

Promotion Proposal for Summer Essentials: Buy X, Get Y

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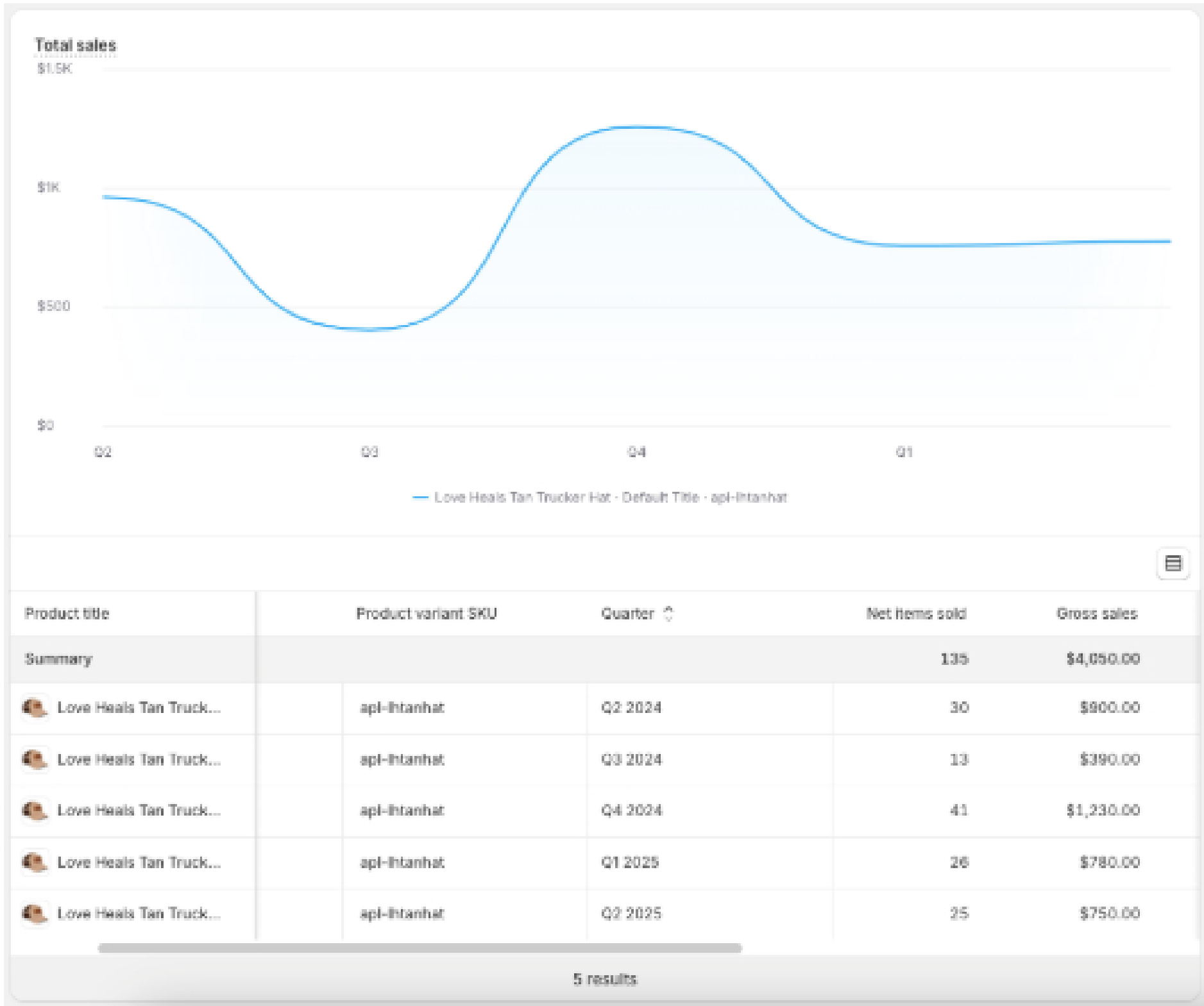
Why are we doing these promotions?

