

Evaluating *WriteMyNote*'s Product and Business Model to Determine the Effectiveness in Different Market Segments

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Abstract

Handwritten notes have been proven to be more impactful than other methods of communication such as email and text messages. Therefore, it is desirable to automate the process of writing notes to save time, especially for businesses and organizations. *WriteMyNote* is a venture that aims to solve this problem. The goal of this IQP was to evaluate *WriteMyNote*'s products and business model to determine their potential success in different market segments. In order to accomplish this, the team researched *WriteMyNote*'s competitors, evaluated different revenue models, and finally looked at different market segments in terms of structure, revenue growth and geographical spread. Based on the analysis, the team provided *WriteMyNote* leadership recommendations on revenue models and market segments that should be targeted.

Acknowledgements

We would like to thank *WriteMyNote* founders, Tom Lynch and Christopher Hamman, for providing our group with this project opportunity. Their feedback, guidance and discussions were a key in establishing our initial project goals and expanding upon them during the course of the project. They were a vital source of information with their knowledge of the market, potential vertical markets for expansion and market insights helped us shape the key aspects of this project's initial direction.

We would also like to thank our project advisor, Prof. Blake Currier. He spent a great deal of time meeting with us to discuss the progress and scope of the IQP during the course of the two terms. He made sure we were on our toes during the course of the IQP and helped greatly in narrowing down the scope of this project. Prof. Currier also ensured that we conducted weekly meetings with the *WriteMyNote* clients to discuss our findings and to gain some market insights to better guide the project. His dedication to this IQP project along with his constant support and positive attitude right from the start to the finish was absolutely necessary in the success of this IQP. We would like to thank him greatly for that.

All of these individuals contributed, in their own ways, during all stages of this project. Without their advice, knowledge and constant encouragement, this project would not be possible.

Thank you.

Executive Summary

WriteMyNote is a venture that aims to automate the process of writing notes. The founders of the company approached our team with a list of market segments they wanted to investigate. The objective of this project is to critically evaluate *WriteMyNote*'s product and study the feasibility of their business proposal in some of these market segments. Based on the results of this study, the founders plan to run a marketing campaign in late January, 2017. The team investigated Real Estate Agents, Funeral Homes and Event and Party Planners.

Competitors

The team first researched *WriteMyNote*'s potential competitors to gain insights about the current state of the market, and to find ways to make the company more competitive in specific market niches. The team looked at the features offered by these companies, their pricing models and their targeted customer segments. Looking at the competitors in this space, there were visible shortcomings, as summarized below:

- *Postwhale*, *Thankbot* and *LetterFriend*'s products are all priced at \$5 per piece, with bulk prices reaching a floor of \$3.95.
- *Felt* and *Inkly* focus primarily on personal use, single piece postcards.
- *Handwrytten*, *LetterFriend*, *Postwhale* and *Thankbot* only offer preselected fonts.
- *Noterrific* offers custom handwriting, but requires sending out a handwriting kit.

Of these, the top companies - based on popularity, customer base size, and revenue - were *Bond*, *Handwrytten*, *Thankbot* and *LetterFriend*. For these companies, the team looked at the verticals they primarily focus on, their pricing structure, and the features offered.

Revenue Model

Next, the team then looked at the primary sources of expenditure for *WriteMyNote*, and grouped them based on the type of resource they correspond to. *WriteMyNote*'s primary expenditures fall in the following categories:

1. Physical Resources are the tangible resources that a company needs to operate. This includes raw materials, production facility, and delivery channels. *WriteMyNote*'s main expenses are derived from the raw materials required and the cost of employing labor to operate the machine. Raw materials include printing paper (ex. postcards), writing ink, envelopes and stamps, as well as the printing machine.

2. Intellectual Resources are the intellectual property that a company owns. It usually comprises of proprietary product designs, patents and copyrights, customer databases, as well as important business research, like future expansion plans. *WriteMyNote*'s intellectual resources include both hardware (the machine), and software components (digitization and machine automation).

3. Marketing Resources denotes the condensate of the capital and schemes required for carrying out a successful marketing campaign for a brand. The best marketing scheme for *WriteMyNote* would be a product demonstration. *WriteMyNote* should send out sample cards to all the potential customers in different vertical markets in order to market their product.

The team then researched possible revenue streams, taking hints from the companies in similar markets. *WriteMyNote* can generate revenue through three unique revenue streams. These models are as following:

1. Leasing Machines

This model is based on *WriteMyNote* renting/leasing out the hardware for writing notes. This model will target businesses that needs to send out cards frequently or in bulk.

2. Pay-Per-Use

WriteMyNote can also sell cards to the average consumer who would like to send cards occasionally. Customers would pay for every card they order. This revenue stream can be boosted by integration with social media services, CRM systems, and providing one tap links to order personalized cards.

3. Subscription

WriteMyNote could provide subscriptions to customers. The terms offered by *WriteMyNote* can range anywhere from 1 month to 1 year long subscriptions. In this model the cards can be priced at a discounted rate to lure more customers towards subscription model. It includes a monthly or yearly fee the customer pays upfront for the long term and repeated use. The fee is charged according to the amount of cards required and the duration of the subscription.

Market Research

The team conducted a quantitative study of all the three market segments outlined. Useful data was retrieved from IBISWorld - a global business intelligence leader specializing in Industry Market Research and Procurement and Purchasing research reports. It is a database that provides research reports on industries in the United States, the United Kingdom, Australia and China.

The team looked at the following key indicators for each business:

- 1. Industry purpose and structure**
- 2. Industry performance over the years**
- 3. Geographic spread of the industry in the US**
- 4. Major firms in the sector**

The team then conducted phone interviews with people working in all the three market segments to see whether they were sending out handwritten/printed cards to customers, and what they thought about a handwritten card service. To this end, a questionnaire was designed, consisting of the following questions:

- Do they currently send appreciation/referral/anniversary cards to their customers?

- What is the average number cards sent out per month/year?
- Are the cards handwritten or printed?
- Do they think that sending out these cards has a visible impact on their business?
 - Can sending out *handwritten* cards further boost their business?

The team recorded the answers to these questions when asked to people during the phone interviews. The statistics drawn from the interactions are as follows:

- *Sixty seven percent* of the Funeral Homes contacted already send out cards to their customers.
- *Thirty six percent* of Event and Party planners contacted send out cards to their customers.
- *Fifty three percent* of the Real Estate Agents contacted send out cards to their customers and *sixty seven percent* feel that sending out such cards does boost their future business.

Conclusion and Recommendations

In order to be more competitive, *WriteMyNote* should have most of the features that competitors offer, and additionally have lower prices, and better customer service. There are low cost features that *WriteMyNote* can work on immediately to improve service:

- **Online dashboard:** The online dashboard would make it easier for customers to place orders and check their status. The dashboard should allow customers to do order in bulk, schedule notes and update address database.
- **Recording handwriting:** The method for recording handwriting should be improved. Sending a *smartpen* to customers is time consuming, and given that each pen costs \$150, this approach is not scalable with more customers. Therefore, a mobile application should be developed to allow users to submit their handwriting sample online.
- **Automate process:** The printing process should be more automated to save labor costs; for instance, the process of laying out and picking up cards on the table.

The revenue model that the team recommends is a subscription model with varying price and order size to suit the consumers' needs. There should be monthly, quarterly or yearly contracts for a certain number of cards in that period. Based on the duration and number of cards, a discount should then be offered per subscription. The tradeoff for this vast model is that it requires a higher level of commitment from the consumers hence they are a little skeptical in the beginning to opt for a longer subscription.

After analyzing the data collected, the vertical market that the team recommends is "Real Estate Agents", even though funeral homes send out more handwritten cards on average.

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Introduction

Handwritten Notes - A Lost Art

According to the article *Greeting Card Industry Facts and Figures* published by *about.com*, seven billion greeting cards were purchased every year in the United States. Annual retail sales of greeting cards were estimated at more than \$7.5 billion. Nine out of every ten households bought greeting cards each year. The average household bought thirty individual greeting cards a year.¹ Furthermore, the population of the United States is 324,118,787², so one person sent twenty three greeting cards per year on average.

These statistics prove how important handwritten notes are. The reason is handwritten notes allow people to establish and maintain personal connections more effectively. This principle is incredibly important in business. In fact, according to LetterFriend, a handwritten card company, there were significant benefits when companies sent handwritten cards to their customers. Firstly, customers who received handwritten notes were retained four to five times longer, spent eighteen percent more and referred an average of nine new customers. Secondly, they were more likely to respond because the open rate for handwritten letters was ninety nine percent, which was more than three times higher than email.³

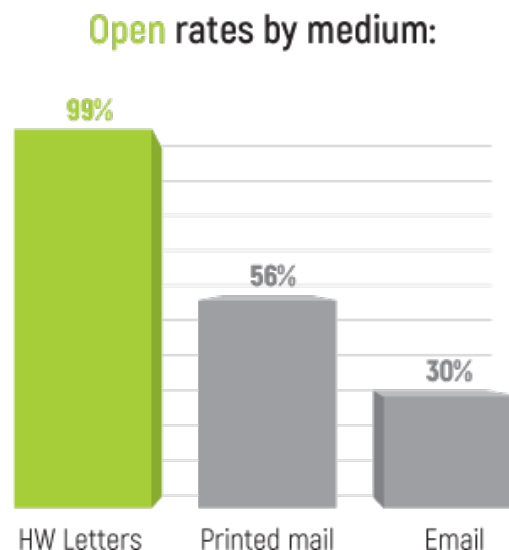


Figure 1 The open rates for handwritten letters, printed mail, and email.³

Philip Hensher - novelist and author of various articles for the Wall Street Journal - referred to handwritten notes as a “lost art”⁴, with individuals sending fewer and fewer handwritten cards, even though they were a lot more impactful compared to emails or printed notes. In fact, John Coleman - an author and a businessman whose works have been featured in the Harvard Business Review, Forbes, the Washington Post, and Bloomberg Businessweek - stated that the average home only received a personal letter once every seven weeks in 2010, down from once every two

¹ “Greeting Card Industry Facts and Figures.” 2016. 15 Nov. 2016
<<http://rubberstamping.about.com/od/opportunities/a/GreetingCardFactsandFigures.htm>>

² “U.S. Population (Live).” 2016. 29 Nov. 2016
<<http://www.worldometers.info/world-population/us-population/>>

³ “How Do Handwritten Letters Grow Revenue?” 2016. 15 Nov. 2016
<<https://letterfriend.com/>>

⁴ “The Lost Art of the Handwritten Note.” 2013. 10 Nov. 2016
<<http://www.wsj.com/articles/SB10001424127887323530404578203970519252566>>

weeks in 1987, according to the U.S. Postal Service's annual survey.⁵ The reason accounting for the decline of handwritten notes was they took time to draft, especially when there was no autocorrect or undo on paper cards as it was on computers. The process also involved paying for stamps, and visiting a post office.

As a result, email has become the primary mediums of communication. While it has solved all the problems handwritten notes have, such as slower delivery, costs of cards and stamps, and small range of receivers, it has resulted in a loss of having a personal feel. A research study conducted by Dr Simon Moore, Chartered Psychologist at the British Psychological Society, indicated that in the USA, the average corporate email account sent or received more than 100 emails per day. This means that most people receive at least one email message every five minutes while at work.⁶

Optical Code Recognition (OCR)

Therefore, there is a need for making the process of drafting handwritten notes as seamless as possible. Historically, the biggest obstacle in automating pen and paper based writing is replicating someone's handwriting.⁷ The reason was every single person had different handwriting. However, in the past eighty years, starting with Emanuel Goldberg's Optical Code Recognition (OCR) system, character recognition has come a long way.

Broadly speaking, there are two ways to recognize a character: Pattern recognition, and feature detection.⁸

Pattern Recognition

This approach was used back in the 1960s using a special font called OCR-A. The letters had the same width, and the strokes were carefully designed to make each letter distinguishable. However, the problem was no one used a font for their handwriting. Therefore, the next step to solve this problem was training OCR programs to recognize common fonts, such as Times New Roman, and Courier. However, given the vast number of fonts, this approach was not feasible.

Feature Detection (Intelligent Character Recognition)

In contrast to pattern recognition, this is a much more sophisticated way to recognize characters. In simple words, characters are recognized by their features. For instance, the letter A can be recognized by identifying two lines that meet in a center point at the top, and the horizontal line between them about half way down as shown below.



Figure 2 Features of the letter A.⁸

⁵ "Handwritten Notes Are a Rare Commodity..." 2013. 10 Nov. 2016
<<https://hbr.org/2013/04/handwritten-notes-are-a-rare-c>>

⁶ Email Statistics Report, 2011-2015, Sara Radicati, Quoc Hoang
<http://www.avery.co.uk/vgnfiles/OP/en_gb/Projects%20Ideas/Articles/Love%20Letters/love_letters_report.pdf>

⁷ Optical Character Recognition (n.d.). In Wikipedia. Retrieved October 10, 2016
<https://en.wikipedia.org/wiki/Optical_character_recognition>

⁸ Optical character recognition (OCR)
<<http://www.explainthatstuff.com/how-ocr-works.html>>

This method can identify all letter As, regardless of the font they are written in. However, the challenge was deriving features for every single character. This problem was later solved using modern techniques of machine learning.

With these technological advancements, the market for handwritten notes can be catered, and thus *WriteMyNote* was born. It is a venture aimed at delivering beautiful authentic handwritten notes which can be customized and delivered at scale. In their own handwriting, customers can personalize and deliver a message that is more impactful than common methods of communication like email or text. Although there are some competitors in the handwritten cards business like *Bond* and *Handwrytten*, *WriteMyNote* can ensure profits by focusing on different vertical markets.

