

## A Formula for Quality

When evaluating media buys, we understand that finding a vendor who can make it happen for a price that fits nicely in your budget is a big factor in deciding who to go with. We also know that there are vendors in our industry who will tell you what you want to hear in order to win your business and then cut corners to do the job for the impossible price they quoted you! At Varga, our business model is transparent and we know what it takes to execute a door hanger campaign the right way. Listed below is our formula for quality:



A driver can effectively manage 6 walkers at a time; the average walker can distribute approximately 850 pieces per 8-hour day depending on terrain; and an auditor can effectively manage 2 crews each day assuming both crews are within 3-5 miles of each other. This distribution model results in approximately 5,000 door hangers or fliers distributed per day per crew. We have tried many variations of these numbers and found this configuration to work the best. The ratio of supervisors to walkers dramatically reduces homeowner complaints, double-hangings, and product dumping (all of which have a direct correlation with the effectiveness of the campaign and the protection of your brand's image in the market.)

Listed below is the **minimum** cost breakdown for this distribution model. It is important to understand that: **these costs are fixed for all door hanger vendors and they do not fluctuate based on volume.**

### Minimum Daily Cost Breakdown for Distribution

#### Labor Expenses:

2 Drivers	—@ \$15.00/hr	= \$240/day
12 Walkers	—@ \$7.25/hr	= \$696/day
1 Auditor	—@ \$22.00/hr	= \$176/day

Total = \$1,112/day

#### Additional Expenses:

Vehicles	—@ \$30/per	= \$90/day
Gas	—@ \$25/per	= \$75/day
Car Insurance	—@ \$6/per	= \$18/day
Liability Insurance	—@ \$3/per	= \$3/day
Employment Taxes	—@ 12%/labor	= \$133/day

Total = \$319/day

#### Total Distribution Cost for 10,000 pieces:

Labor	= \$1,112/per day
Additional Expenses	= \$ 319/per day
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	= \$1,431/day or <b>\$143 CPM*</b>

\*This figure only represents the **cost** for a 10,000 piece distribution without any travel or GPS expenses included in order to show a minimum baseline. With a 25% markup applied to the CPM the price to the customer rises to \$191.

### You Get What You Pay For!

When we hear about a competitor offering \$120 CPM for a distribution *and* claiming to utilize the model outlined above, we wonder what's getting left out - especially when we account for profit.

Total Cost	—@ \$120 CPM
Typical Profit (25%)	—@ \$ 30 CPM

**\$90 CPM\***

\*\$90 CPM is **\$53 less** than the minimum cost breakdown listed to the left.

There are many ways to cut corners in a distribution. One example is: not sending an auditor and using only 8 walkers which will knock the cost down \$508 per day to \$923 (\$1,431-\$508) or \$92 CPM. The problem here is that the crew is now undermanned, **can only distribute 6,800 pieces** (8 walkers X 850 pieces) and has lost the crucial layer of auditing that ensures proper campaign execution.

#### The Bottom Line:

**When you sign on for a 100,000 piece campaign with Varga every piece will be delivered. When it comes to our low cost competitors...the numbers just don't add up!**