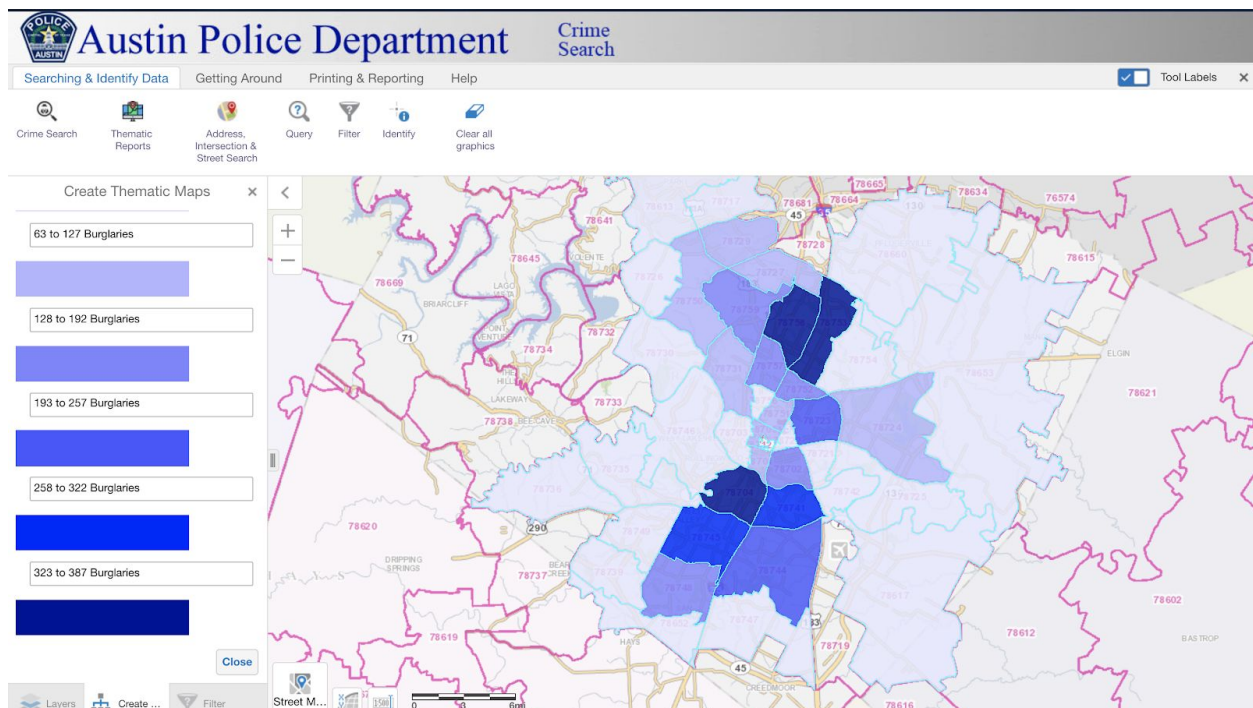


Austin Crime: SmartCyberAlarm

Target Audience

We chose the zip codes 78704, 78745, 78748, 78753, and 78759. We first ranked the top zip codes for burglaries in categories based on the number range of burglaries. To narrow down our selection, we then considered the percentage of owner-occupied housing compared to renter-occupied housing. Next to each zip code, we noted its ranking in relation to average household income and number of housing units. Our final decision was based on the zipcodes' average rank from the three criteria. The zip codes we chose are ranked well in number of housing units, average household income and all have 50% or more owner-occupied housing. It was important to choose zip codes high in rank for the number of housing units and the percentage of owner-occupied housing to ensure that we will get results from well-populated areas. Our decision process resulted in zip codes with a variety of average household incomes. Our selection will include incomes of \$63,341-\$109,101.



Crime Viewer (2018). Austin Police Department. April 22, 2020,

<http://www.austintexas.gov/GIS/CrimeViewer/>

KEY:

- a) *Avg household income \$50,000+*
- b) *Highest density of housing dwellings*
- c) *Owner-occupied residencies vs rental*

(Information for points a-c was gathered from the United States Census Bureau.)