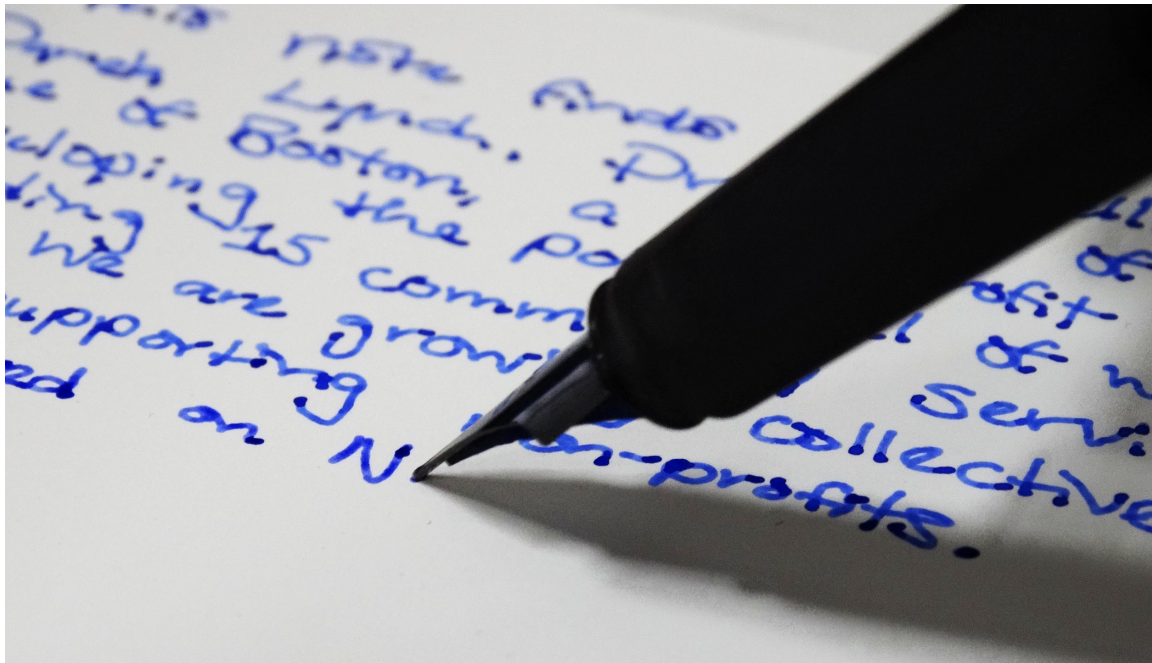


Figure 3 WriteMyNote's machine writing out a note

Background

Section 1: *WriteMyNote*'s Business

WriteMyNote is SaaS (Software as a Service) business that two Worcester Polytechnic Institute (WPI) alumni, Tom Lynch and Chris Hamman, have been pondering. The venture is aimed at delivering beautiful, authentic, written notes which can be customized and delivered at scale using a computer interface, rather than painfully writing individual notes by hand. Leveraging this service, customers can personalize and deliver a message that is more impactful than common methods of communication (email and text messages).

In late September 2016, *WriteMyNote* got their first customer from University of Connecticut, specifically one Advancement Officer from a team of ten Advancement Officers. Every week, they wrote thank you notes to the alumni who donated \$2,500 or more the previous week. Each Advancement Officer wrote between 30-50 notes per week. *WriteMyNote* offered its services to University of Connecticut at a price of \$3.00 per card.

In late November 2016, *WriteMyNote* got their second customer from a campaign chairman, Don Peterson, who needed to send out donation requests. The campaign chairman gave *WriteMyNote* printed letters and envelopes, and asked *WriteMyNote* to write some notes using his handwriting sample. Once completed, *WriteMyNote* sent the notes back to the chairman.

WriteMyNote has also reached out to WPI who has agreed to try out roughly 2,000 handwritten notes. Additionally, the founders are also actively looking to reach out to other universities, alumni associations and nonprofit organizations. The founders are also exploring other smaller vertical markets, like wealth management companies, realtors, wedding/event invitations, auto dealers, companies in the hospitality sector, etc.

To this end, Tom Lynch has designed a machine that uses a fountain pen mounted on a robot to write all the notes. The machine can also switch between different colored inks.

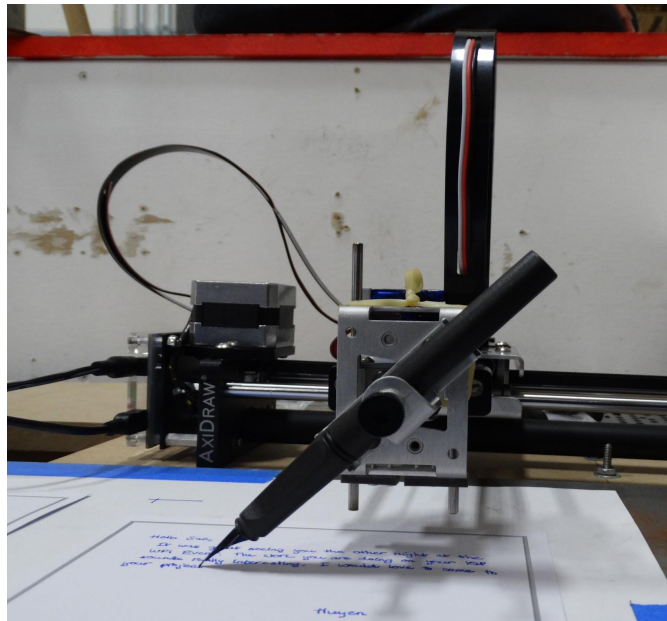


Figure 4 WriteMyNote machine's pen mount

The robot is driven by software that can either use a predefined font, or mimic a person's handwriting. Care is taken, on the software side, to ensure that the robot's output looks completely handwritten. This includes adding the irregularity of human handwriting to the text. Given the assembly of the machines, it is possible to easily switch between different colored inks.

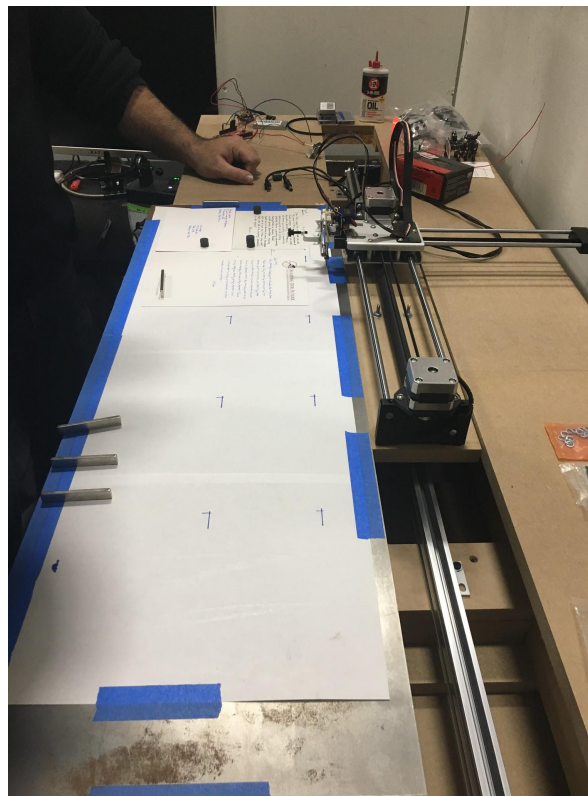


Figure 5 WriteMyNote's handwriting robot

Currently the company digitizes someone's handwriting by sending them a *smart pen*⁹, and having them write a standard piece of text. After this, the pen is mailed back, and the data stored in the pen is interpreted by a software, thus completing the process. The entire process can also be completed in-person.

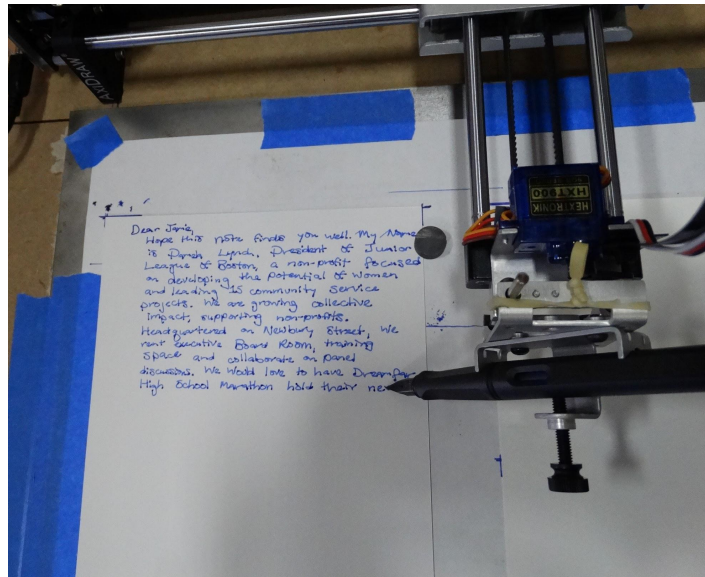


Figure 6 Top view of the robot in progress

WriteMyNote currently owns two printing machines, with plans to expand to three in the near future to meet the increasing demand of handwritten notes. The founders of the company approached our team with a list of market segments they wanted to investigate. The objective of this project is to critically evaluate *WriteMyNote*'s product and study the feasibility of its business proposal in some of these various market segments. Based on the results of this study, the founders plan to run a marketing campaign in late January, 2017.

The list provided included the following market segments:

- **Real Estate Agents**
- Business Development Heads
- Non-Profits
- **Event and Party Planners**
- Hospitality
- Schools, Higher Educational Institutions and Alumni Associations
- Wealth Managers
- **Funeral Homes**
- Auto Dealers

The team investigated Real Estate Agents, Funeral Homes and Event and Party Planners.

⁹ LiveScribe
<<http://www.livescribe.com/en-us/smartpen/echo/>>

Section 2: *WriteMyNote*'s Product

WriteMyNote produces handwritten cards with personalized messages. The customers are allowed to customize all the features of the card, including:

Realism of Cards

WriteMyNote's cards look more real compared to its competitors. The reason is that *WriteMyNote* applies varying instances of a character so that it matches with the fact that humans are not consistent with every single character they write. Additionally, customers can request for different colored inks for different cards and even request for special pens for their cards.

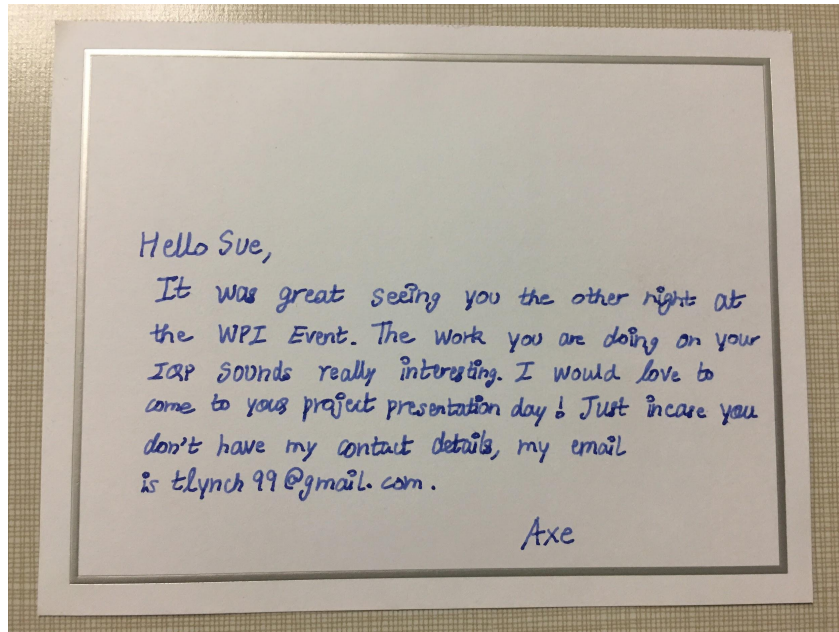


Figure 7 Example of a note printed by *WriteMyNote*

Personalized Handwriting

Customers can personalize the handwriting to their choice. The robot can imitate their handwriting or they can also pick from the collection of default handwritings provided by *WriteMyNote*.

Personalized Graffiti

Customers can choose to add a personalized graffiti to their cards which will be drawn by the robot, hence very accurate.

Section 3: Email versus Handwritten Notes

A recent study found that receivers of a physical letter rated it as being more engaging than those who received the same message electronically via email.

Message impact, for our purposes, can be defined as *how compelled or motivated the receiver feels to read and follow what the message says in its entirety*. On ratings of message impact – the email version was significantly rated as having less of an impact than the letter version. Physical letters were also considered to be more personable by the receiver over electronically sent emails¹⁰. This is particularly interesting given the message content delivered to the subjects in the study was exactly the same and it was only the message medium that was different.

