

## REVIEW OF CONCEPT

This proposal describes the marketing plan for presenting a comprehensive collection of stamps featuring all aspects of motor vehicles, to various motoring enthusiast groups. The concept consists of three stages:

### 1. The First Stamp Series

This will be a collection of stamps featuring the most significant road going cars of all time. It will probably be the most general series of all those that run as a consequence, will probably be of interest to a wider audience than just motoring enthusiasts. It will coincide with the celebrations of the centenary of the motor car, which, according to motoring press, is considered to be 1985 (although this is a matter of much controversy in the Motor Industry).

The cars that are actually featured will be considered for significance in two ways:

#### THE MASS MARKETING OF A STAMP SERIES

1. In terms of technical significance - featuring the cars contribution to the development of the motor car of today.

2. In terms of popularity - what the motoring enthusiast perceives as being the most significant.

#### MOTOR CARS

When the first series is complete, enthusiasts will have a researched publication of the "greatest" cars of all time, presented in the unique form of a valuable stamp collection.

### 2. Other Stamp Series

Having recruited members to the first (general) series, it will be possible via questionnaires and other research techniques, to identify which specific areas of motoring history members are interested in. Examples of likely enthusiast areas are:

Veteran  
Vintage  
Classic and Thoroughbred  
Grand Prix Racing  
Motor Cycles  
Bikes  
and so on.

Each area will be quantified and researched in terms of feasibility for a separate stamp series. The idea is to hook members of the general series onto another stamp series that focuses on their specific motoring interest. To help hook members on, and indeed keep them as collectors, even after a second series, a marketing device in the form of a club will be developed.

### 3. Enthusiasts' Club

In order for motoring enthusiasts to help governments decide which cars should appear on stamps, each will be invited to join a panel which would regularly research a list of candidate cars from which those to be featured in the series will be chosen.

The panel will be one aspect of a motoring enthusiasts stamp collectors' club.

V Knight

March 1984

## OVERVIEW OF CONCEPT

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The panel will be one aspect of a motoring enthusiasts stamp collectors' club.

Apart from the panel, club members will be entitled to the following benefits:

1. Reductions on
  - motoring accessories
  - car hire
  - car servicing and repairs
  - car insurance
  - tickets to race meetings
  - etc
2. Trips to races abroad (easy payments plan).
3. General holidays.
4. Competitions.
5. Opportunities to become members of a test panel on cars/accessories, etc.
6. Advance information on all motoring events.
7. Regular newsletters containing details of all the above plus interviews, road-tests, race reports, etc.
8. Other products
  - posters (exclusive to members)
  - framed car stamps
  - first day covers
  - calenders/diaries
  - model cars
9. Etc.

In short, the club has to comprehensively satisfy the needs of the motoring enthusiast - indeed, it must be positioned so attractively that enthusiasts will feel they will miss out if they are not members. Consequently, they will continue to buy stamps merely in order to have access to the benefits mentioned above - something that has already been borne out by research.

## TARGET MARKET AND PROFILES

The potential market extends beyond the 61% of households that use a car regularly (some 12.4 million homes). It also includes those unable to drive for either age or disability reasons. Only a proportion of these will of course be motoring enthusiasts and therefore likely to be our target market. To help get an angle on the size of this market, the following are useful:

- a) 8.7 million people watch motor racing on television.
- b) 2.4 million read reports of motor racing.
- c) 1 million people pay to watch motor racing in the UK.

(Source T.G.I.)

The potential universe for a stamp series that features road going cars could be considered to be greater than those who just read race reports.

The profile of a typical motoring enthusiast is:

Age: 15-44 years

Sex: 88% male

Socio-demographics: A, B, C1, C2

Geographic Area: Central and South England

### Product: Stamps

Each car will be shown on a se-tenant pair - with the top stamp depicting a line drawing of the car's front and side views, and the bottom stamp depicting the car in colour - a miniature piece of art. The detail of each car must be accurate.

### Product: Pages

It is currently envisaged that pages will be of A4 size; as this will allow more space for the copy that will be associated with each pair. For each car there will be two sides of copy (approximately 1800 words), with the stamp pair located on the page beneath a headline which first highlights the year of the car and then the manufacturer's name and model.

The copy will talk about the background to the model specified, who was involved, where, etc, and when the first prototypes were built, tested and when production started. It will go on to give all the technical background, and how the car was accepted by the general public throughout its life. It is also planned to have a table that lists the car's value over time - from its selling price when new, to the price of such a car today - as a collectors item.

Associated with each stamp pair will be a colour plate of the car - of high quality. This will compliment the stamp and associated copy.

A number of eminent motoring authors have already been approached and, in principal, have agreed to contribute to the series. Names such as Doug Eve, Nick Georgano, Denis Jenkinson, Scott Bailey, Beverly Rae Kimes, Dan Gueney and the artist Michael Turner.

## PRODUCT DEFINITION

### THE FIRST SERIES

#### Concept

To celebrate the centenary of the motor car, a number of governments have decided to mark the occasion by issuing a series of postage stamps featuring the most significant cars of all time.

#### Consumer Proposition

The opportunity to collect this unique series, which will be presented in a way where each car is catalogued and fully described in terms of its significance. The finished publication will in effect, be a reference work of the cars that have contributed to the development of the modern motor car.