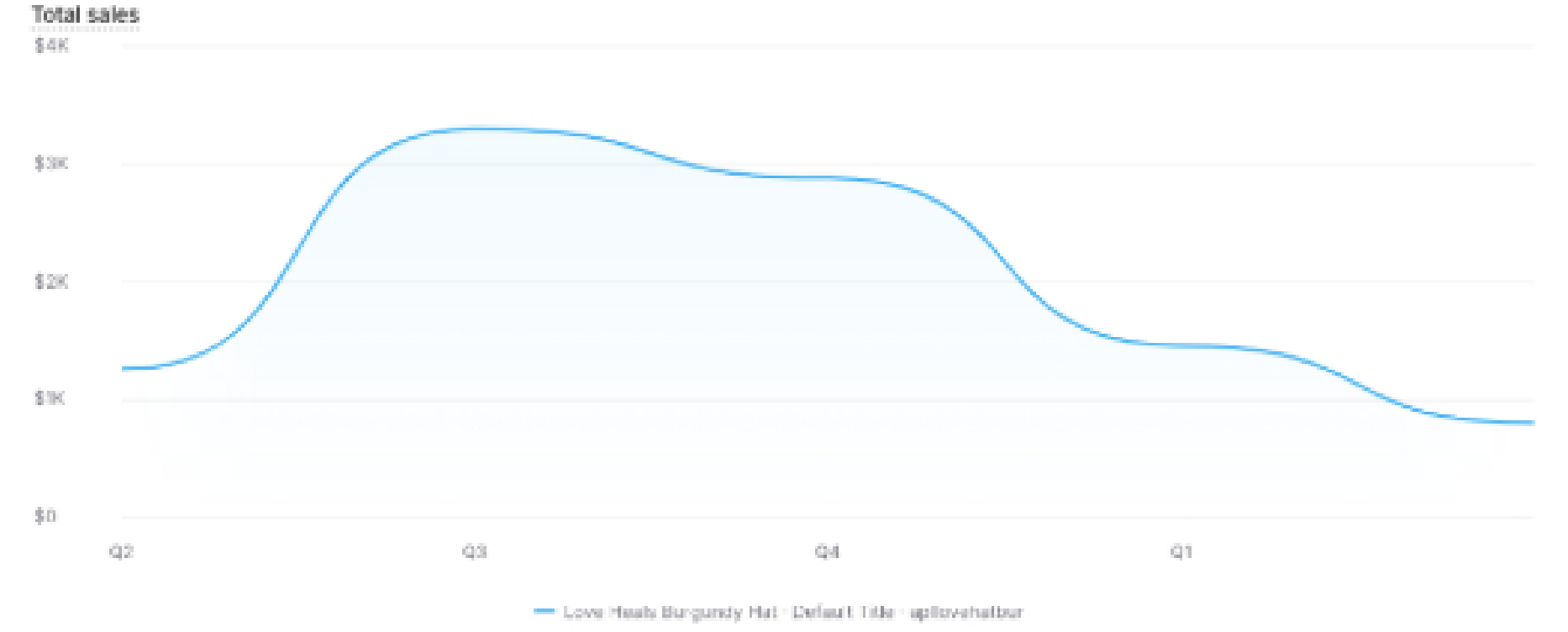
Buy X, Get Y of the Body Products:

- Reformulation* : We need to clear out inventory of our lotions due to a reformulation of our lotions/body butters that is occurring later in the summer.
- Utilize Tubes*: We plentiful on our Lotion tubes and before we can utilize the new packaging , we need to use the old.
- Promote Summer Items*: The sunscreen hasn't had the proper highlight that it deserves including:
 - Natural - 8 nourishing botanicals and 2 minerals
 - Water and sweat resistant
 - Shared Trade Vendor Made
- Higher price point items to get Free item is something different than the typical Buy X, Get Y of the same product

Also, 20% off Thistle Farms Branded Hats

- Most Hats Sold in Q4 of FY25 - Trucker Hat & Burgundy Hat





Product title	Product variant SKU	Quarter	Net items sold	Gross sales
Summary			367	\$9,396.00
Love Heals Burgundy Hat - Default Title - apllovehatbur	apllovehatbur	Q2 2024	51	\$1,272.00
Love Heals Burgundy Hat - Default Title - apllovehatbur	apllovehatbur	Q3 2024	126	\$3,184.00
Love Heals Burgundy Hat - Default Title - apllovehatbur	apllovehatbur	Q4 2024	109	\$2,834.00
Love Heals Burgundy Hat - Default Title - apllovehatbur	apllovehatbur	Q1 2025	52	\$1,352.00
Love Heals Burgundy Hat - Default Title - apllovehatbur	apllovehatbur	Q2 2025	29	\$754.00

Proposal 1 - Buy 2, Get 1 FREE:
Buy Bug Spray & Sunscreen,
Get Mini Lotion **OR** Mini Body Butter FREE + 20% OFF Hats!