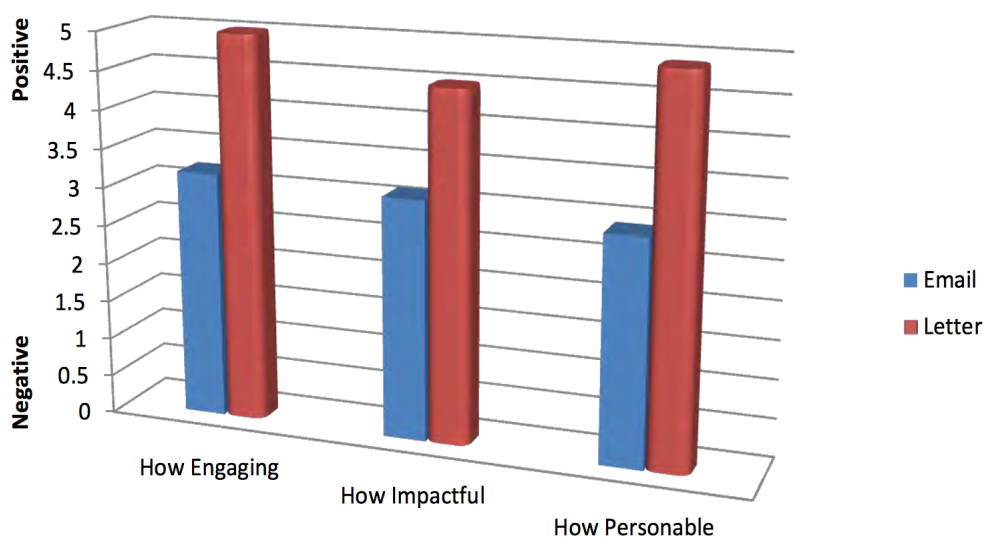


Figure 8 Comparing impact and personalization of emails and handwritten letters

People also tend to believe that letters are more honest than emails and there is in fact evidence for why this might be more than just an opinion.¹¹ People will lie in any medium, but compared with pen-and-paper, they lie more over email and feel that lying is more justified.

¹⁰ Email Statistics Report, 2011-2015, Sara Radicati, Quoc Hoang
<http://www.avery.co.uk/vgnfiles/OP/en_gb/Projects%20&%20Ideas/Articles/Love%20Letters/love_letters_report.pdf>

¹¹ Naquin, Charles E.; Kurtzberg, Terri R.; Belkin, C.; Liuba Y. (2010). The finer points of lying online: E-mail versus pen and paper. *Journal of Applied Psychology*, Vol 95(2), March, pages 387-394.

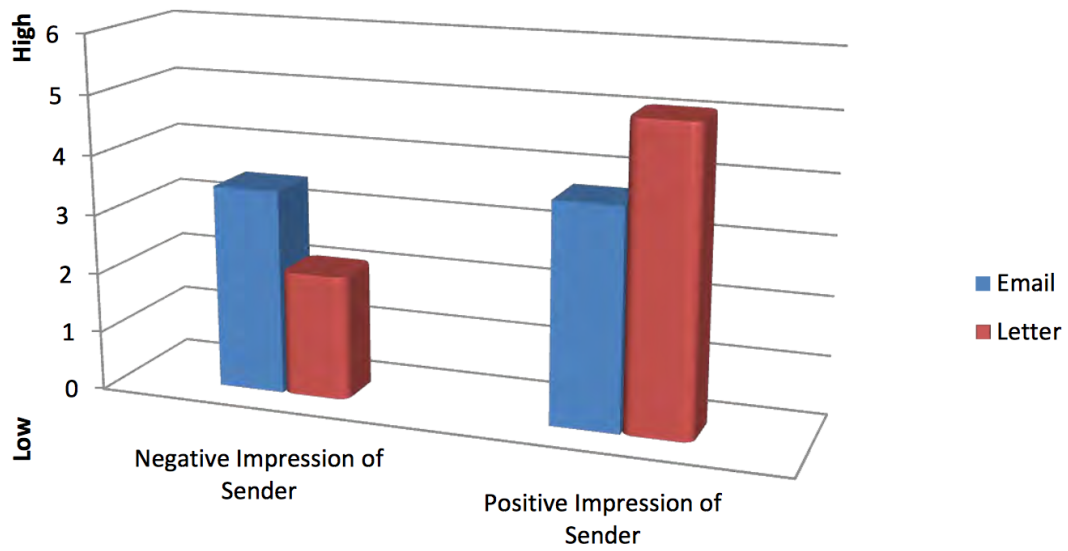


Figure 9 Comparing trustworthiness as gauged from reading an email and handwritten letter

Methodology

Section 1: Competitors

The team researched WriteMyNote's potential competitors to gain insights about the current state of the market, and to find ways to make company more competitive in specific market places. The team looked at the features offered by these companies, their pricing models and their targeted customer segments.

The team found eight competitors operating in this space:

- Felt
- Bond
- Handwrytten
- Inkly
- Thankbot
- LetterFriend
- Postwhale
- Noterrific

All these companies were catering to a slightly different audience, and their success with one market did not translate into the other. There were visible shortcomings, as summarized below:

- *Postwhale*, *Thankbot* and *LetterFriend*'s products are all priced at \$5 per piece, with bulk prices reaching a floor of \$3.95. This is higher than the prices offered by *Felt*, *Handwrytten* at \$3 a piece.
- *Felt* and *Inkly* focus primarily on personal use, single piece postcards.
- *Handwrytten*, *LetterFriend*, *Postwhale* and *Thankbot* only offer preselected fonts.
- *Noterrific* offers custom handwriting, but requires sending out a handwriting kit.

In order to make the comparison more specific, the team picked the four best performing companies. Several factors, like popularity in the media, scale of operations, and extent of features offered were the metrics used to pick these companies:

- *Bond* has had significantly higher media coverage than the other firms. The company was even acquired in March 2016 by Newell Brands, a global consumer products company.¹²
- *Noterrific* and *Postwhale* were almost unheard of, and the team found that *Noterrific* had even stopped all its marketing efforts since 2012.
- Ninety percent of *Handwrytten*'s customers were businesses, including major car manufacturers, "box" subscription services, online retailers, energy companies, law firms

¹² Sonny Caberwal's LinkedIn Profile. Retrieved October 28 Nov. 2016
<<https://www.linkedin.com/in/caberwal>>

and online travel agencies. *Handwrytten* was also marketing to specific segments of business like realtors.



Realtors Rejoice!

Hello Handwrytten Fans!

You asked and we answered! Handwrytten now has a selection of cards just for real estate agents. Whether you're thanking your client for their business, prospecting for new business, or congratulating clients on the anniversary of their purchase, we have the card for you. Even better, all cards are just \$3.00, including postage!

Figure 10 Email advertisement that the team received from Handwrytten

- *Inkly* and *Felt* were entirely focused on individual customers wishing to send one-offs, with their speciality being postcards with personal images, uploaded through their mobile application.
- *Handwrytten* and *Bond* show the operation of their handwriting equipment online.¹³ *Bond* has about 200 printing machines in its New York facility, and also has a machine production facility set up.¹⁴
- *Bond* is the only company offering personalized handwriting.

Of these, the top companies - based on media popularity, customer base size - are *Bond*, *Handwrytten*, *Thankbot* and *LetterFriend*. These companies were further researched more systematically. Their product features, prices, and business structure were tabulated.

¹³ Bond and Handwrytten's Writing Machines. Youtube. Retrieved October 28 Nov. 2016
<<https://www.youtube.com/watch?v=uyXICb7-HI>, https://www.youtube.com/watch?v=IVL_ctx4nRQ>

¹⁴ Bond CTO Kenji Larsen explains the role of craftsmanship at Bond
<<https://vimeo.com/145295704>>

Section 2: Revenue Models

Costs

The team first looked at the primary sources of expenditure for *WriteMyNote*, and grouped them based on the type of resource they correspond to:

Physical Resources are the tangible resources that a company needs to operate. This includes raw materials, production facility, and delivery channels.

Intellectual Resources are the intellectual property that a company owns. It usually comprises of proprietary product designs, patents and copyrights, customer databases, as well as important business research, like future expansion plans.

Marketing Resources denotes the condensate of the capital and schemes required for carrying out a successful marketing campaign for a brand.

To this end, the team looked at the following sources of cost:

1. Raw materials like printing paper, envelopes and ink
2. Cost of the machine and its maintenance
3. Rental and utility costs
4. Cost of shipping cards through USPS or other postal service
5. Labor costs, assuming an annual paid salary of about \$50,000 (including benefits)

The takt time, German for average production time of one unit, was also calculated from the machine's run logs. These numbers were used to estimate the cost per-card, incurred to the business. The numbers were compiled in a table, and the final cost calculated helped guide the pricing structure for *WriteMyNote*'s final product.

Revenue Streams

The team then researched possible revenue streams, taking hints from the companies in similar markets. *WriteMyNote* can generate revenue through three unique revenue streams. These models are as following:

1. Leasing Machines

The team researched the leasing model, where *WriteMyNote* can rent/lease out the hardware for writing notes. This model will target education institutions, wedding planner or any other business that needs to send out cards frequently or in bulk.

- a. **Leasing:** This refers to the ownership rights of the product which are transferred to the customer from *WriteMyNote* for the limited period for which the machine has been rented/leased. Once the leasing period is expired the ownership rights are transferred back

to *WriteMyNote* and can be leased out again. The manufacturing cost of a machine is currently estimated by the founders at \$2,500.

- b. **Maintenance:** This refers to the customer service provided by *WriteMyNote* to the customer who has leased/rented the machine. *WriteMyNote* will provide technical support for a fixed amount of fee paid monthly/yearly.

2. Pay-Per-Use

The team investigated how *WriteMyNote* can generate revenue by selling cards to the average consumer who would like to send cards occasionally. Customers will pay for every card they order. The team compared the prices offered by the existing handwritten card companies.

3. Subscription

Drawing inspiration from the competitor analysis, the team investigated subscriptions that *WriteMyNote* could provide to the customers. The terms offered by *WriteMyNote* can range anywhere from 1 month to 1 year long subscriptions. In this model the cards can be priced at a discounted rate to lure more customers towards subscription model. It includes a monthly or yearly fee the customer pays upfront for the long term and repeated use. The fee is charged according to the amount of cards required and the duration of the subscription.

The advantages and disadvantages of all these models were used to guide the choice of the model.

Pricing Models

Pricing is possibly the most fluid parameter of the commercial cycle. It allows entry into a crowded market dominated by established players. There are two broad approaches to pricing:

1. **Bottom-up Pricing:** The pricing process starts with the desired profit to which all direct and indirect expenses are added to compute a final selling price.¹⁵ For instance, common consumer products are priced such that a certain percent of profit is achieved per product sold. This makes putting up discounts easier, as the losses incurred due to discounts can be analytically found.
2. **Top-down Pricing:** A pricing method that includes estimates of the clients budget and analysis of competitors pricing as well as the perceived value of the solution that is being offering. For instance, goods sold at auctions are priced according to their perceived value and budget of the buyers. This type of pricing is typically found in luxury products with a brand name value.

Although *WriteMyNote* can utilize both these pricing models, at this nascent stage the number of customers that will be acquired in the future is difficult to estimate. **Hence a top-down pricing analysis won't give good insight into the revenues. However, a bottom-up approach can be taken.**

Bottom-up pricing is further classified into the following two types:

¹⁵ What is bottom-up pricing? definition and meaning. Retrieved 05 Dec. 2016
<<http://www.businessdictionary.com/definition/bottom-up-pricing.html>>

1. **Competition based:** The cost of the product is determined from what the competitor firms are offering.
2. **Value based:** Value-based pricing is based on the novelty of the product, and its value to the customer. Unlike top-down pricing, value based pricing is generally applied to goods with inflexible demands. This value-based pricing has the highest impact on new or complex products where market or consumer procurement trends have not been identified.

However, *WriteMyNote*'s concept is not novel and the market already has competitors. **Hence, competition based pricing is the most suitable option.**

Section 3: Market Segments

The team conducted a qualitative study of all the three market segments outlined. Useful data was retrieved from IBISWorld¹⁶ - a global business intelligence leader specializing in Industry Market Research and Procurement and Purchasing research reports. It is a database that provides research reports on industries in the United States, the United Kingdom, Australia and China.

The team looked at the following key indicators for each business:

1. Industry purpose and structure

Brief summary of the industry and its structure in the United States. What service do they offer? How important is personal relationship with customers to them?

2. Industry performance over the years

How the industry is performing in the current world (growth trend). What drives the industry

3. Geographic spread of the industry in the US

What are the states with the highest number of establishments?

4. Major firms in the sector

What are the top three companies in this space? What is their market share? Is the market organized or fragmented?

The geographic distributions of the businesses are presented in this section, while additional information can be found in Appendix A. The team conducted phone interviews with people working in all the three market segments to see whether they were sending out handwritten/printed cards to customers, and what they thought about a handwritten card service. To this end, a questionnaire was designed.

The questionnaire consisted of the following questions:

- Do they currently send appreciation/referral/anniversary cards to their customers?
 - What is the average number cards sent out per month/year?
 - Are the cards handwritten or printed?
- Do they think that sending out these cards has a visible impact on their business?
 - Can sending out *handwritten* cards further boost their business?

Section 3.1: Funeral Homes

The regions with the greatest concentration of funeral homes included the Southeast, the Great Lakes and the Mid-Atlantic. In general, southeastern states held a greater percentage of funeral establishments due to their higher share of the US aging population. Another factor contributing to high funeral home concentration was that consumers within the Southeast generally preferred traditional funeral services, as opposed to cremations, making the region more lucrative to funeral homes.

¹⁶ Industry Reports. (n.d.). Retrieved December 11, 2016
<<http://clients1.ibisworld.com/>>



Figure 11 Spread of Funeral Homes throughout the United States

The team first started looking into funeral homes around the New England region, given its proximity to *WriteMyNote*'s manufacturing site. From inquiries with funeral homes in this region, the team learned that Illinois, Mississippi, and Florida have the most flourishing funeral home businesses. The team then narrowed focus on the major cities, namely Miami, Jackson and Chicago in these states and their surrounding areas.

Section 3.2: Event and Party Planners

The distribution of event and party planners generally follows the population, the number of households, population density and income median income levels by region. Furthermore, larger industry operators tend to locate near major metropolitan areas, which generate a steady stream of demand for corporate events.