Apart from collecting the series, members will be invited to use their motoring knowledge by helping governments decide which cars should actually appear in the series.

#### Positioning

The initial recruitment of members will be from known motoring enthusiasts, as they are most likely and willing to help select cars and also liable to have the highest propensity to buy the product. Access to target market will consequently be through consumer motoring press.

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## Product: Frequency

It is envisaged that a pack of 12 pairs of stamps will be issued every 28 days and will retail at a cost of £9.95, postage and handling paid. The economic life of a series collected in this way should be at least 20 cycles: the first series is targeted at 24 cycles.

Binders (which can be shipped out at cost plus postage and packing) and album pages will need to be sent out every 5 cycles from cycle 4 onwards.

## OTHER STAMP SERIES

Each new series will obviously need to be developed after having researched a number of alternative product propositions amongst the relevant target market.

## THE ENTHUSIASTS CLUB

All those that join the panel will be members of the club. However, not all of the panel members will want to take up the offer of stamps when it is put to them. We consequently have a dilemma with enthusiasts enjoying the club's benefits but not buying the stamps - this may lean towards abuse of the club and a loss of its exclusive identity.

To overcome the problem, there will be 2 options for membership. **Full Membership** will be granted to those who collect the stamps. They will be entitled to all the benefits. Those who want to remain on the stamp deciding panel, but who do not want to collect the stamps, will be offered **Associate Membership** for a cost that covers all communications for one year. Associate members will not be entitled to club benefits.

As many of the club benefits will consist of discounts etc, there will not be many profit making opportunities apparent. To overcome this, it is envisaged that continuous campaigns supporting the stamp series featured will be run, that will include such products as:

1. A collection of first day covers for each car - with an informative enclosure in each.
2. Prints of paintings commissioned exclusively by the club and made available to members and non members (members obviously receive a price advantage).
3. A postcard series - a collection of the bottom of each stamp pair or a special set of cards which feature (say) a motor racing driver in his car, with each card signed by the driver.
4. Posters of cars - taken from photographs for which the club has bought the copyright.
5. Stamps in a frame - that become a luxurious piece of social furniture, and so on.

## INFORMATION SHEETS

Some research conducted into levels of consumer participation in competitions suggests that to ask entrants to make concentrated judgements can result in a negative overall effect to the levels of entry.

As the Autos concept will rely fairly heavily on competitions, it is intended to send out with each competition entry form, some information sheets.

The operation of the competition is explained in the next few pages. Suffice it to say here that entrants will be asked to rank nine cars in order of significance. The information sheets will supply background details of each candidate car in the list. This will become an aid to the decision making process and will also lend credibility to the car selection process.

We will advise entrants to retain the sheets in a binder and some protective plastic pages. They will then build up a reference folder of the most significant cars of all time at no additional cost!

Half way through the stamp series, we will offer entrants the opportunity of enhancing their reference folder by collecting a series of cards, containing a colour print of each vehicle mentioned in the individual information sheets, signed by a notable member of the motor industry.

\* All the fixed launch costs for the authors and artwork and the competition cost for May, June and October 84, have been included in the first test phase, as this is likely to be where the money is actually spent and we will need to cover these costs if we were to abort after Phase 1.

It should be noted that the model shown is only for the stamp series. It does not cover the cost of the club (with the single exception of the newsletter) which will not be launched until Phase 2 in October.

### Phase 1 - May/June Launch

The purpose of Phase 1 is to test the overall concept of the series and the method of recruitment. Two test routes are planned, A and B.

#### Test Route A

This will communicate using insertions in motoring press. It will outline the operation, how governments need enthusiasts to help put together a stamp series to celebrate the centenary of the motor car. It will be linked to a competition where the prize will be a luxury car (Porsche/BMW/Ford Sierra/etc) or £10,000 towards any car of their choice. The competition will close on November 30th and will therefore embrace Phase 2 respondents.

To enter the competition, a list of nine cars will be shown in an order from (a) to (i). Competitors have to enter the letter relating to each car in order of significance, in boxes marked 1 to 9 on the reply paid coupon. They then have to write down one other car they feel should be considered by governments to be featured by governments on a stamp. These entrants whose lists have not agreed on by a panel of motoring experts, will go through to the next stage where the tie-break car will be considered by the panel. If, after this stage, more than one correct entry exists, we will write back to the finalists with a further set of questions to decide the winner.

## TEST MARKETING PLAN

The pages that follow show the effect on the first stamp series where the cycle pack price is £9.95 for 12 pairs of stamps. This is merely a base model. In fact, the cycle pack variables of retail price, stamp pairs, etc, will be comprehensively tested. At the end of the day, the mix of marketing elements used in a national roll-out will be that which yields the greatest profit contribution for both the Stanley Gibbons Group and Philatelists Limited.

