

Note: Very low response rates
Large average unit of sale makes up for low response rates

Mailing to List 4 resulted in a loss. Over 3 orders are needed to break even at \$5000 an order.



Break-Even Analysis Examples

No list cost for House list

High Average Unit of Sale - Medium Quantity Mailed

	# of Pieces	Design Costs Allocated	Printing @ .23	List Cost @ \$0.097	Lettershop/DP @ \$0.044	Postage @ \$0.235	Total Costs	Response Rate	# of Orders	Avg Sale	Total Sales	Profit/Loss
House List	65,000	\$5,696	\$14,950	N/C	\$2,860	\$15,275	\$38,781	0.0960%	62	\$5,000	\$312,000	\$273,219
List 2	12,100	\$1,060	\$2,783	\$1,174	\$532	\$2,844	\$8,393	0.0498%	6	\$5,000	\$30,129	\$21,736
List 3	35,954	\$3,151	\$8,269	\$2,912	\$1,582	\$8,449	\$24,364	0.0150%	5	\$5,000	\$26,966	\$2,602
List 4	25,555	\$2,240	\$5,878	\$1,508	\$1,124	\$6,005	\$16,755	0.0089%	2	\$5,000	\$11,372	-\$5,383
TOTAL	138,609	\$12,147	\$31,880	\$5,594	\$6,099	\$32,573	\$88,293	0.0549%	76	\$5,000	\$380,466	\$292,174

Low Average Unit of Sale - High Quantity Mailed

	# of Pieces	Design Costs Allocated	Printing @ .53	List Cost @ \$0.097	Lettershop/DP @ \$0.056	Postage @ \$0.198	Total Costs	Response Rate	# of Orders	Avg Sale	Total Sales	Profit/Loss
House List	65,000	\$295	\$34,450	N/C	\$3,640	\$12,870	\$51,255	6.68%	4,342	\$68	\$295,256	\$244,001
List 2	129,134	\$585	\$68,441	\$12,526	\$7,232	\$25,569	\$114,352	0.57%	736	\$68	\$50,052	-\$64,300
List 3	276,555	\$1,253	\$146,574	\$22,401	\$15,487	\$54,758	\$240,473	1.32%	3,651	\$68	\$248,236	\$7,762
List 4	215,989	\$979	\$114,474	\$12,743	\$12,095	\$42,766	\$183,058	2.05%	4,428	\$68	\$301,089	\$118,031
TOTAL	686,678	\$3,112	\$363,939	\$47,670	\$38,454	\$165,962	\$689,138	1.92%	13,156	\$68	\$894,633	\$305,495

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House lists typically outperform rented prospect lists by multiples of ten or more

Large average unit of sale makes up for low response rates

Mailing to List 2 resulted in a loss. At \$68 per order, 182 orders are needed to cover the \$114,352 cost of the mailing.