Proposed Bundle Price = \$39 + tax

Current AOV online = \$80+

Historically :

Candle that Started it All (Buy 3 Love Heals Candles , Get 1 FREE) = \$20,102.59 , increase \$3,500 net sales on eComm over Regular time

Benefits:

- Leaves opportunity for Customer to purchase items outside of proposed bundle

Margins:

- With free BL: 38.6%
- With free BB: 41.4%

Items part of Buy X Get Y						
Product Name	Quantity as of 5/21	Variants	SKU(s)	Price	Cost	Margin
Turmeric and Vanilla Sunscreen	126	2.1 oz	tl-sunscrntumvan	\$24	\$12 + 2.04 = 14.04 + 1.49 = 13.49	50% 42% 43.8%
TF Bug Spray	914	4 oz	tf21bfir4oz	\$15	\$6.06	59.6%
				\$39	\$18.06	109.6% 101.6% 103.4%
FREE ITEM						
Body Lotion Mini	2,225	Lavender Grapefruit Jasmine Eucalyptus Mint	tf23bl2ozlv tf23bl2ozgj tf23bl2ozem	\$7	\$2.04	70.9%
Body Butter Mini	1,325	Lavender Eucalyptus Mint	tf23bu2ozlv tf23bu2oze m	\$5.60	\$1.49	73.9%
DIFFERENT OFFER						
20% OFF TF Branded Hats						
Love Heals Tan Trucker Hat	21		apl-lhtanhat	\$30.00 \$24.00	\$15.50	48.3% 35.4%
Love Heals Burgundy Hat	86		apllovehatbur	\$26.00 \$20.80	\$12.61	51.5% 39.4%
20% OFF Shared Trade Hats						
Handprinted Canvas Bucket Hat		Sweet Pea Coral	rbr-cnvshatswtp ea rbr-cnvshatcorl	\$24 \$19.20	\$6.07	74.7% 68.5%

Proposal 2 - Buy 3, Get 2 FREE:

Buy Bug Spray, Sunscreen & Hat,
Get Mini Lotion **AND** Mini Body Butter FREE!

Proposed Bundle Price = \$69 - \$63 + tax

Push over threshold with FREE Shipping Online

Benefits:

- Clear out inventory quicker
- Typical online AOV is \$80+
- Offer a bundle that is relevant to seasonality

Margins:

- Trucker Hat = 29.7%
- Burgundy Hat = 30.8%
- Bucket Hat = 37.7%

Buy Trucker Hat - \$30

Option 1: Buy X						
Product Name	Quantity as of 5/21	Variants	SKU(s)	Price	Cost	Margin
Turmeric and Vanilla Sunscreen	126	2.1 oz	tl-sunscrntumvan	\$24	\$12	50%
TF Bug Spray	914	4 oz	tf21bfir4oz	\$15	\$6.06	59.6%
Love Heals Tan Trucker Hat	21		apl-lhtanhat	\$30	\$15.50	48.3%
				\$69	\$33.56 + Added Cost \$3.53 \$37.09	
FREE ITEMS!						
Body Lotion Mini	2,225	Lavender Grapefruit Jasmine Eucalyptus Mint	tf23bl2ozlv tf23bl2ozgj tf23bl2ozem	\$7	\$2.04	70.9%
Body Butter Mini	1,325	Lavender Eucalyptus Mint	tf23bu2ozlv tf23bu2oze m	\$5.60	\$1.49	73.9%