The overall test marketing plan is divided into 3 phases:

Phase	Time	Media Costs(£)	Other Recruitment Costs(£)	Total Recruitment Costs(£)	%	Fixed Costs	Total Costs	&
1	*May/June 84	34,200	10,400	44,600	13	63,100	107,700	35
2	October 84	60,000	17,200	77,200	24	-	77,200	16
3	January 84	159,600	48,300	207,900	63	15,000	222,900	49
	Totals	253,800	75,900	329,700	100	78,100	407,800	100

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Once the coupons are received, we will rush back an acknowledgement letter within 48 hours, which will effectively say "We have received your entry and it is going through to the first series of judging now. We will let you know if you have won." The point of the acknowledgement letter is to build a rapport with the respondent and create an identity. Some research undertaken on this point suggests that up to an additional 8% response can be had by communicating in this way. With some of these acknowledgement letters we will include a brochure that will describe the concept, the series and the club. As the club will not exist during this phase, the letter will make reference to this and say that their names have been included on the Founder Members list and the club will be contacting them soon to advise on the club development.

Some three weeks later (for reasons of credibility), we will write back in a second letter to say that the car they voted into "N" position (with the help of the laser printer) has been accepted by governments and has been produced as a stamp. Here we will test 2 options:

1. We will either include the stamps with the letter and an invoice, or
2. We will say that the first set of stamps has been reserved for them. All they need to do is to write back in the reply paid envelope to receive their set on approval.

Those who did not receive the brochure of the concept and series in the first letter, will receive it in the second letter.

#### Test Route B

This is essentially a re-run of the Club Loco offer. The inserts will invite respondents to send in for the first set of stamps on approval. The offer prices to be tested will be £2.95 and £3.95.

Respondents to these inserts will get one of two replies:

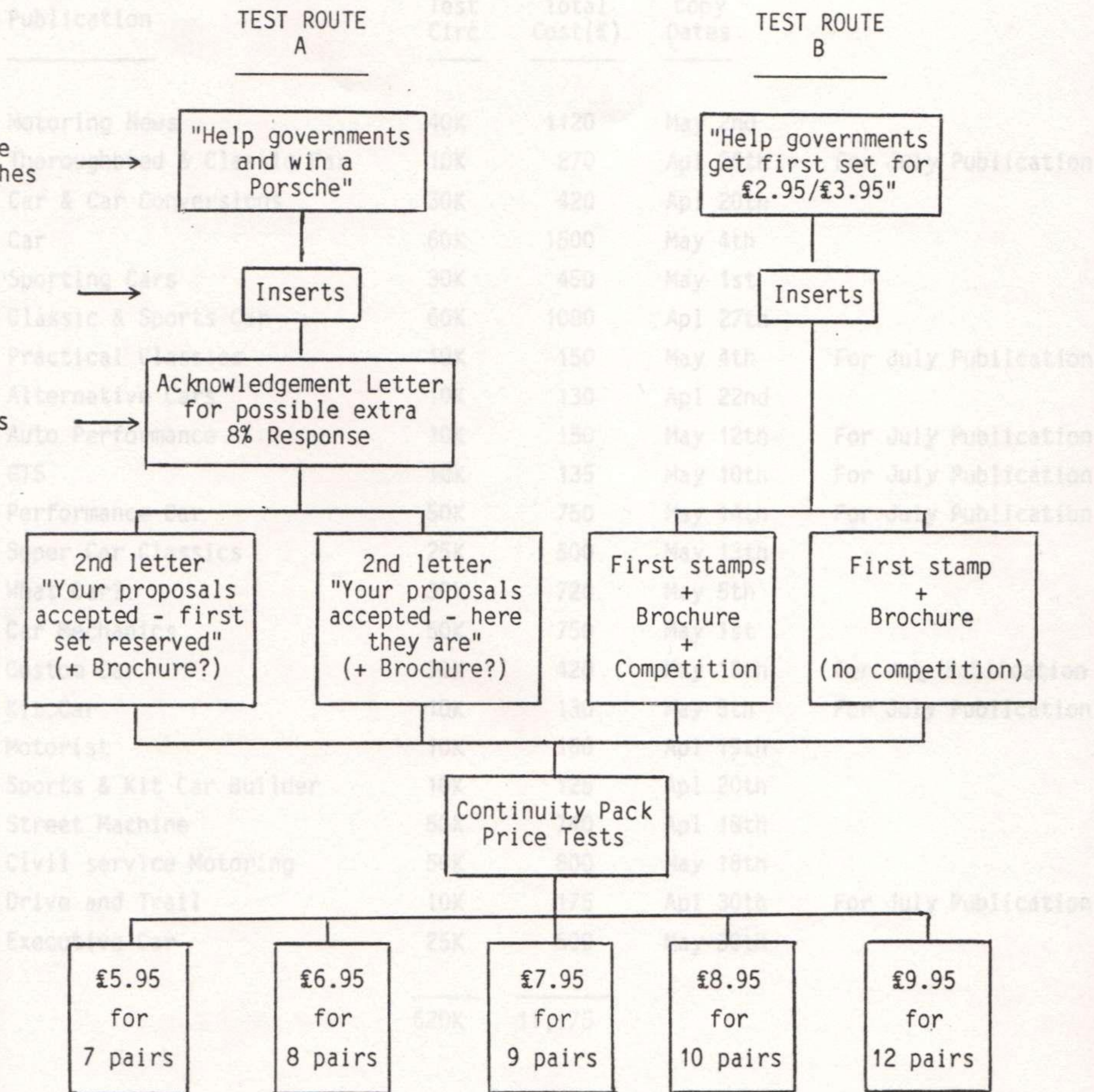
1. A pack containing the first stamps, a brochure and a competition entry form - a copy of that which appeared in test route A inserts.
2. A pack which just contains the first stamps and a brochure. No competition will be offered.

