Costs	\$7.00
Order Processing / 800# Cost	\$2.00
SPIFF to Telesales People	\$0.00
Credit Card Charges	2.90% \$2.14
Cost of Returns / Bad Debt	\$1.00
Other	
Total Cost per Unit	
	\$20.50
Gross Margin per Unit:	
	\$53.23

Postage Analysis: Mail 1st Class or 3rd Class?		
3rd Class deliverability is usually X% of 1st Class		
		85%
First Class Postage Cost	\$ 0.378	\$ 37,800
Third Class Postage Cost	\$ 0.186	\$ 18,600
Difference in Total Postage Cost		\$ 19,200

Aggregate Unit Selling Price & COGS Calculator					
Title	% Mix	ASP		COGS	
Product 1	35%	70.00	\$24.50	\$8.80	\$3.08
Product 2	2%	30.00	\$0.60	\$8.80	\$0.18
Product 3	18%	78.00	\$14.04	\$8.80	\$1.58
Product 4	12%	78.00	\$9.36	\$8.80	\$1.06
Product 5	2%	30.00	\$0.60	\$8.80	\$0.18
Product 6	2%	30.00	\$0.60	\$8.80	\$0.18
Product 7	12%	60.00	\$7.20	\$8.80	\$1.06
Product 8	1%	30.00	\$0.30	\$8.80	\$0.09
Product 9	11%	78.00	\$8.58	\$8.80	\$0.97
Product 10	5%	0.00	\$0.00	\$0.00	\$0.00
Product 11	0%	0.00	\$0.00	\$0.00	\$0.00
x	0%	0.00	\$0.00	\$0.00	\$0.00
x	0%	0.00	\$0.00	\$0.00	\$0.00
x	0%	0.00	\$0.00	\$0.00	\$0.00
x	0%	0.00	\$0.00	\$0.00	\$0.00
x	0%	0.00	\$0.00	\$0.00	\$0.00
			100%	\$65.78	\$8.36

Response Analysis

Calibrate Your Response Rates

Lowest Projected Response Rate: **0.0%**
 Response Rate Increments: **0.2%**

FIRST Class Postage

Projected Response Rates	0.0%	0.2%	0.4%	0.6%	0.8%	1.0%	1.2%	1.4%	1.6%	1.8%	2.0%	2.2%	2.4%	2.6%
Projected Product Unit Sales	0	200	400	600	800	1,000	1,200	1,400	1,600	1,800	2,000	2,200	2,400	2,600
Projected Revenue	\$0	\$14,746	\$29,492	\$44,238	\$58,984	\$73,730	\$88,476	\$103,222	\$117,968	\$132,714	\$147,460	\$162,206	\$176,952	\$191,698
Projected Costs	\$0	\$4,100	\$8,199	\$12,299	\$16,399	\$20,498	\$24,598	\$28,697	\$32,797	\$36,897	\$40,996	\$45,096	\$49,196	\$53,295
Projected Gross Profit on Product Sales	\$0	\$10,646	\$21,293	\$31,939	\$42,585	\$53,232	\$63,878	\$74,525	\$85,171	\$95,817	\$106,464	\$117,110	\$127,756	\$138,403
Total Investment in Direct Mail Promotion	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800	\$82,800
Projected Total Net Profit	(\$82,800)	(\$72,154)	(\$61,507)	(\$50,861)	(\$40,215)	(\$29,568)	(\$18,922)	(\$8,275)	\$2,371	\$13,017	\$23,664	\$34,310	\$44,956	\$55,603

Financial Analysis

Cost Per Piece -- in the Mail	\$0.77													
R.O.I. on Mailing	(100.0%)	(87.1%)	(74.3%)	(61.4%)	(48.6%)	(35.7%)	(22.9%)	(10.0%)	2.9%	15.7%	28.6%	41.4%	54.3%	67.2%
Cost Per Customer (Order)		\$414.00	\$207.00	\$138.00	\$103.50	\$82.80	\$69.00	\$59.14	\$51.75	\$46.00	\$41.40	\$37.64	\$34.50	\$31.85
Net Profit Per Customer (Order)		(\$360.77)	(\$153.77)	(\$84.77)	(\$50.27)	(\$29.57)	(\$15.77)	(\$5.91)	\$1.48	\$7.23	\$11.83	\$15.60	\$18.73	\$21.39

Break Even Analysis

Mail Pieces to Break Even (at Projected Response Rate)	1.56%	---	777,730	388,865	259,243	194,433	155,546	129,622	111,104	97,216	86,414	77,773	70,703	64,811	59,825
Product Unit Sales (if only Break Even # of Pieces are mailed)		---	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	

THIRD Class Postage

Projected Response Rates	0.0%	0.2%	0.4%	0.6%	0.8%	1.0%	1.2%	1.4%	1.6%	1.8%	2.0%	2.2%	2.4%	2.6%
Projected Product Unit Sales (Factors in Lower Deliverability)	\$0	170	340	510	680	850	1,020	1,190	1,360	1,530	1,700	1,870	2,040	2,210
Projected Gross Profit on Product Sales	\$0	\$9,049	\$18,099	\$27,148	\$36,198	\$45,247	\$54,296	\$63,346	\$72,395	\$81,445	\$90,494	\$99,544	\$108,593	\$117,642
Total Investment in Direct Mail Promotion	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600	\$63,600
Projected Total Net Profit	(\$63,600)	(\$54,551)	(\$45,501)	(\$36,452)	(\$27,402)	(\$18,353)	(\$9,304)	(\$254)	\$8,795	\$17,845	\$26,894	\$35,944	\$44,993	\$54,042

Financial Analysis

Cost Per Piece -- in the Mail	\$0.58													
R.O.I. on Mailing	(100.0%)	(85.8%)	(71.5%)	(57.3%)	(43.1%)	(28.9%)	(14.6%)	(0.4%)	13.8%	28.1%	42.3%	56.5%	70.7%	85.0%
Cost Per Customer (Order)	\$0.00	\$374.12	\$187.06	\$124.71	\$93.53	\$74.82	\$62.35	\$53.45	\$46.76	\$41.57	\$37.41	\$34.01	\$31.18	\$28.78
Net Profit Per Customer (Order)	\$0.00	(\$320.89)	(\$133.83)	(\$71.47)	(\$40.30)	(\$21.59)	(\$9.12)	(\$0.21)	\$6.47	\$11.66	\$15.82	\$19.22	\$22.06	\$24.45

Break Even Analysis

Mail Pieces to Break Even (at Projected Response Rate)	1.19%	---	597,387	298,693	199,129	149,347	119,477	99,564	85,341	74,673	66,376	59,739	54,308	49,782	45,953
Product Unit Sales (if only Break Even # of Pieces are mailed)		---	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	

First Class vs. Third Class

First Class Net Profit	(\$82,800)	(\$72,154)	(\$61,507)	(\$50,861)	(\$40,215)	(\$29,568)	(\$18,922)	(\$8,275)	\$2,371	\$13,017	\$23,664	\$34,310	\$44,956	\$55,603
Third Class Net Profit	(\$63,600)	(\$54,551)	(\$45,501)	(\$36,452)	(\$27,402)	(\$18,353)	(\$9,304)	(\$254)	\$8,795	\$17,845	\$26,894	\$35,944	\$44,993	\$54,042
Difference	(\$19,200)	(\$17,603)	(\$16,006)	(\$14,409)	(\$12,812)	(\$11,215)	(\$9,618)	(\$8,021)	(\$6,424)	(\$4,827)	(\$3,230)	(\$1,633)	(\$37)	\$1,560

Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 3rd Class Mail 1st Class

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