Bolded = **Top 5 zip codes in Austin, Texas with the most burglaries and break-ins**

Most burglaries

78753:

- a) \$63,341 (10th)
- b) 21,610 (6th)
- c) 7,309 vs 12,812 (57% owner)

78704:

- a) \$99,628 (3rd)
- b) 26,934 (2nd)
- c) 8,530 vs 15,585 (54% owner)

Second Most

78745:

- a) \$75,826 (7th)
- b) 27,969 (1st)
- c) 11,701 vs 14,629 (80% owner)

Fourth Most

78759:

- a) \$109,101 (1st)
- b) 21,912 (5th)
- c) 9,308 vs 11,146 (83% owner)

78748:

- a) \$87,950 (5th)
- b) 20,257 (7th)
- c) 11,720 vs 7,665 (152% owner)

Budget:

Given Information:

- Initial one-time equipment/sensor fee: \$49.99
- Monthly Monitoring Subscription: \$9.99
- Fixed amount to spend on postcard: \$1,200.00
- Cost to purchase the mailing list: \$0.18 (per address)
- Cost to print the postcard: \$0.47 (per postcard)
- Cost to mail the postcard: \$0.35 (per postcard)
- Monthly charge x 12 months (Profit): \$120.00

A	B	C	D	E	F	G
Zip Codes				Given Information:	Price	Revenue/Cost
	Avg Income	Residencies		Initial one-time equipment/sensor fee	\$49.99	Revenue
78704	\$99,628.00	26934		Monthly Monitoring Subscription	9.99	Revenue
78748	\$87,950.00	20257		Fixed amount to spend on postcard	1,200.00	Cost - Fixed
78759	\$109,101.00	21912		Cost to purchase the mailing list (per address)	\$0.18	Cost - Variable
78745	\$75,826.00	27969		Cost to print the postcard (per postcard)	\$0.47	Cost - Variable
78753	\$63,341.00	21610		Cost to mail the postcard (per postcard)	\$0.35	Cost - Variable
Avg	\$93,126.25	Total Residents				
Median	\$87,950.00	97072		Total Fixed Costs	1,200.00	
				Mailing List	\$17,472.96	
				Post Card - Print	\$45,623.84	
				Post Card - Mail	\$33,975.20	
				Total Variable Costs	\$97,072.00	
				Total Cost	\$98,272.00	
				Profit per Residency (Annual)	\$169.87	
				Break Even		
				Number of Deals	579	
				Response Rate	0.60%	
				Revenue Forecast for \$100,000		
				Number of Deals	589	
				Break Even	579	
				Total Number of Deals	1167	
				Response Rate	1.20%	

Assumptions for Budget and Revenue:

1. Based on the data, we made the assumption that the zip code 78704 would bring the most profit and business to SmartCyber Alarms due to them having the highest number of break-ins and a large amount of residences in this zip code.
2. After researching the demographics of Austin, the surrounding zip codes are known to be the more wealthy areas of Austin. This wealthier area has less crime and we believe without affordable subscription prices that this will be more affordable for middle class families.
3. With the median income of Austin being \$67,462 as of 2018, we believe that in years to come this will be more beneficial than it is at the current moment. We believe this is because the median income of households is continuing to rise and it will benefit households over a long amount of time.
4. We have made the assumption and are aware that not all households we mail a postcard to will want to install and subscribe to our security system. Our budget will allocate for large outcomes, yet we understand this is a long term process and will take a few years to reach its full potential.

Budget and Revenue Explained:

This project has the overall potential to gain profit but it is something that is going to be accomplished over a longer period of time. Based on our findings in the first year of operation, we plan to expand in bigger markets and factor out any inconsistencies we found in our first year of selling our alarm systems. Since we found we would break even with the current price of our products, we plan to keep pricing the same just expand into different zip codes that would benefit from our product. As time goes on, we plan to cut spending costs on postcards once gain more exposure from customers and find cheaper ways to advertise our alarm system. Overall, we feel that we will be successful within the first year of operation and are allocating just enough money to get a good start in the industry. As time goes on we feel as if there are cheaper but still effective ways of marketing.