The next set of consumer test variables is price/stamp pair combinations to assess the impact on conversion rates, attrition levels and profit contribution.

A schematic of the May/June test plan is shown on the next page.

# SCHEMATIC OF MAY/JUNE TEST VARIABLES

(Concept and Recruitment Tests)



# PHASE I - MAY/JUNE LAUNCH

## PROPOSED MEDIA SCHEDULE

<u>Publication</u>	<u>Test Circ</u>	<u>Total Cost (£)</u>	<u>Copy Dates</u>	
Motoring News	40K	1120	May 2nd	
Thoroughbred & Classic Car	10K	270	Apr 20th	For July Publication
Car & Car Conversions	30K	420	Apr 20th	
Car	60K	1500	May 4th	
Sporting Cars	30K	450	May 1st	
Classic & Sports Car	60K	1080	Apr 27th	
Practical Classics	10K	150	May 4th	For July Publication
Alternative Cars	10K	130	Apr 22nd	
Auto Performance	10K	150	May 12th	For July Publication
GTS	10K	135	May 10th	For July Publication
Performance Car	50K	750	May 14th	For July Publication
Super Car Classics	25K	500	May 13th	
What Car?	30K	720	May 5th	
Car Mechanics	50K	750	May 1st	
Custom Car	30K	420	May 15th	For July Publication
Kit Car	10K	130	May 5th	For July Publication
Motorist	10K	160	Apr 19th	
Sports & Kit Car Builder	10K	125	Apr 20th	
Street Machine	50K	740	Apr 18th	
Civil service Motoring	50K	800	May 18th	
Drive and Trail	10K	175	Apr 30th	For July Publication
Executive Car	25K	500	May 30th	
	<u>620K</u>	<u>11,175</u>		

## Breakdown of Costs

£'000

### Inserts

Artwork £3,000 (total)  
Print  
Packaging and distribution

30

7

### Acknowledgement letter

Freepost In  
Punching and File creation  
Outer envelope  
Laser and paper  
Postage out  
Reply envelope

130

50

14

30

160

14

Total

398

### Second letter

Freepost In  
Punching  
Outer envelope  
Laser and paper  
Postage out  
Reply envelope

130

37

14

30

160

14

Total

385

### Brochure

Artwork £4,000 (total)  
Print

360

Subject to the success of Phase 1, Phases 2 (October) and 3 (January 1985) would follow. The October test will incorporate any amendments to the Phase 1 approach designed to be the forerunner of the strategy to be used for the national roll-out in January. The timing of the October launch is also designed to capitalise on the Christmas market, where a new creative approach can be used for stamps given as Christmas presents.

### First Set of Stamps

Freepost In	130
Punching	37
Showguard	72
Stamps (12 pairs)	2,775
Corex	20
Outer envelope	14
Presentation cover	15
Invoice	10
Laser and paper	30
Postage out	160
Reply envelope	14
Information sheets	15
Total	3,292

### Continuity Pack

Freepost In	130
Punching	37
Stamps	2,775
Corex	20
Outer envelopes	14
Stamp sachets	6
Invoice	10
Laser and paper	30
Postage out	160
Reply envelope	14
Information sheets	15
Total	3,211

Subject to the success of Phase 1, Phases 2 (October) and 3 (January 1985) would follow. The October test will incorporate any amendments to the Phase 1 approach needed, and is envisaged to be the forerunner of the strategy to be used for the national roll-out in January. The timing of the October launch is also designed to capitalise on the Christmas market, where a new creative approach can be used for stamps to be given as Christmas presents.

Phase 2 will also see the launch of the Club. A detailed research plan will be developed to monitor and amend the Club's operation ready for the national roll-out.

Phase 3 may also provide opportunities to recruit members from outside the target market of motoring enthusiasts. The aim would be to use selected general press (perhaps Sunday supplements) which may run a feature on the centenary of the motor car. An insert or off the page ad would appear within the feature pages.

An overall schematic of possible test variables appears on the following page.