Figure 12 The spread of Event and Party Planners throughout the United States

Starting with Massachusetts (Worcester, Boston), based on IBISWorld Data, the team investigated event and party planners in major cities of Florida and California, namely: Los Angeles, San Francisco, Tampa, Miami and Jacksonville.

Section 3.3: Real Estate Agents

The geographical distribution of real estate agency franchisees is largely reflected by the size and distribution of the US population. Economic activity is the main determinant of population distribution within the United States because individuals tend to work and live in areas with strong business activity and employment prospects. Local regulations and tax laws also play a role in determining the location of franchisees. Over the past decade, the US population has been migrating toward warmer climates. As the population migrates, the need for office buildings, apartments, homes and retail centers increases. As development picks up and more properties are bought and sold, demand for industry services grows.

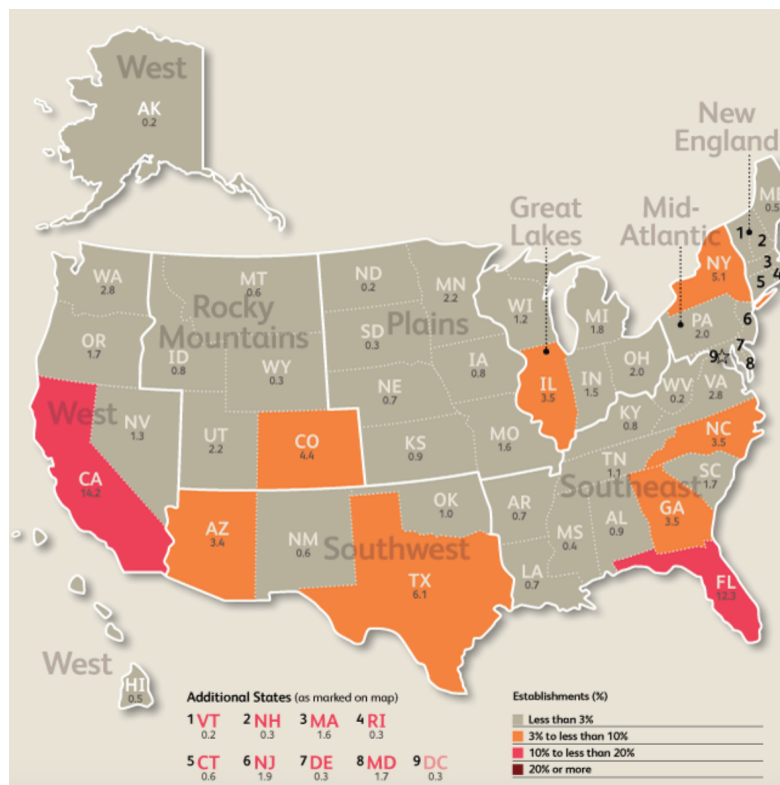


Figure 13 The spread of Real Estate Agents throughout the United States

Guided by data from IBISWorld, the team investigated real estate agents in major cities in Florida and California, namely, Palo Alto, Doral, Miami, Sacramento and San Francisco. The team found the contact details of the real estate agents from *zillow.com*¹⁷.

¹⁷ Zillow, I. (n.d.). Zillow: Real Estate, Apartments, Mortgages & Home Values. Retrieved December 11, 2016 <<http://www.zillow.com/>>

Results

Section 1: Competitors

For *Bond*, *Handwrytten*, *Thankbot* and *LetterFriend* companies, the team first looked at the verticals they primarily focus on:

Bond	Handwrytten	Thankbot	LetterFriend
Businesses and individuals, with greater focus on businesses	Businesses (90%) and individuals	Businesses	Businesses including: <ul style="list-style-type: none"> ● Google ● Honda ● Johnson & Johnson ● Salesforce

Table 1 Focus of WriteMyNote's competitors

The team also investigated their pricing structure:

Bond	Handwrytten	Thankbot	LetterFriend
\$3.00-\$5.00	\$3.00-\$6.50	\$4.40-\$5.00	\$4.00-\$5.00

Table 2 Base prices of competitors

These numbers give a good starting reference for devising pricing for *WriteMyNote*. The team also looked at the features offered by these services:

Bond	Handwrytten	Thankbot	LetterFriend
<ul style="list-style-type: none"> ● Personal signature ● Dedicated account manager ● Completely customizable stationery ● Address verification ● Content optimization ● Note scheduling 	<ul style="list-style-type: none"> ● Easy bulk imports for sending large number of cards at once ● Ability to automate the cards sent out ● Ability to include gift cards from top brands ● Ability to choose a handwriting from a preset of handwritings ● <i>Handwrytten</i> could also print notes on custom stationery ● Multiple beautiful card designs ● API for businesses to easily connect to 	<ul style="list-style-type: none"> ● Handwritten greetings cards ● Handwritten postcards ● Handwriting for both genders ● Customers can choose to send additional items like business cards, gift cards, etc. ● Gives customers full control via a dashboard ● Cards are guaranteed to be sent within 3-5 days. 	<ul style="list-style-type: none"> ● Written by humans ● Gives customers full control via API ● Can send letters from web interface ● Customers can choose to send additional items like business cards, gift cards, etc. ● LetterFriend can do only cards or envelopes and mail them back to customers ● CRM integration ● Offers preset thank you notes, referrals requests, commercials to both

	Salesforce, Hubspot, Wufoo Forms, Shopify, Quickbooks etc.		new and inactive customers, product announcements
--	---------------------------------------------------------------------	--	---------------------------------------------------------

Table 3 Features offered by competitors

These four companies also had either a mobile or a web platform for placing orders. In the following subsections, we discuss the mobile platforms of *WriteMyNote*'s major competitors:

Section 1.1: Bond

Bond allows one to send handwritten cards on two popular platforms: via the web and via their mobile application. The team explored the web platform at <https://bond.co/> and their mobile application by downloading the mobile application.

Bond's mobile application opens up offering the user with a selection to choose from various cards pertaining to different occasions: New Year, Christmas, Thank You, Happy Birthday cards, etc. Once the user makes that selection, they are prompted to compose a message to be written on the note being sent out. Following that, the user is given a choice between Plain and Cursive handwriting styles and a preset of handwritings to choose from to customize the feel of the messages composed in the previous step. On the final step, the user is to enter the return address and the recipient's address. The mobile application uses Google Map APIs to provide accurate address suggestions to the user.

The images below demonstrate the flow of their application on the iPhone:

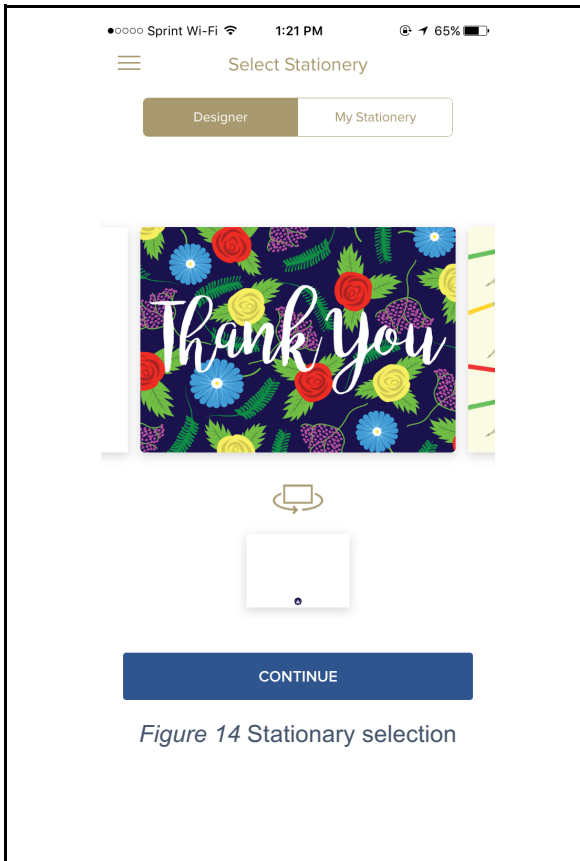


Figure 14 Stationery selection

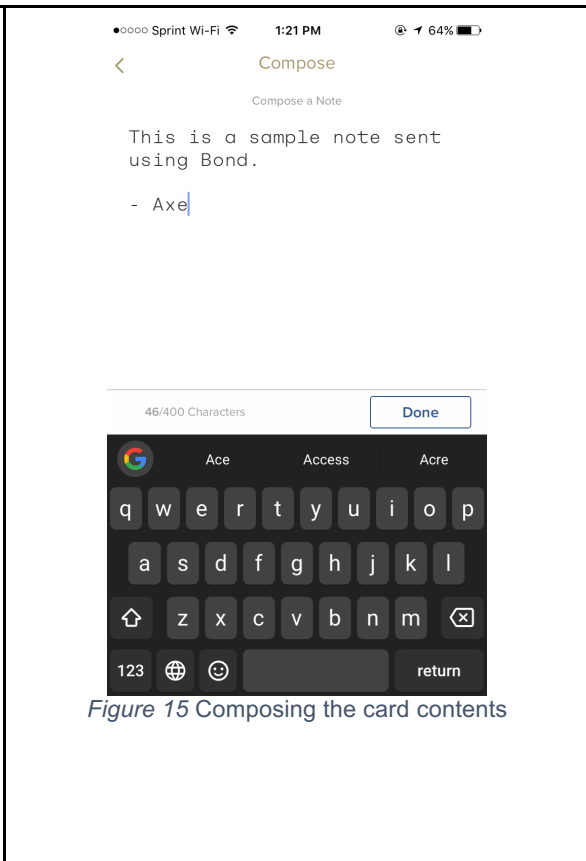


Figure 15 Composing the card contents

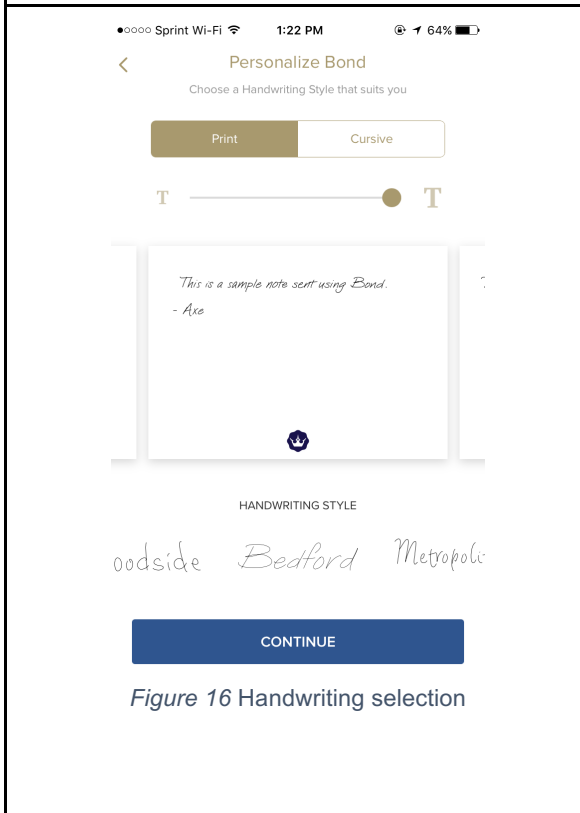


Figure 16 Handwriting selection

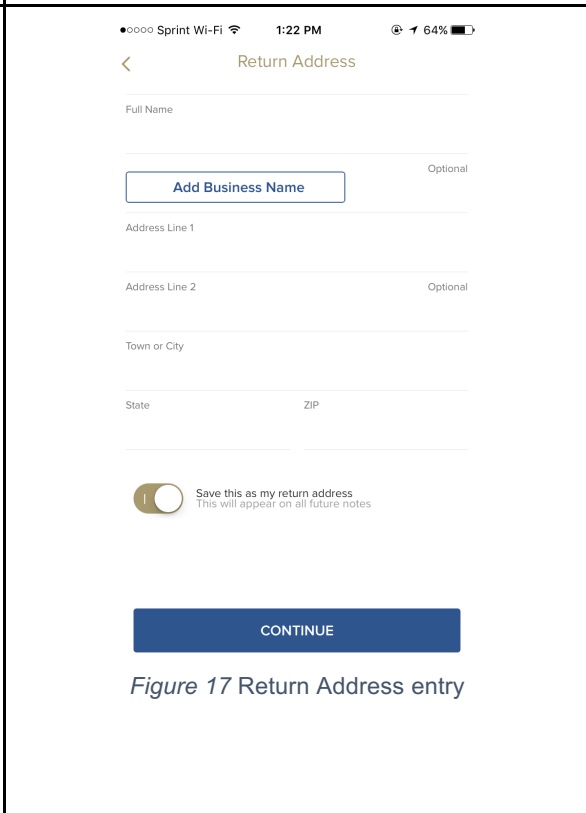


Figure 17 Return Address entry

The team also explored their web platform. The image below summarizes Bond’s flow on the web:

STATIONERY

MESSAGE

RECIPIENTS

CONFIRM

CHECKOUT

Figure 18 Bond's website options

To elaborate on the flow, a user starts off by choosing a card style. This page also allows you to view cards from various categories that they offer like Corporate cards, New Year cards, Happy Birthday cards, etc. The user then decides the design of the card, for example: Full Bleed Photo, 1 photo, 2 photo, 3 photo, etc. After this, the user writes out their message. This is also where the user customizes the handwriting that the card is going to be written in. Following this, the user chooses the card's recipients and the return address. To wrap up the process, the next step is the checkout where the user enters their payment details and shipping method.