Buy Burgundy Hat - \$26

Option 2: Buy X						
Product Name	Quantity as of 5/21	Variants	SKU(s)	Price	Cost	Margin
Turmeric and Vanilla Sunscreen	126	2.1 oz	tl-sunscrntumvan	\$24	\$12	50%
TF Bug Spray	914	4 oz	tf21bfir4oz	\$15	\$6.06	59.6%
Love Heals Burgundy Hat	86		apllovehatbur	\$26.00	\$12.61	51.5%
				\$65	\$30.67 + Added Cost \$3.53 \$34.2	
FREE ITEMS!						
Body Lotion Mini	2,225	Lavender Grapefruit Jasmine Eucalyptus Mint	tf23bl2ozlv tf23bl2ozgj tf23bl2ozem	\$7	\$2.04	70.9%
Body Butter Mini	1,325	Lavender Eucalyptus Mint	tf23bu2ozlv tf23bu2oze m	\$5.60	\$1.49	73.9%

Buy Bucket Hat - \$24

Option 2: Buy X						
Product Name	Quantity as of 5/21	Variants	SKU(s)	Price	Cost	Margin
Turmeric and Vanilla Sunscreen	126	2.1 oz	tl-sunscrntumvan	\$24	\$12	50%
TF Bug Spray	914	4 oz	tf21bfir4oz	\$15	\$6.06	59.6%
Handprinted Canvas Bucket Hat		Sweet Pea Coral	rbr-cnvshatswtp ea rbr-cnvshatcorl	\$24	\$6.07	74.7%
				\$63	\$24.13 + Added Cost \$3.53 \$27.66	
FREE ITEMS!						
Body Lotion Mini	2,225	Lavender Grapefruit Jasmine Eucalyptus Mint	tf23bl2ozlv tf23bl2ozgj tf23bl2ozem	\$7	\$2.04	70.9%
Body Butter Mini	1,325	Lavender Eucalyptus Mint	tf23bu2ozlv tf23bu2oze m	\$5.60	\$1.49	73.9%

Proposal 3 - Buy Bundle Fun & Sun Bundle:
 Buy 4 oz Bug Spray, Sunscreen, Lotion, & Bucket Hat
NOW
VALUE


Bundle Baby 1 10% OFF						
Product Name	Quantity as of 5/21	Variants	SKU(s)	Price	Cost	Margin
TF Bug Spray	914	4 oz	tf21bfir4oz	\$15 \$13.50 (10% OFF)	\$6.06	59.6%
Turmeric and Vanilla Sunscreen	126	2.1 oz	tl-sunscrntumvan	\$24 \$21.60 (10% OFF)	\$12	50%
Body Lotion	2,225		tf23bl2ozlv tf23bl2ozgj tf23bl2ozem	\$7 \$6.30	\$2.04	70.9%
Handprinted Canvas Bucket Hat	50	Sweet Pea Coral	rbr-cnvshatswtp ea rbr-cnvshatcorl	\$24 \$21.60 (10% OFF)	\$6.07	74.7%
				\$70 VALUE NOW \$63!	\$26.17	<div>52.1% Total Margin</div> <div> Leslie R</div>

Bundle Baby 2 15% OFF						
Product Name	Quantity as of 5/21	Variants	SKU(s)	Price	Cost	Margin
TF Bug Spray	914	4 oz	tf21bfir4oz	\$15 \$12.75 (15% OFF)	\$6.06	59.6%
Turmeric and Vanilla Sunscreen	126	2.1 oz	tl-sunscrntumvan	\$24 \$20.40 (15% OFF)	\$12	50%
Reorder 3 weeks						
Body Lotion	2,225		tf23bl2ozlv tf23bl2ozgj tf23bl2ozem	\$7 \$5.95 (15% OFF)	\$2.04	70.9%
Handprinted Canvas Bucket Hat	50	Sweet Pea Coral	rbr-cnvshatswtp ea rbr-cnvshatcorl	\$24 \$20.40 (15% OFF)	\$6.07	74.7%
				\$70 VALUE NOW \$59.50!	\$26.17	47.1% Total Margin <div>Leslie R</div>

Possible Return if we sold ALL Bundles:

Bucket Hats = 50 Quantity of Hats, \$2980 in net sales probable

Proposal 4 - Buy Bundle Fun & Sun Bundle:
Buy 4 oz Bug Spray, Sunscreen, Lotion, & Burgundy TF Hat
NOW
VALUE