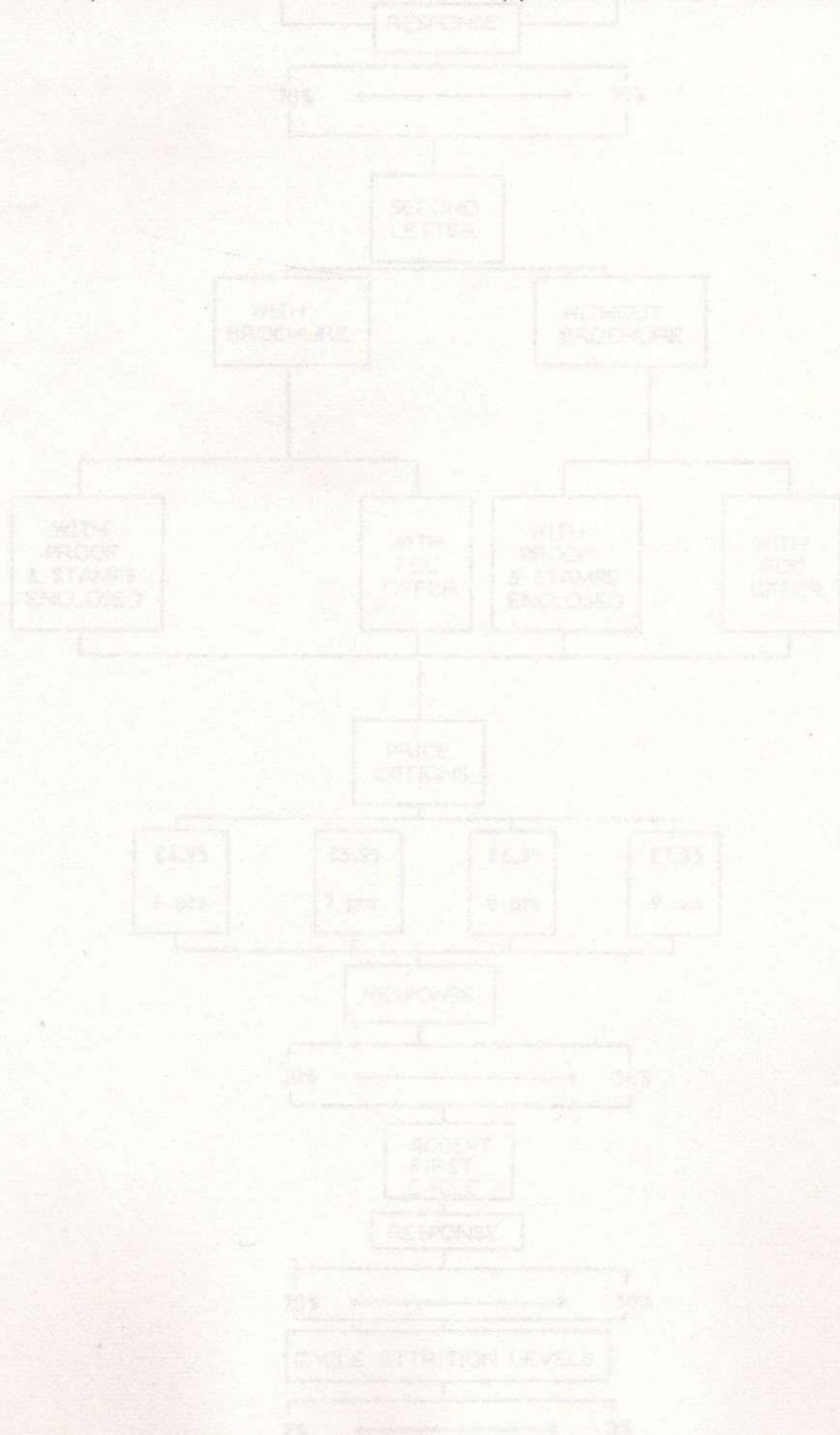
1 WEEKS AFTER FIRST LETTER FOR CREDIBILITY

PROOF OFFER:

Stamp - 1 Proof  
For Cycle Price,  
Enclosed with Letter

FOC OFFER:

Reply within 14 days  
to receive FOC STAMP



MEDIA VEHICLES →

WITHIN 48 HRS TO  
PICK-UP POSSIBLE 8%  
ADDITIONAL RESPONSE →

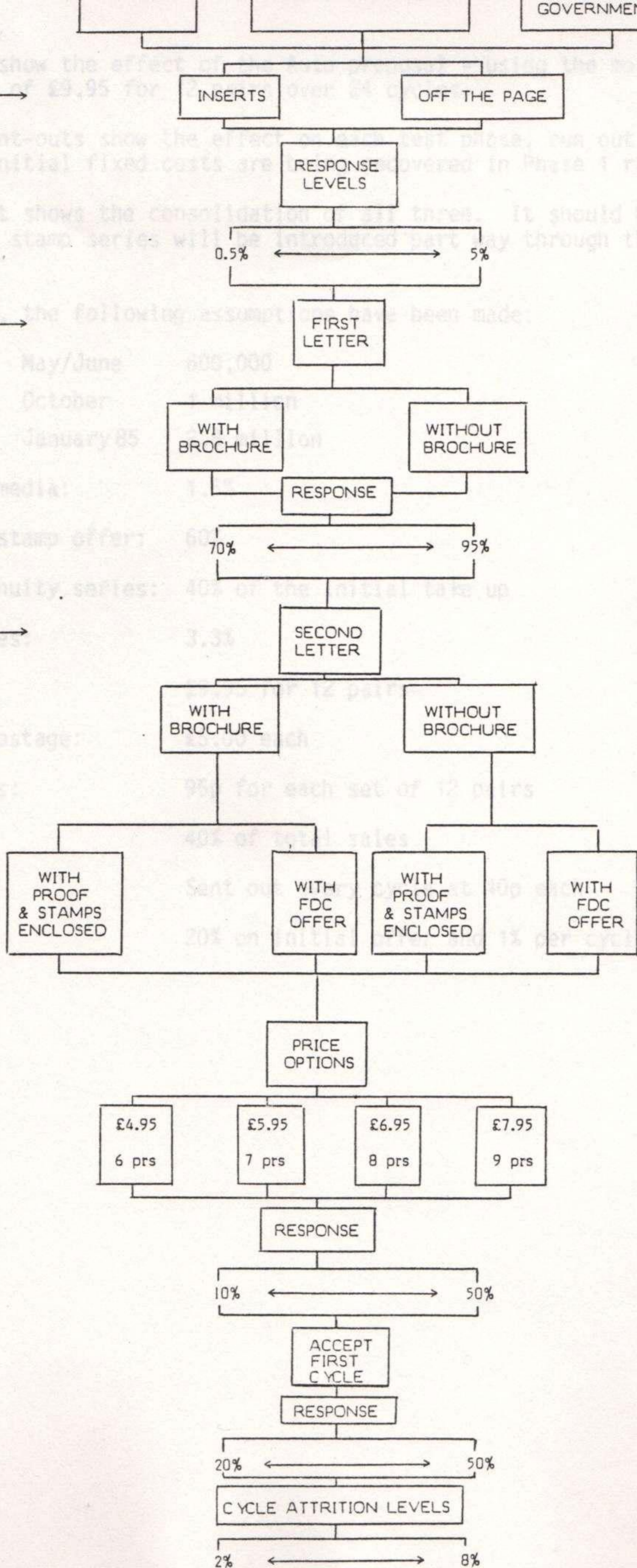
3 WEEKS AFTER FIRST  
LETTER FOR CREDIBILITY →