Following are images going through the process of sending out a card via *Bond's* web platform:

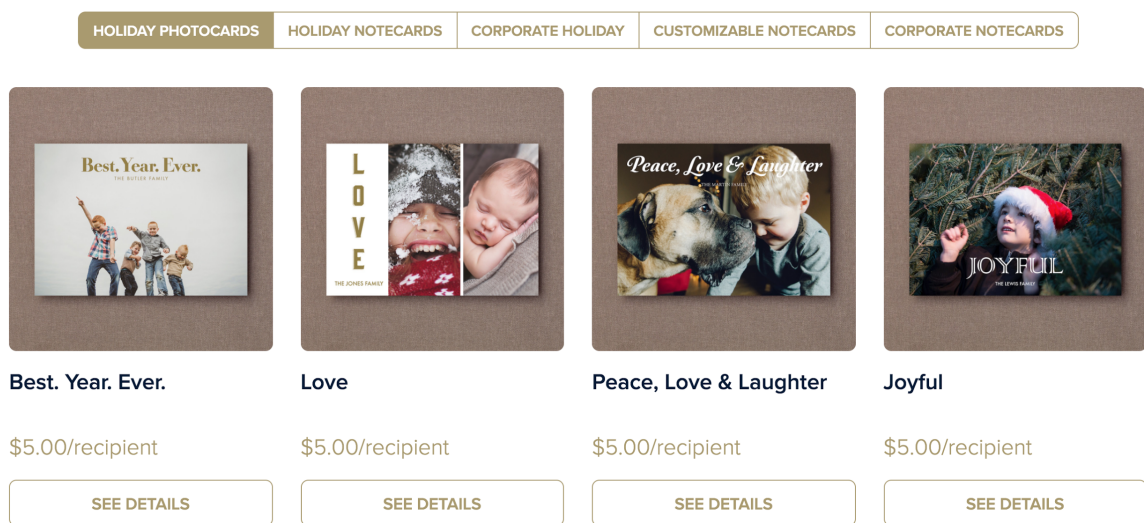


Figure 19 Stationery selection on the web



Joyful

\$5.00/recipient

Price includes the cost of the stamp

CHOOSE A DESIGN ▾



Full Bleed Photo



1 Photo



2 Photo



3 Photo



4 Photo

All notes are handwritten and mailed within 2-3 business days. They are stamped and mailed to

Figure 20 Design selection for a chosen stationary

Let's find you the perfect style. ✕

I write Print ▾ and my style is Loose ▾

Bergen

Greenpoint

Delancey

Woodside

Eldridge

Set as default handwriting style

Figure 21 Handwriting customization

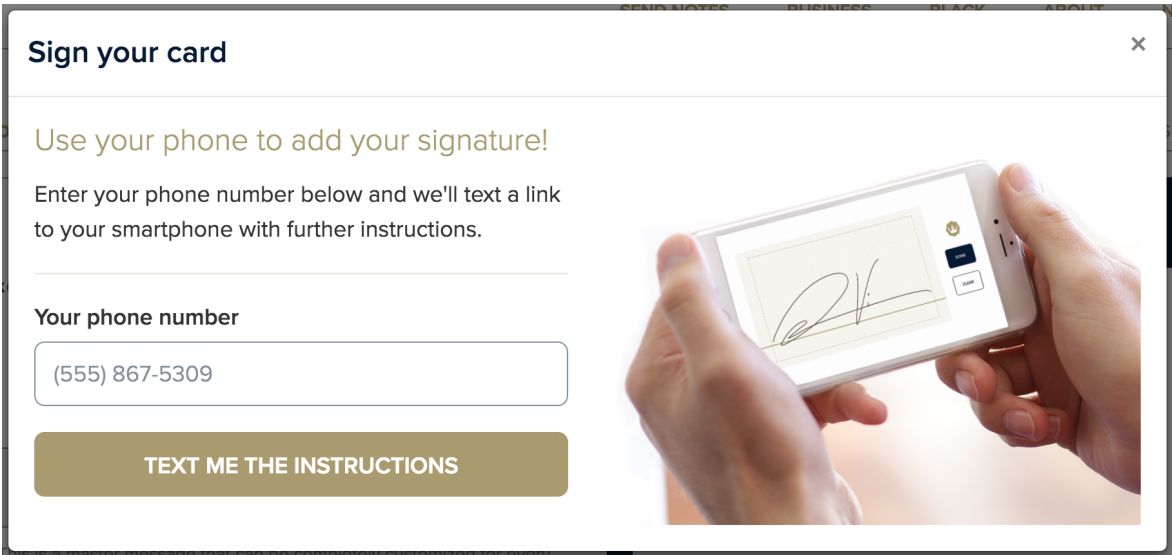


Figure 22 Ability to sign your cards

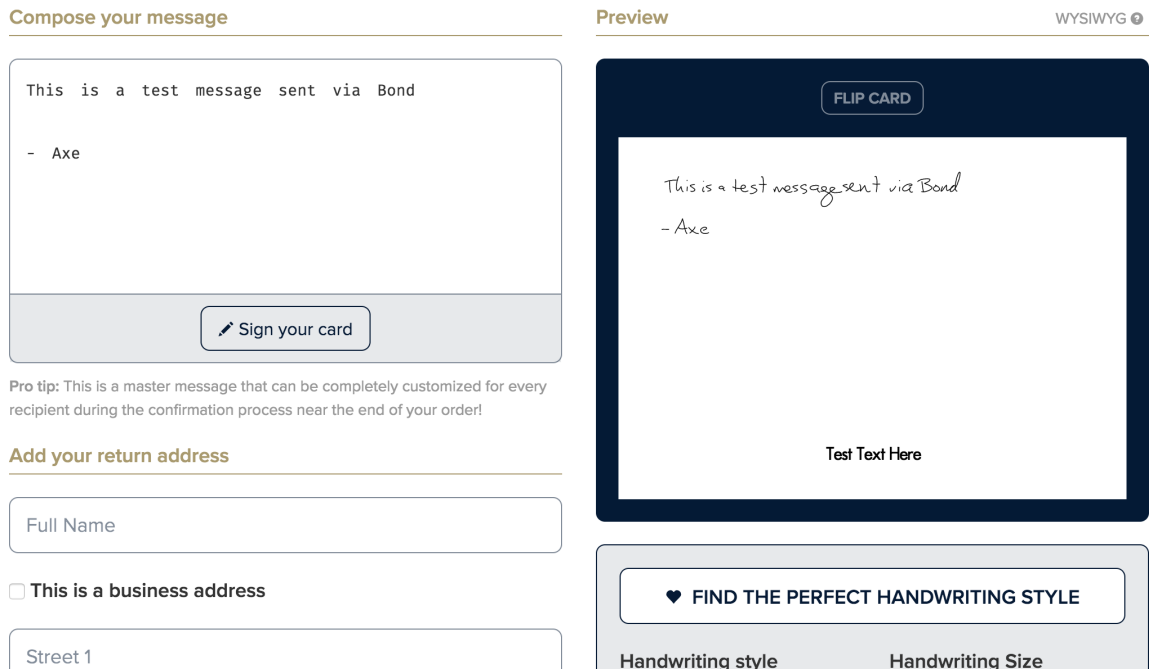


Figure 23 Composing the note's message

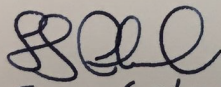
Below is a picture of a sample card the team received from Bond:

SONNY CABERWAL

Siddhant,
Here's a handwritten note sample. You can customize both sides, and
use one of our handwriting styles or your own - this is mine. 😊
Notes are handwritten with a pen, and we offer solutions for every
size business.

I'd love to tell you more, just send me an email at the address below!

Best,



Sonny Caberwal - CEO, Bond

Sonny Caberwal | Founder & CEO | 646.828.9897 | sonnycaberwal@bond.co | bond.co

Figure 24 Sample card received from Bond

Section 1.2: Handwrytten

Handwrytten, similar to Bond, allows one to send handwritten notes via two platforms, namely: the web and the mobile. The team explored their web platform at <https://www.handwrytten.com/> and their mobile platform by downloading their application on an iPhone.

Handwrytten's mobile application opens up with a splash screen prompting the user to either log browse through cards or to sign up for their service. The user is presented with a selection of cards to choose from when they opt to browse for cards. Once the user chooses a card, they must compose the message that goes in the card. The user can also customize their handwriting and see how will the text look on the actual handwritten card. Finally, the user must enter the recipient's address and return address before the user can pay.

Below are the screenshots demonstrating the flow of their application on the iPhone:

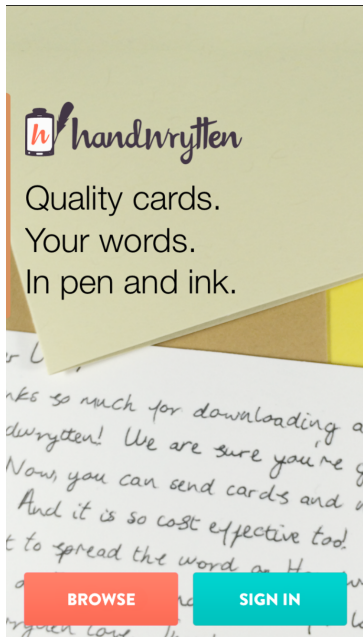


Figure 25 Splash screen of Handwritten

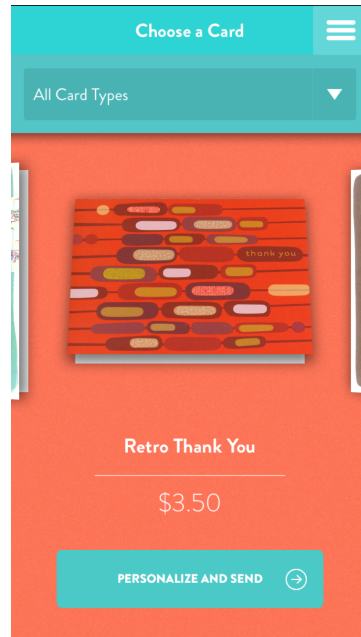


Figure 26 Card selection

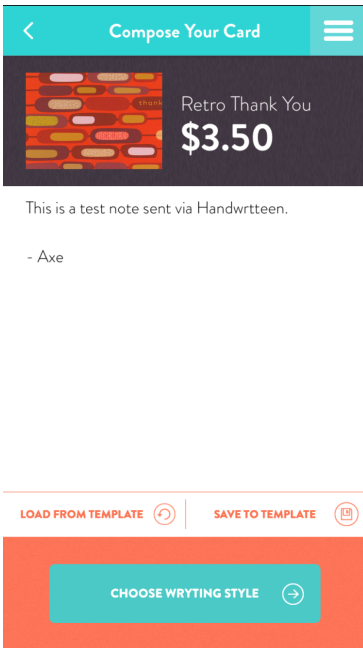


Figure 27 Message composing screen

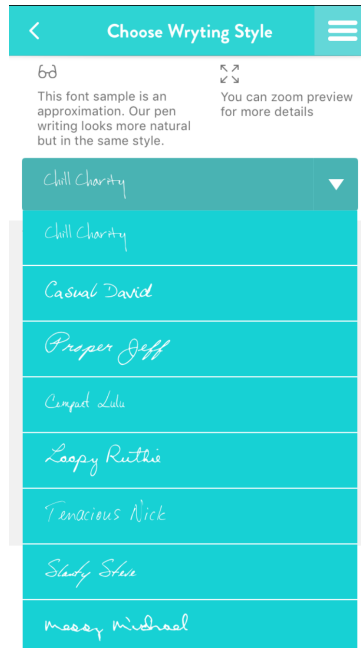


Figure 28 Handwriting selection

Address Your Envelope

Your Info (Return Address)

First / Last Name

Business Name (optional)

Street Address

Apartment or Suite (optional)

City ST ZIP

Their Info (Delivery Address)

You currently don't have any saved recipients. You can add one now or...

Add New Take From Phone

Figure 29 Addressing the note screen

The team also explored *Handwrytten*'s web platform. Similar to the mobile platform, the user is presented with a variety of card choices with an option to explore cards from different categories. Once the user chooses a card to proceed with, a handwriting is chosen by the user and the message contents are typed out. The text typed out resembles how the text would look on the card by rendering the handwriting chosen by the user. Finally, the user must enter the recipient's address along with the return address before they are prompted to pay for the card to be sent out.

Following are images of going through the process of sending out a card via *Handwrytten*'s web interface:

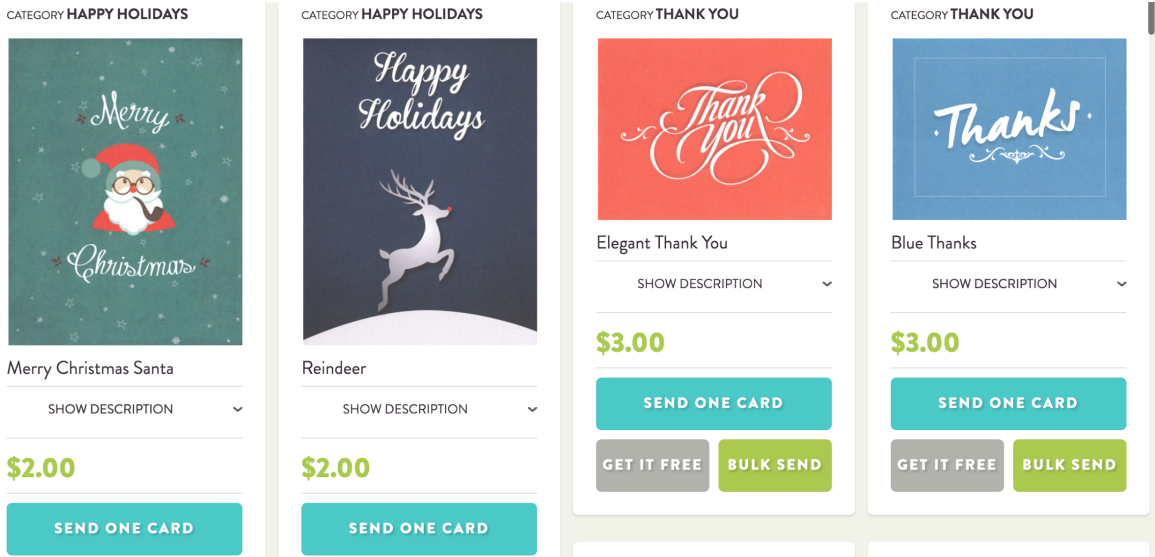


Figure 30 Card selection on the web



Figure 31 Handwriting selection

CATEGORY **THANK YOU**

Elegant Thank You **\$3.00**

CHOOSE WRITING STYLE *Reliable Ryan*

This is a sample note sent from Handwrytten.