Recommendations

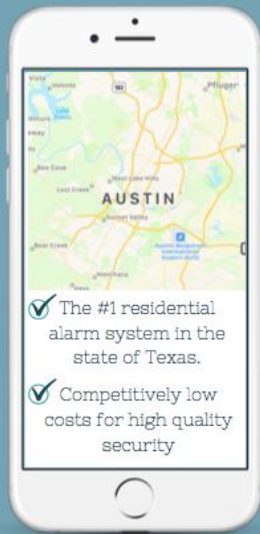
1. Using this launch campaign with these metrics, this business has a strong chance of generating profit. By increasing just 589 deals from the breakeven point, the business would generate \$100,000 in revenue.
2. If more profits are desired by the company, they have several options to increase revenue or decrease internal costs.
 - a. An increase in revenue would be possible if the business would target more cities within the metro area of Austin, Texas, like San Antonio, Houston, and Corpus Christi. While a bigger target market would incur more marketing expenses, the offset should be enough to mount considerable gains in revenue.
 - b. The alternative would be to lower marketing expenses by using targeted digital ads instead of postcard mail outs. There are a few benefits of digital ads like the following: the content on the digital ad can be split tested to see which version has a better response rate to specific demographics. Digital advertisements also have cheaper cost per thousand impressions compared to standard mailouts. Physical advertising may seem more personal to the customer but it costs more and there less interaction with the targeted audience. A combination of expanding to more cities and allocating some of the marketing budget to digital advertising instead of just physical postcard mail outs may increase revenue on a larger scale.
 - c. Lastly, a higher product price could be implemented to increase revenue. With only a one time equipment fee, and one tier of monthly service subscription offered, the company is potentially missing out on additional revenue from households who have the budget (and potential need) for additional services. More monitoring devices and sensors could be available in tiered subscription plans ranging from \$10 a month for the base package, up to \$30-50 for the higher tiered ones. By offering various tiered options with different quantities of sensors in each package, the company can introduce “discounts” which may seem more attractive to customers. It also gives existing customers the ability to be upsold and their LTV to the company to increase.

PostCard:



Monitor your home from
your own phone.

**SMART
CYBER
ALARM**



_____ Full Name
_____ Address Line 1
_____ Address Line 2
_____ Area Code
_____ State

Works Cited

Crime Viewer (2018). Austin Police Department. April 22, 2020,

<http://www.austintexas.gov/GIS/CrimeViewer/>

“Digital Marketing vs Traditional Marketing: Which Produces Greater ROI?” Digital Marketing Blog, 6 Oct. 2019,

www.lyfemarketing.com/blog/digital-marketing-vs-traditional-marketing/.

“Direct Mail Response Rates: What to Expect.” *Inkit*, 26 Feb. 2019,

www.inkit.com/2019/02/direct-mail-response-rate-average/.

Rainy. “3 Outstanding Benefits of Tiered Pricing Application by Better Change Qty.”

Mageplaza, Mageplaza, 1 Apr. 2020,

www.mageplaza.com/blog/magento-2-3-outstanding-benefits-tiered-pricing-application-by-better-change-qty.html.

“The Most Expensive Austin Zip Codes in 2019.” *HomeCity*,

www.homecity.com/blog/the-most-expensive-austin-zip-codes-in-2019/.

“U.S. Census Bureau QuickFacts: Austin City, Texas.” *Census Bureau QuickFacts*,

www.census.gov/quickfacts/austincitytexas

Zip Code Tabulation Area Selection Map. (2018). United States Census Bureau. April 22, 2020,

https://data.census.gov/cedsci/map?q=zip%20code%20demographics&hidePreview=false&tid=ACSDP1Y2018.DP05&vintage=2018&mode=selection&layer=VT_2018_860_00_PY_D1&y=2018