PROOF OFFER:

Stamps + 1 Proof  
For Cycle Price,  
Enclosed with Letter

FDC OFFER:

Reply within 14 days  
to receive FDC FREE



## KEY ASSUMPTIONS

The next few pages show the effect of the Auto proposal - using the model based upon a retail price of £9.95 for 12 pairs over 24 cycles.

The first three print-outs show the effect on each test phase, run out over 24 cycles. (NB. All initial fixed costs are being recovered in Phase 1 run-out.)

The fourth print-out shows the consolidation of all three. It should be remembered that new additional stamp series will be introduced part way through the first series.

For the model shown, the following assumptions have been made:

Circulation:	May/June	600,000
	October	1 million
	January 85	2.8 million
Response rate from media:		1.5%
Take up of initial stamp offer:		60%
Conversion to continuity series:		40% of the initial take up
Cycle attrition rates:		3.3%
Cycle retail price:		£9.95 for 12 pairs
Cost of album and postage:		£5.00 each
Cost of album leaves:		95p for each set of 12 pairs
Credit card sales:		40% of total sales
Newsletter:		Sent out every cycle at 40p each
Bad debts:		20% on initial offer and 1% per cycle afterwards

Circulation	600,000	600,000											600,000	600,000
Response Rate		1.50%												
Responses	9,000	9,000											9,000	9,000
Conversion Rate		60.00%												
Active Members		5,400	2,160	2,089	2,020	1,953	1,889					1,032		
Attrition Rate			60.00%	3.30%	3.30%	3.30%	3.30%					3.30%		
Lost Members			3,240	71	69	67	64					35		
Revenue/Unit #		9.95	9.95	9.95	9.95	9.95	9.95					9.95		
Sales	403,999	53,730	21,492	20,783	20,097	19,434	18,792	100,424	82,110	82,110	67,136	10,272	154,328	254,752
AT	52,696	8,060	3,224	3,117	3,015	2,915	2,819	13,099	10,710	10,710	8,757	1,541	20,130	33,229
Net Sales	351,304	46,722	18,689	18,072	17,476	16,899	16,341	87,326	71,400	71,400	58,379	8,932	134,198	221,524
COGS/Unit #		3.94	3.22	3.22	3.22	3.22	3.22					3.22		
COGS	134,629	21,276	6,955	6,726	6,504	6,289	6,082	32,499	26,572	26,572	21,727	3,324	53,831	86,330
Album & Post					5.000									
Leaves				2.850	.950	.950	.950					.950		
Mounts				2.370	.790	.790	.790					.790		
Total Albums/Unit				5.220	6.740	1.740	1.740					1.740		
Total Albums	102,273			10,903	13,613	3,398	3,286	26,101	27,892	27,892	17,078	1,796	31,201	57,302
Cred Card Sales		5,373	5,373	8,313	8,039	7,773	7,517					4,109		
Cred Card Charges	5,690	215	215	333	322	311	301	1,607	1,314	1,314	1,074	164	1,696	3,302
N'letter/unit					.40		.40					.40		
N'letter Cost	6,498				808		755	1,985	1,623	1,623	1,327	413	1,563	3,548
Bad Debt Rate		20.00%	1.00%	1.00%	1.00%	1.00%	1.00%					1.00%		
Bad Debts	12,390	9,344	187	181	175	169	163	873	714	714	584	89	10,219	11,092
Net Contr. Before Mktg	89,823	15,886	11,332	( 70)	( 3,946)	6,731	5,754	24,261	13,285	13,285	16,590	3,145	35,688	59,948
Cum. Contr. Before Mkt	89,823	15,886	27,218	27,148	23,202	29,934	35,688	59,948	73,234	73,234	89,823	89,823	35,688	59,948
Letter 1	6,840	6,840											6,840	6,840
Letter 2	3,510	3,510											3,510	3,510
Media	12,000	12,000											12,000	12,000
Print	22,200	22,200											22,200	22,200
Competitions	10,000	10,000											10,000	10,000
Authors	46,154		1,923	1,923	1,923	1,923	1,923	11,538	11,538	11,538	11,538	1,923	11,538	23,077
Artwork	7,000	7,000											7,000	7,000
Total Marketing	107,704	61,550	1,923	1,923	1,923	1,923	1,923	11,538	11,538	11,538	11,538	1,923	73,088	84,627
Net Contr. After Mktg. ( 17,881) ( 61,550)		13,963	9,409	( 1,993)	( 5,869)	4,808	3,831	12,723	1,747	1,747	3,051	1,222	( 37,401)	( 24,678)
Cumulative Contributio ( 17,881) ( 61,550) ( 47,587) ( 38,178) ( 40,171) ( 46,040) ( 41,232) ( 37,401) ( 24,678)									( 22,932)	( 22,932)	( 17,881)	( 17,881)	( 37,401)	( 24,678)