- Axo

Approximate Characters Left: **369**

LOAD FROM MESSAGE TEMPLATE ↻

SAVE AS A TEMPLATE 📄

Figure 32 Message composition screen

ADDRESS YOUR ENVELOPE

Your Info (RETURN ADDRESS)	Their Info (DELIVERY ADDRESS)
<input type="text" value="Name"/>	<i>My Delivery Addresses</i>
<input type="text" value="Business Name (optional)"/>	<input type="text" value="NEW ADDRESS"/>
<input type="text" value="Address"/>	<input type="text" value="Name"/>
<input type="text" value="Address 2 (optional)"/>	<input type="text" value="Business Name (optional)"/>
<input type="text" value="City"/> <input type="text" value="AK"/> <input type="text" value="ZIP"/>	<input type="text" value="Address"/>
	<input type="text" value="Address 2 (optional)"/>
	<input type="text" value="City"/> <input type="text" value="AK"/> <input type="text" value="ZIP"/>

Figure 33 Delivery and return address screen

Section 1.3: Thankbot

Thankbot allows one to send handwritten notes only via the web platform. *Thankbot's* web platform has a dashboard which users can use to track their notes history, progress or create new ones. To send out notes, you must purchase credits.

Following are the images of the process on *Thankbot's* web platform:



Have you ever thrown away a handwritten envelope?

We've reinvented direct mail advertising through our handwritten letter service. Drive more referrals, increase revenues & make an impression all for under \$5. Postage and

Figure 34 Thankbot Home Screen

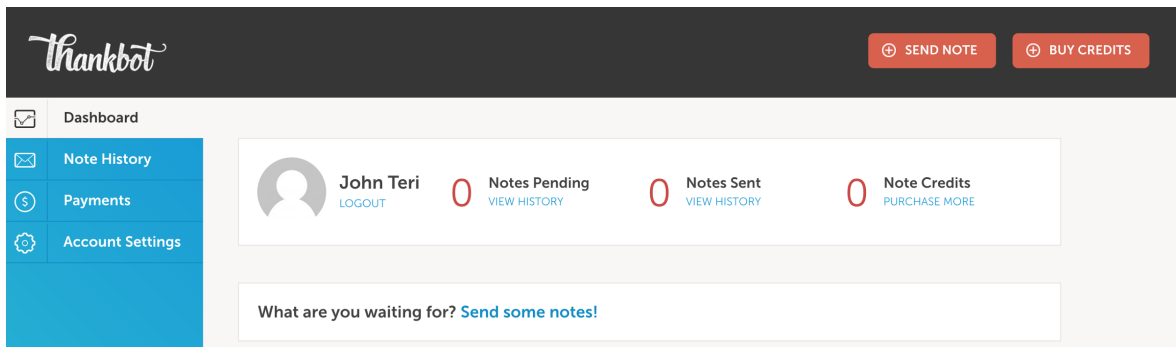


Figure 35 Thankbot Dashboard - Place where one can track notes and send new ones

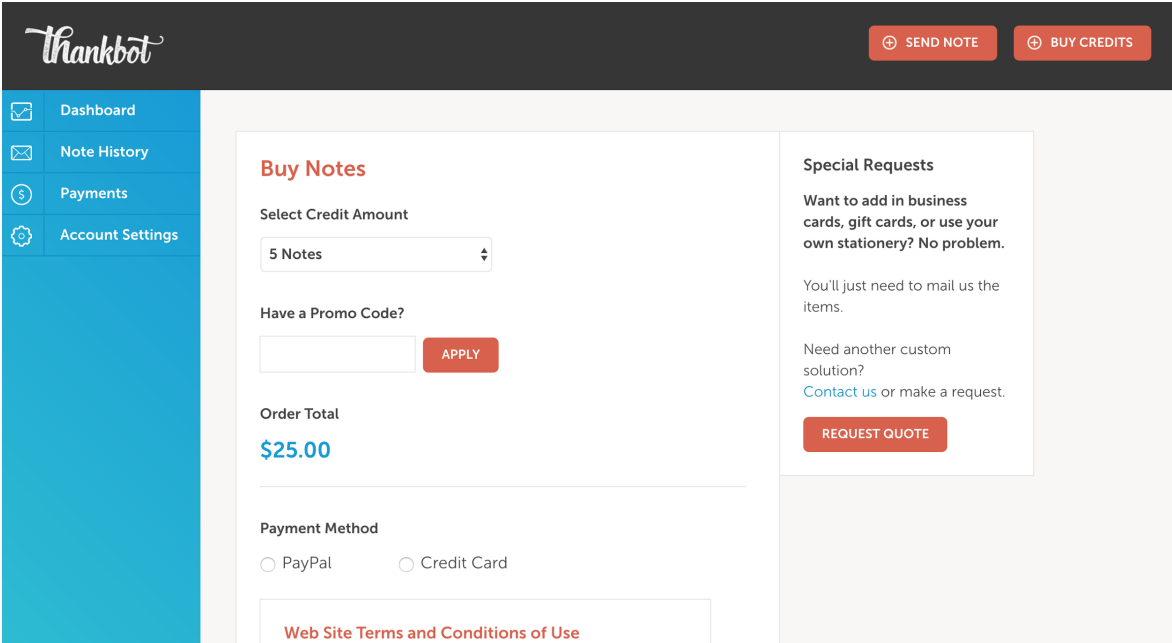


Figure 36 Buying Credits Screen

Section 1.4: Letter Friend

Letter Friend, similar to Thankbot, only allows customers to send out handwritten notes via the web platform. *Letter Friend's* web interface has a dashboard which can be accessed by the user to explore letters in queue, in the process of being written and the ones mailed out. The dashboard is also the location where the user can send out new cards. The cards cannot be graphically customized but there are text templates for the user to choose from for various occasions. When creating a new card, the user is prompted for the message, the receiver's address and special notes to the writer of the card before they are presented with the checkout page.

Following are the images going through the process on *Letter Friends's* web platform:

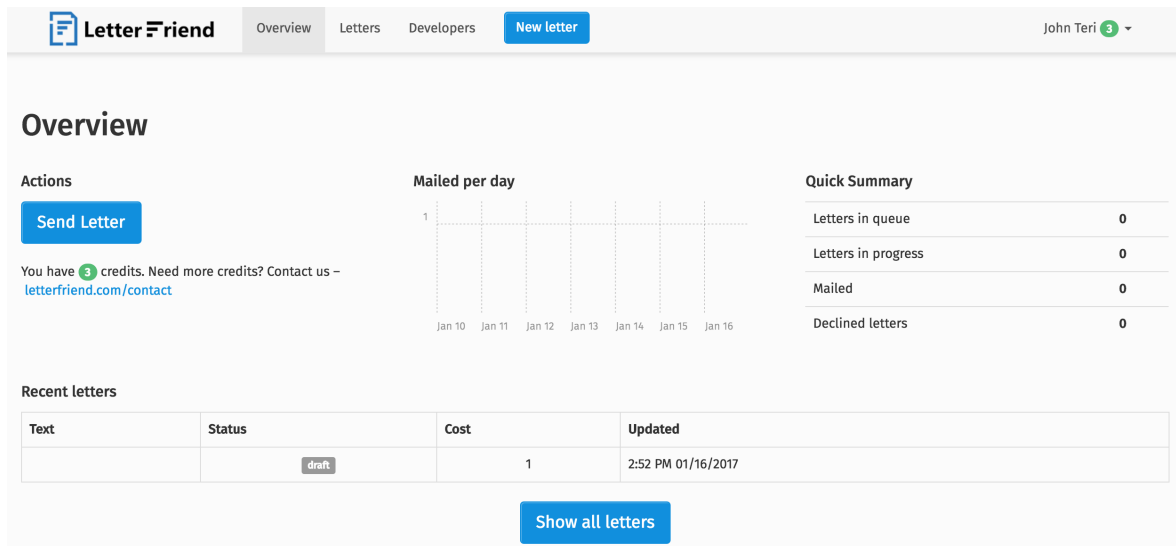


Figure 37 Letter Friend Web Dashboard

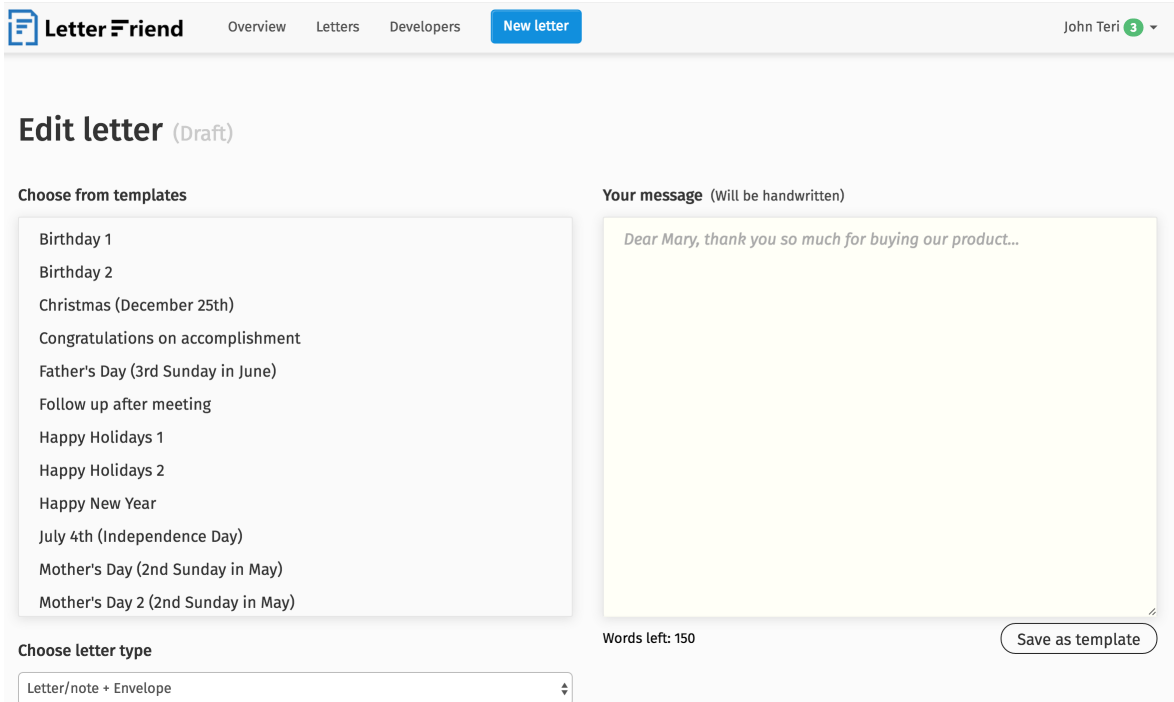


Figure 38 Message composition with templates on the left

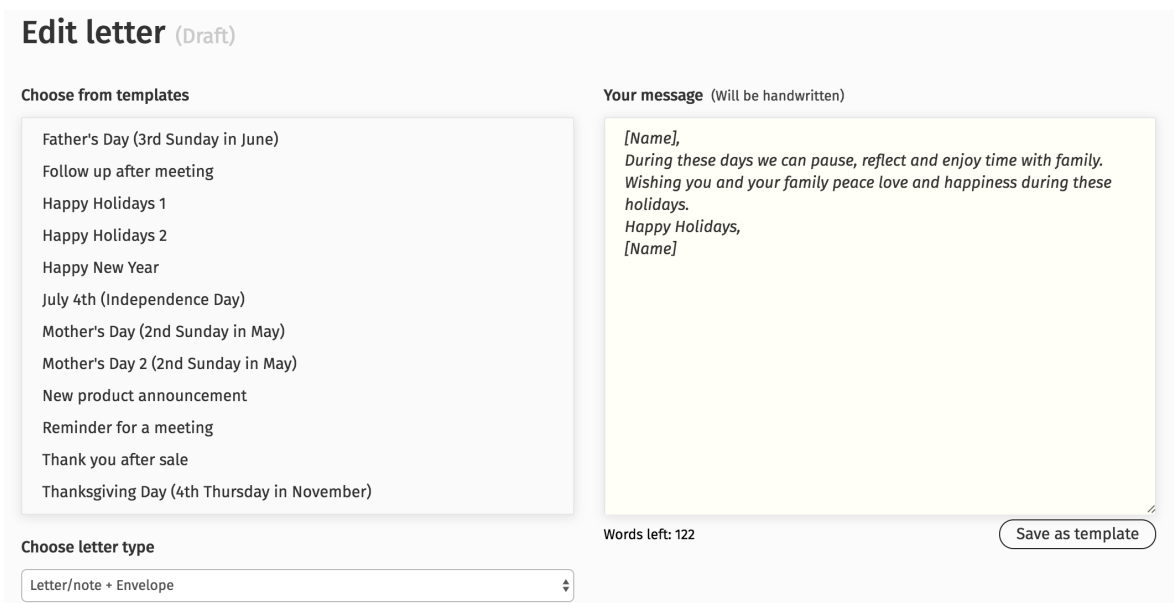


Figure 39 Message composed with one of the templates

Recipient's Address (Add return address) – optional

Full name

Address 1

Address 2

City

State

Zip code

(Add another recipient) or attach excel spreadsheet below if you have many recipients

Attach files

Drop files here or click to upload.
You can attach document with your text, spreadsheet with recipient's addresses, or a file for us to print.