Bundle Baby 3 10% OFF						
Product Name	Quantity as of 5/21	Variants	SKU(s)	Price	Cost	Margin
TF Bug Spray	914	4 oz	tf21bfir4oz	\$15 \$13.50 (10% OFF)	\$6.06	59.6%
Turmeric and Vanilla Sunscreen	126	2.1 oz	tl-sunscrntumvan	\$24 \$21.60 (10% OFF)	\$12	50%
Body Lotion	2,225		tf23bl2ozlv tf23bl2ozgj tf23bl2ozem	\$7 \$6.30 (10% OFF)	\$2.04	70.9%
Love Heals Burgundy Hat	86		apllovehatbur	\$26.00 \$23.40 (10% OFF)	\$12.61	51.5%
2 weeks						
				\$72 VALUE NOW \$64.80!	\$26.17	48.1% Total Margin <div> Leslie R</div>

Possible Return if we sold ALL Bundles:

Burgundy Hats = 86 in quantity , \$5,508 in net sales

Bundling :

- **What it is:** Selling multiple products together for a lower price than if they were purchased individually .
- **Why it works:** Increases the average order value (AOV) and helps move related or potentially less popular items. It also provides convenience for the customer .
- **When to use it:** Great for showcasing product pairings , increasing AOV , and clearing out slower-moving items by bundling them with popular ones.

Discounting

- **For brands with average margins of 50% or higher, discounts often range from 10% to 20% off the subtotal of the individual items.** This allows for a noticeable saving for the customer while still maintaining healthy profit margins for the business .
- **For businesses with average margins of 50% or less, a discount rate between 5% to 10% is more typical.** In these cases, the focus might be more on the perceived value and convenience of the bundle rather than a deep discount.

Key Considerations for Bundle Price Reduction :

- **Perceived Value:** The discount should be significant enough for customers to feel like they are getting a good deal and be motivated to purchase the bundle over individual items.

- **Profitability :** The discounted bundle price must still allow for a profitable sale for the business. It's crucial to calculate the cost of the individual items and ensure that the bundle price is greater than the sum of the individual items.

the costs of the individual items and ensure the bundle price covers those costs plus a desired margin.

- **Strategic Goals:** The depth of the discount might also depend on the goal of the bundle. For example, a larger discount might be offered to clear out slow-moving inventory, while a smaller discount might be used to simply increase the average order value.

Equations:

Calculate the New Margin: After factoring in the "free" or discounted "Y" items, what is the resulting profit margin on the entire transaction ?

Let's say you have a "Buy 1 Get 1 Free" offer. The price of one item is \$24, and the cost of one item is \$12.

- $X = 2$ (items bought)
- $Y = 1$ (item free)
- $P = \$24$ (price per item)
- $C = \$12$ (cost per item)

- $$\text{New Margin (\%)} = \frac{(X \times P) - ((X + Y) \times C)}{(X \times P)} \times 100\%$$

Now, let's plug these values into the equation:

- Total Revenue = $1 \times \$24 = \24
- Total COGS = $(2 + 1) \times \$6 = 3 \times \$6 = \$18$
- New Margin (%) = $\frac{\$24 - \$18}{\$24} \times 100\%$
- New Margin (%) = $\frac{\$6}{\$24} \times 100\%$
- New Margin (%) = $0.25 \times 100\% = 25\%$


Total Cost of Goods Sold (COGS):

- You incur the cost for all the items the customer receives, which is X (paid) + Y (free).
- Total COGS = $(X + Y) \times C$
- For our example: $24 + 8 \times (15.09) =$

My equation =

Break-Even Point: How many "Buy X Get Y" transactions do you need to achieve to cover your costs and reach profitability for this promotion ?

Summer Essentials: All Body Products

Product Name	Quantity as of 5/21	Variants	SKU(s)	Price	Cost	Margin
TF Bug Spray	914	4 oz	tf21bfir4oz	\$15 \$13.50 (10% OFF)	\$6.06	59.6%
		2 oz				
Body Lotion		7 oz	tf23bl2ozlv tf23bl2ozgj tf23bl2ozem	\$7 \$6.30 (10% OFF)	\$2.04	70.9%
		2 oz				
Body Butter		8 oz				
		2 oz				
				\$72 VALUE NOW \$64.80!	\$26.17	48.1% Total Margin <div> Leslie R</div>