	Total	Launch	1	2	3	4	5	6	7-12	13-18	19-24	24	Launch-6	Launch-12
Circulation	1,000,000	1,000,000											1,000,000	1,000,000
Response Rate		1.50%												
Responses	15,000	15,000											15,000	15,000
Conversion Rate			60.00%											
Active Members			9,000	3,600	3,481	3,366	3,255	3,148				1,721		
Attrition Rate				60.00%	3.30%	3.30%	3.30%	3.30%				3.30%		
Lost Members				5,400	119	115	111	107				59		
Revenue/Unit #			9.95	9.95	9.95	9.95	9.95	9.95				9.95		
Sales	673,332		89,550	35,820	34,638	33,495	32,390	31,321	167,374	136,851	111,894	17,120	257,213	424,587
Net Sales	87,826		13,433	5,373	5,196	5,024	4,858	4,698	21,831	17,850	14,595	2,568	33,550	55,381
Net Sales	585,506		77,870	31,148	30,120	29,126	28,165	27,235	145,543	119,001	97,299	14,887	223,664	369,206
CGS/Unit #			3.94	3.22	3.22	3.22	3.22	3.22				3.22		
CGS	224,382		35,460	11,592	11,209	10,840	10,482	10,136	54,165	44,287	36,211	5,540	89,719	143,884
Album & Post						5.000								
Leaves					2.850	.950	.950	.950				.950		
Units					2.370	.790	.790	.790				.790		
Total Albums/Unit					5.220	6.740	1.740	1.740				1.740		
Total Albums	170,454				18,172	22,689	5,664	5,477	43,501	46,487	28,464	2,994	52,002	95,503
Red Card Sales			8,955	8,955	13,855	13,398	12,956	12,528				6,848		
Red Card Charges	9,484		358	358	554	536	518	501	2,678	2,190	1,790	274	2,826	5,504
Letter/unit						.40		.40				.40		
Letter Cost	10,830					1,347		1,259	3,308	2,705	2,211	688	2,606	5,914
Bad Debt Rate			20.00%	1.00%	1.00%	1.00%	1.00%	1.00%				1.00%		
Bad Debts	20,650		15,574	311	301	291	282	272	1,455	1,190	973	149	17,032	18,487
Net Contr. Before Mktg.	149,705		26,477	18,886	( 117)	( 6,576)	11,219	9,590	40,435	22,142	27,649	5,242	59,479	99,914
Net Contr. Before Mktg.	149,705		26,477	45,364	45,247	38,671	49,890	59,479	99,914	122,056	149,705	149,705	59,479	99,914
Letter 1	11,400	11,400											11,400	11,400
Letter 2	5,850	5,850											5,850	5,850
Media	23,000	23,000											23,000	23,000
Print	37,000	37,000											37,000	37,000
Competitions														
Authors														
Network														
Total Marketing	77,250	77,250											77,250	77,250
Net Contr. After Mktg.	72,455	( 77,250)	26,477	18,886	( 117)	( 6,576)	11,219	9,590	40,435	22,142	27,649	5,242	( 17,771)	22,664
Cumulative Contribution	72,455	( 77,250)	( 50,773)	( 31,886)	( 32,003)	( 38,579)	( 27,360)	( 17,771)	22,664	44,806	72,455	72,455	( 17,771)	22,664