Special Instructions for our writers

Ex: send same message to all recipients on the list.

For support please contact Letter Friend info@letterfriend.com or call 201-500-7766

[Save edits and send letter](#) [Save as draft](#) [Clone letter](#) [Remove letter](#)

Figure 40 Recipient and Return Address Screen

Section 2: Revenue Models

The following snippet of the run log shows the average takt time of printing one card:

```
----- NEW JOB RUN -----  
5110-Body.svg 2016-11-02 09:59:21  
5111-Body.svg 2016-11-02 10:05:50  
5112-Body.svg 2016-11-02 10:12:18  
5113-Body.svg 2016-11-02 10:18:45  
5114-Body.svg 2016-11-02 10:25:15  
5115-Body.svg 2016-11-02 10:31:58  
5116-Body.svg 2016-11-02 10:38:26  
5117-Body.svg 2016-11-02 10:44:56  
5118-Body.svg 2016-11-02 10:51:25  
5119-Body.svg 2016-11-02 10:57:55  
5120-Body.svg 2016-11-02 11:04:36  
5121-Body.svg 2016-11-02 11:11:05  
5122-Body.svg 2016-11-02 11:17:35  
5123-Body.svg 2016-11-02 11:24:03  
5124-Body.svg 2016-11-02 11:30:32  
----- NEW JOB RUN -----  
5210-Body.svg 2016-11-03 18:05:04  
5211-Body.svg 2016-11-03 18:10:15  
5212-Body.svg 2016-11-03 18:15:25  
5213-Body.svg 2016-11-03 18:20:36  
5214-Body.svg 2016-11-03 18:25:46  
5215-Body.svg 2016-11-03 18:31:10  
5216-Body.svg 2016-11-03 18:36:23  
5217-Body.svg 2016-11-03 18:41:35  
5218-Body.svg 2016-11-03 18:46:46  
5219-Body.svg 2016-11-03 18:51:57  
5220-Body.svg 2016-11-03 18:57:19  
5221-Body.svg 2016-11-03 19:02:30  
5222-Body.svg 2016-11-03 19:07:41  
5223-Body.svg 2016-11-03 19:12:52  
5224-Body.svg 2016-11-03 19:18:03
```

The takt time of the machine is anywhere between 4.5 minutes to 6.5 minutes for a full length card (100 words average). Assuming that the machine is run for 8 hours a day (a typical workday for the accompanying labor), and each note on average takes 6 minutes to write, a single machine can print about 80 notes a day. In a month of 22 working days, this amounts to 1760 cards.

WriteMyNote's primary expenditures thus fall in the following categories:

- **Physical**

The main expense of the business comes from the raw materials required and the cost of employing labor to operate the machine.

USPS stamp prices range from \$0.34 to \$0.47 depending on the type of parcel.

New Rate (effective Sunday, January 17, 2016)	Postage Rates
First Class Mail Letter (1 oz.) - Retail/Post Office Rate*	\$0.47
First Class Mail Letter (1 oz.) - Metered Mail/Stamps.com Rate	\$0.465
First Class Mail Letter - each additional ounce	\$0.21
Postcard	\$0.34

Table 4 USPS postage rates¹⁸

The machine uses a fountain pen as the ink supply. Each pen refill costs \$1, and it can write roughly 250 notes under the assumption that each note has 100 words. Thus each note would cost about \$0.04 to print. Additionally, blank cards and envelopes are required for printing. This cost is variable, as it depends on the quality of stationery desired by the user. To calculate a lower bound on this price, we used a plain, low cost, postcard & envelope combination that can be found at Amazon.com¹⁹. This postcard & envelope combination costs \$0.30 a piece.

Communications with the sponsors showed that *WriteMyNote* currently has a \$475 rental cost. With the initial estimate of 1760 cards-per-month, this comes down to \$0.27 per card.

The sponsors also wanted the analysis to include labor costs of around \$550,000 per annum, divided amongst two employees earning \$250,000 each and an additional employee earning \$50,000 (including benefits such as health insurance, 401k etc). If we assume the company to fully operate 11 months out of a year, then based on the initial estimate, it would produce 19360 cards, which boils down to \$2.60 per-card.

Source	Estimated Cost
<i>Shipping (Stamp)</i>	<i>\$0.34-\$0.47</i>
<i>Printing</i>	<i>\$0.04</i>
<i>Postcard & Envelope</i>	<i>\$0.30</i>
Labor	\$2.60
Rent/Utilities	\$0.27
Total	\$3.55-\$3.68

Table 5 Physical cost per-card with 1 machine

¹⁸ Official USPS Website

<<https://www.usps.com/business/prices.htm>>

¹⁹ 50 Blank Mailable 4" x 6" Heavy Duty 14PT Postcards with Mailing Side

<https://www.amazon.com/Heavyweight-Blank-White-Cards-Envelopes/dp/B01EIJLBV0/ref=sr_1_1?ie=UTF8&qid=1484621985&sr=8-1&keywords=blank+postcard++envelopes>

The average selling per-card being offered by the competitors (before discounts) is \$5. At this selling price, *WriteMyNote* would make a profit of about \$27,000 per annum. To be able to accommodate the additional \$500,000 in salaries, thus it would become imperative for *WriteMyNote* to expand its printing capability.

The fixed costs per-card add up to \$0.68-\$0.81. Assuming worst case scenario, we will round this range off to \$0.8.

To find the number of cards that need to be printed (i.e., number of machines required), we conduct the following break-even analysis:

$$\begin{aligned}
 & \text{cost price} = \text{selling price} \\
 & \text{fixed cost-per-card} * n + \text{compensation} + \text{rent/utilities} = \$5 * n \\
 & \$0.8 * n + \$550,000 + \$475 * 12 = \$5 * n \\
 & \$550,000 + \$5,700 = \$5 * n - \$0.8 * n \\
 & \$555,700 = \$4.2 * n \\
 & n = 132309
 \end{aligned}$$

Thus, *WriteMyNote* needs to print and sell 132309 cards annually and 12028 cards per month to break-even. This means that *WriteMyNote* needs to expand to at least 7 machines.

However, this assumes that the cards are being sold at \$5 a piece, a price which might have to be lowered to gain a competitive edge in the market. Assuming a worst case scenario selling price of \$3 per-card would imply:

$$\begin{aligned}
 & \text{cost price} = \text{selling price} \\
 & \text{fixed cost-per-card} * n + \text{compensation} + \text{rent/utilities} = \$3 * n \\
 & \$0.8 * n + \$550,000 + \$475 * 12 = \$3 * n \\
 & \$550,000 + \$5,700 = \$3 * n - \$0.8 * n \\
 & \$555,700 = \$2.2 * n \\
 & n = 252590
 \end{aligned}$$

In this scenario, *WriteMyNote* needs to print and sell 252590 cards annually and 22962 cards per month to break-even. This would imply expanding to at least 13 machines.

- **Intellectual**

Intellectual resources include both hardware (the machine), and software components (digitization and machine automation). The opportunity cost of designing the machine and setting up the software are difficult to estimate properly, but can be ignored since they are not recurring expenses.

The price of a machine is around \$2,500 as was communicated by the sponsors. The team estimates that this cost can be brought under \$1,000. Evil Mad Scientist's AxiDraw v3²⁰, priced around \$475 can be used in conjunction with a custom built card platform. But even the current cost of \$2,500 per-machine can be recovered just within the first month of operation.

- **Marketing**

The best marketing scheme would be a product demonstration. *WriteMyNote* should send

²⁰ AxiDraw V3 (High Performance Personal Writing and Drawing Machine). Retrieved December 11, 2016 <<http://shop.evilmadscientist.com/productsmenu/846>>

out sample cards to all the potential customers in different vertical markets in order to market their product. Using both the \$3.00 and \$5.00 price-points, a 1000 customer direct mailing campaign could cost about \$3,000-\$5,000. This cost however can be substantially reduced if the cost of a card doesn't include employee compensation, and would be around \$1000.

The three revenue streams considered for *WriteMyNote* have their *pros and cons* as summarized below:

1. Leasing Machines

Pros	Cons
<ul style="list-style-type: none"> • Revenue can be generated from <i>fixed recurring</i> maintenance fees • Reduced logistics as there is no card delivery 	<ul style="list-style-type: none"> • Machine not fully automated at the moment • No set procedure/blueprint for mass production at the moment • Already existing products like <i>AxiDraw</i>²¹ which are much cheaper • Technical support not set up at the moment

Table 6 Pros & cons of the leasing model

2. Pay-Per-Use

Pros	Cons
<ul style="list-style-type: none"> • Increased consumer base since individual customers are also catered 	<ul style="list-style-type: none"> • Smaller profits from <i>singular orders</i> • Tighter space for <i>upgrade/downtime</i>, since orders are not pre-scheduled • Market diluted with large number of competitors

Table 7 Pros & cons of the pay-per-use model

3. Subscription

Pros	Cons
<ul style="list-style-type: none"> • Fixed revenue stream <i>if</i> customer retention is good • Orders are scheduled, <i>easing</i> maintenance and upgrade • Lower marketing costs, since orders are procured <i>in bulk</i> 	<ul style="list-style-type: none"> • The subscription is not very effective, since <i>higher commitment</i> is required from customers. Some of these include long lock-in periods to subscribe or paying more than the amount used certain months.

Table 8 Pros & cons of the subscription model

²¹ AxiDraw V3 (High Performance Personal Writing and Drawing Machine). Retrieved December 11, 2016 <<http://shop.evilmadscientist.com/productsmenu/846>>

Section 3: Market Segments

The team recorded the answers to the questions asked to people working in Funeral Homes, Event and Party Planning and Real Estate Agency during the phone interviews. The statistics drawn from the interactions are as follows:

Section 3.1: Funeral Homes

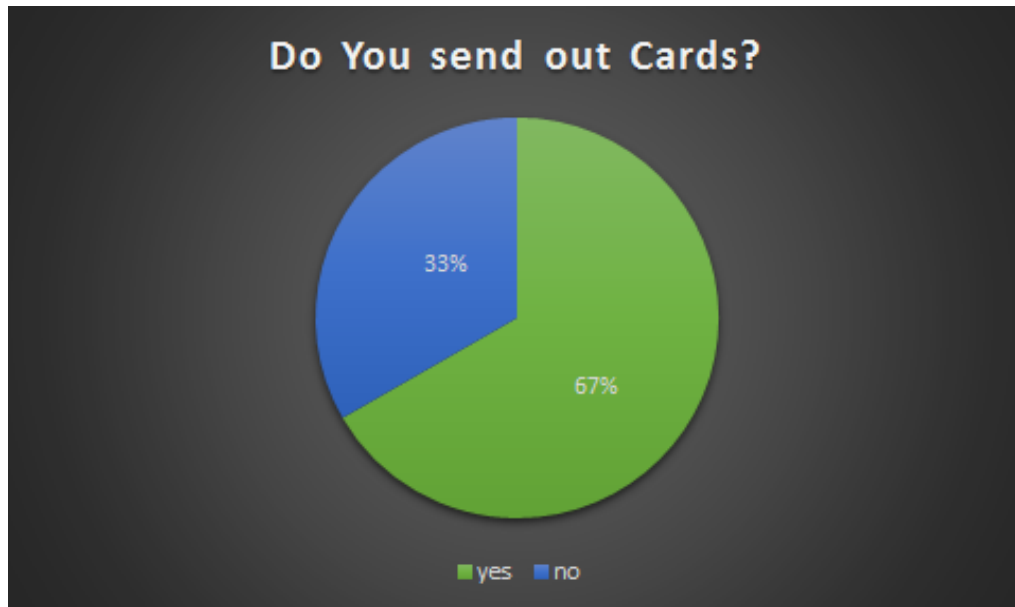


Figure 41 Percentage of Funeral Homes that send out cards

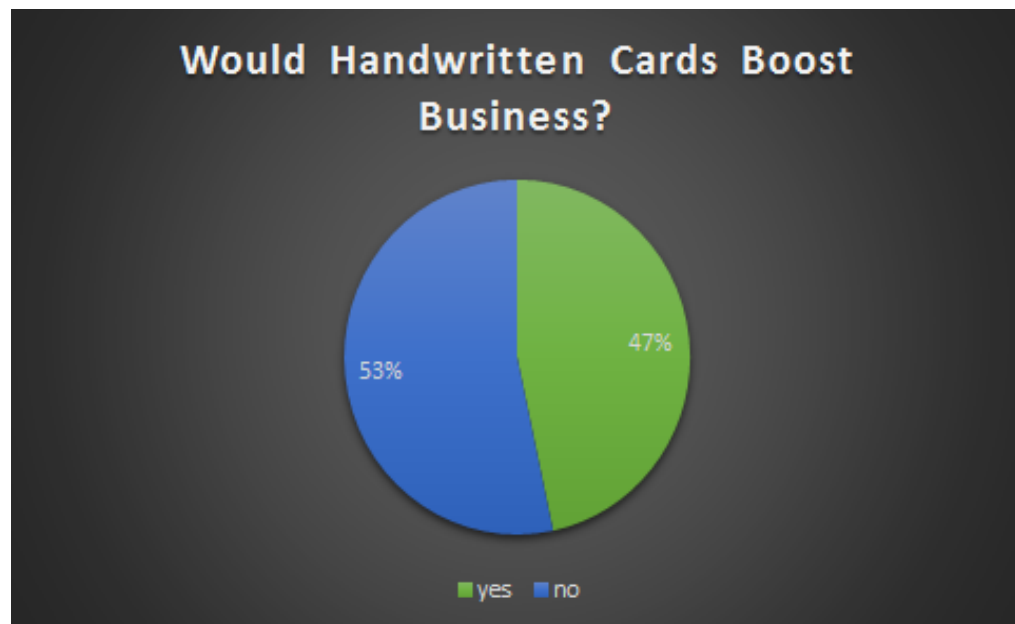


Figure 42 Percentage of Funeral Homes that think handwritten cards would boost their business

Sixty seven percent of the Funeral Homes contacted already send out cards to their customers. *Erik Zink* from *Carriage Services* remarked, "Most funeral homes do not send out thank you cards, but I personally do and think it should be done. Funeral service is a unique field that is unlike any other and I think it is important that families know that I as a funeral director appreciate that have entrusted me with their loved one's care." This could be explained by the lack of an automation

process. In fact, among the ones who were asked if handwritten cards would boost their business, they all replied positively. This implied that funeral home owners recognized the impacts of handwritten cards, yet they did not find a third-party business to take care of this matter.