	Total	Launch	1	2	3	4	5	6	7-12	13-18	19-24	24	Launch-6	Launch-12
Circulation	2,800,000	2,800,000											2,800,000	2,800,000
Response Rate		1.50%												
Responses	42,000	42,000											42,000	42,000
Conversion Rate			60.00%											
Active Members			25,200	10,080	9,747	9,426	9,115	8,814				4,818		
Attrition Rate			60.00%	3.30%	3.30%	3.30%	3.30%	3.30%				3.30%		
Lost Members			15,120	333	322	311	301					164		
Revenue/Unit #			9.95	9.95	9.95	9.95	9.95	9.95				9.95		
Sales	1,885,329		250,740	100,296	96,986	93,786	90,691	87,698	468,648	383,182	313,303	47,936	720,197	1,188,844
VAT	245,912		37,611	15,044	14,548	14,068	13,604	13,155	61,128	49,980	40,866	7,190	93,939	155,067
Net Sales	1,639,417		218,035	87,214	84,336	81,553	78,862	76,259	407,520	333,202	272,437	41,684	626,258	1,033,778
COGS/Unit #			3.94	3.22	3.22	3.22	3.22	3.22				3.22		
COGS	628,271		99,288	32,458	31,386	30,351	29,349	28,381	151,663	124,005	101,390	15,513	251,213	402,875
Album & Post						5.000								
Leaves					2.850	.950	.950	.950				.950		
Mounts					2.370	.790	.790	.790				.790		
Total Albums/Unit					5.220	6.740	1.740	1.740				1.740		
Total Albums	477,273				50,881	63,529	15,859	15,336	121,803	130,164	79,699	8,383	145,606	267,409
Cred Card Sales			25,074	25,074	38,794	37,514	36,276	35,079				19,175		
Cred Card Charges	26,555		1,003	1,003	1,552	1,501	1,451	1,403	7,498	6,131	5,013	767	7,912	15,411
N'letter/unit						.40		.40				.40		
N'letter Cost	30,323					3,770		3,526	9,262	7,573	6,192	1,927	7,296	16,558
Bad Debt Rate			20.00%	1.00%	1.00%	1.00%	1.00%	1.00%				1.00%		
Bad Debts	57,821		43,607	872	843	816	789	763	4,075	3,332	2,724	417	47,689	51,764
Net Contr. Before Mktg.	419,175		74,137	52,881	( 327)	( 18,414)	31,413	26,851	113,218	61,997	77,418	14,677	166,542	279,760
Cum. Contr. Before Mktg.	419,175		74,137	127,018	126,691	108,278	139,691	166,542	279,760	341,757	419,175	419,175	166,542	279,760
Letter 1	31,920	31,920											31,920	31,920
Letter 2	16,380	16,380											16,380	16,380
Media	56,000	56,000											56,000	56,000
Print	103,600	103,600											103,600	103,600
Competitions	15,000	15,000											15,000	15,000
Authors														
Artwork														
Total Marketing	222,900	222,900											222,900	222,900
Net Contr. After Mktg.	196,275	( 222,900)	74,137	52,881	( 327)	( 18,414)	31,413	26,851	113,218	61,997	77,418	14,677	( 56,358)	56,860
Cumulative Contribution	196,275	( 222,900)	( 148,763)	( 95,882)	( 96,209)	( 114,622)	( 83,209)	( 56,358)	56,860	118,857	196,275	196,275	( 56,358)	56,860

Year Month	1984 June	1984 July	1984 Aug	1984 Sept	1984 Oct	1984 Nov	1984 Dec	1984 Total	1985 1st Half	1985 Year	1986 1st Half	1986 Year	1987 Jan	Total Project
Circulation	600,000				1,000,000			1,600,000	2,800,000	2,800,000				4,400,000
Responses	9,000				15,000			24,000	42,000	42,000				66,000
Active Members		5,400	2,160	2,089	2,020	10,953	5,489						4,818	
Sales	53,730	21,492	20,783	20,097	108,984	54,612		279,698	924,341	1,647,602	591,363	987,424	47,936	2,962,660
VAT	7,008	2,803	2,711	2,621	14,215	7,123		36,482	120,566	214,905	77,134	128,794	6,253	386,434
Net Sales	46,722	18,689	18,072	17,476	94,768	47,489		243,216	803,775	1,432,697	514,228	858,629	41,684	2,576,226
COGS	21,276	6,955	6,726	6,504	41,749	17,674		100,883	317,277	551,338	191,376	319,548	15,513	987,282
Total Albums				10,903	13,613	3,398	3,286	31,201	218,791	424,918	152,968	285,498	8,383	750,000
Cred Card Charges	215	215	333	322	669	659		2,412	11,179	22,751	9,462	15,799	767	41,729
N'letter Cost					808		755	1,563	9,538	24,159	11,955	20,000	1,927	47,650
Bad Debts	9,344	187	181	175	15,743	475		26,105	49,464	55,754	5,142	8,586	417	90,861
Net Contr. Before Mktg.	15,886	11,332	( 70)	( 3,946)	33,209	24,640		81,051	197,525	353,778	143,326	209,198	14,677	658,704
Cum. Contr. Before Mktg.	15,886	27,218	27,148	23,202	56,411	81,051		81,051	278,576	434,829	578,156	644,027	658,704	658,704
Total Marketing	61,550	1,923	1,923	1,923	79,173	1,923	1,923	150,338	234,438	245,977	11,538	11,538		407,854
Net Contr. After Mktg.	( 61,550)	13,963	9,409	( 1,993)	( 83,119)	31,286	22,717	( 69,287)	( 36,913)	107,801	131,788	197,659	14,677	250,850
Cumulative Contribution	( 61,550)	( 47,587)	( 38,178)	( 40,171)	( 123,290)	( 92,004)	( 69,287)	( 69,287)	( 106,201)	38,514	170,302	236,173	250,850	250,850

Return on Promotional Investment

	<u>£</u>
Investment in Phase 1	107,704 *
2	77,250
3	222,900
	<hr/>
	407,854
return at end of project:	250,850
representing	61.5%

\* Phase 1 has fixed launch costs charged within it.