Section 3.2: Event and Party Planners

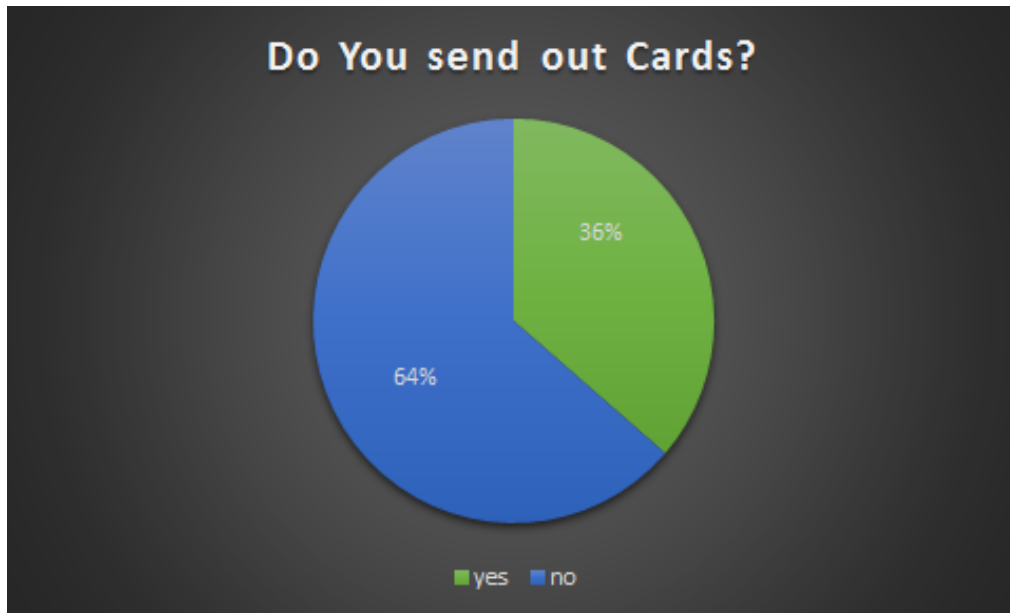


Figure 43 The percentage of Event and Party Planners that send out cards

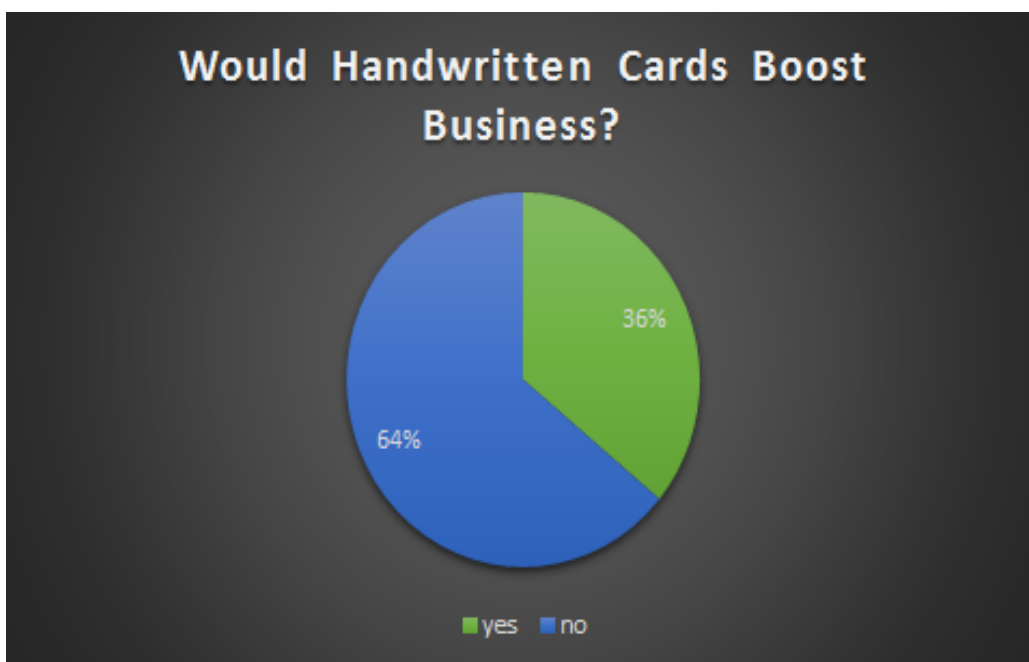


Figure 44 Percentage of Event and Party Planners that think handwritten cards would boost their business

Only **thirty six percent** of Event and Party planners contacted send out cards to their customers. *Designed Events Inc.* in Jacksonville, Florida sends out handwritten notes and remarked, "Handwritten cards gives a personal touch and are useful to our business."

Section 3.3: Real Estate Agents

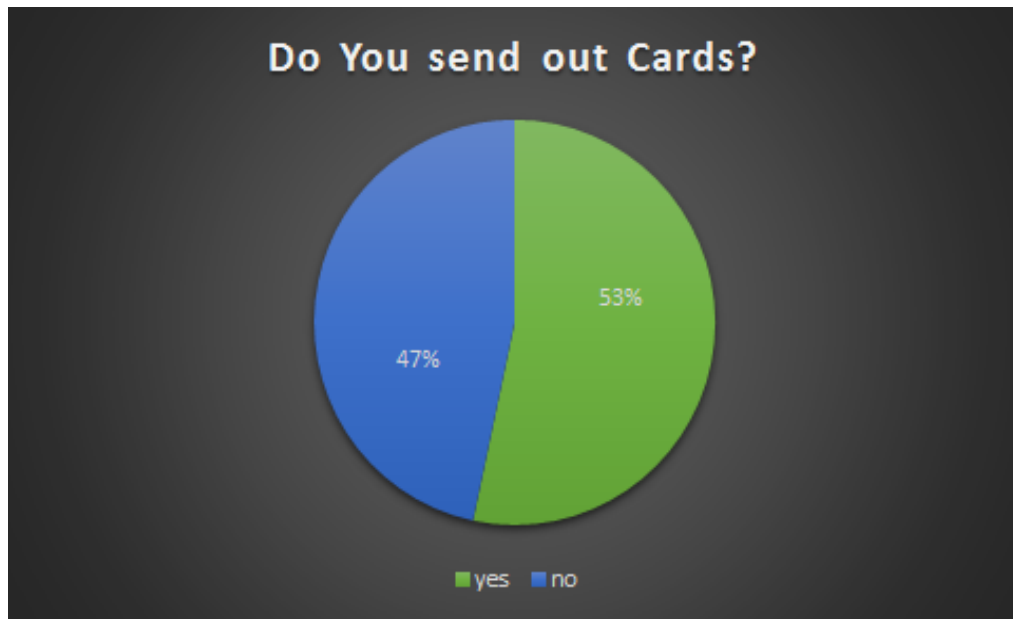


Figure 45 Percentage of Real Estate Agents that send out cards

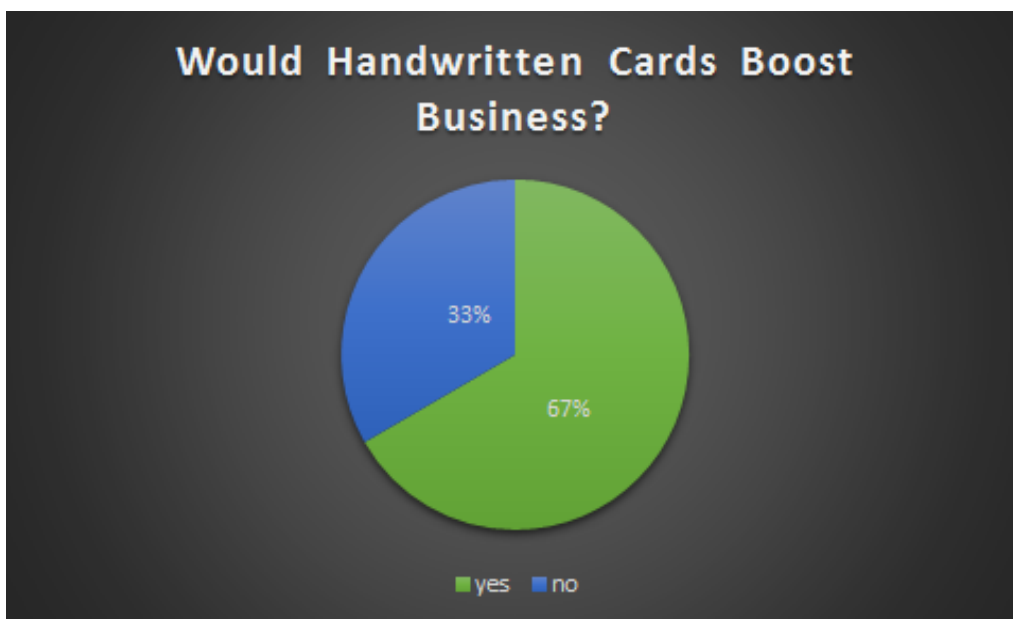


Figure 46 Percentage of Real Estate Agents that think handwritten cards would boost their business

Fifty three percent of the Real Estate Agents contacted sent out cards to their customers and **sixty seven percent** felt that sending out such cards would boost their business. The team’s interaction with *Sotheby's International Realty* in Sonoma, California gave insightful remarks about sending out handwritten cards: “Sending out handwritten cards has an impact on the older generation but not the younger generation.”

Section 3.4: Comparing all segments

The following histogram compares the number of cards sent out by each market segment. The maximum number of cards are sent by Funeral Homes, followed by Real Estate Agents. Event Planners sent out the least number of cards.

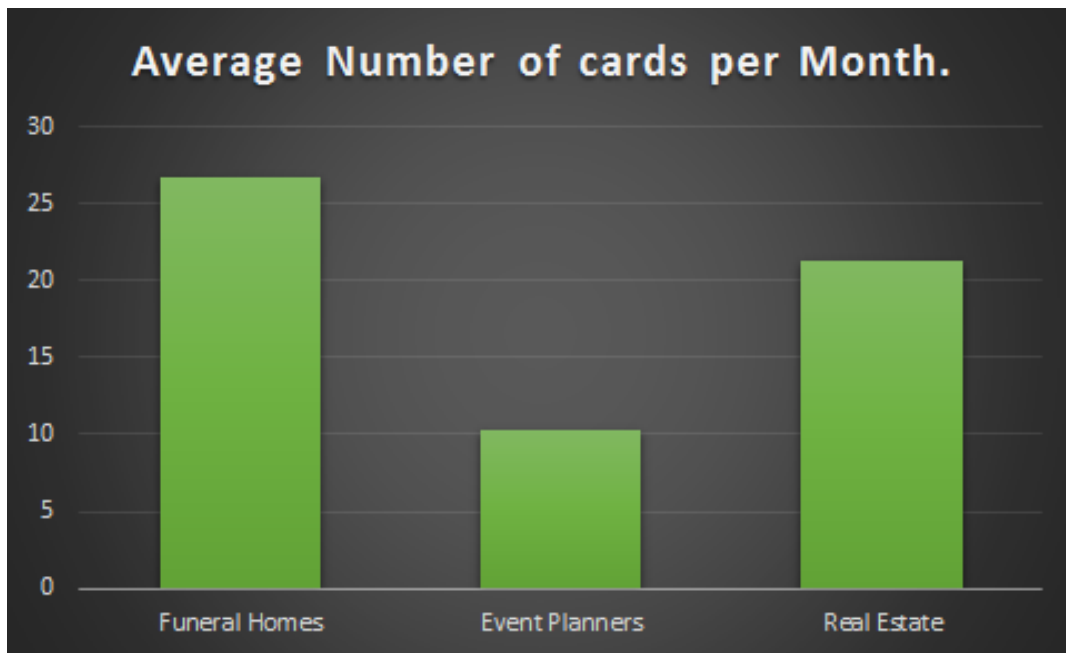


Figure 47 Comparison of the Average Number of monthly cards sent out across the three market segments

Conclusions and Recommendations

Based on the results, the team developed conclusions and recommendations regarding market segmentation of *WriteMyNote*, consumer needs, features of *WriteMyNote*, and ideal pricing model for *WriteMyNote*.

Section 1: Features

In order to be more competitive, *WriteMyNote* should have most of the features that competitors offer, and additionally have lower prices, and better customer service. There are low cost features that *WriteMyNote* can work on immediately to improve service:

- **Online dashboard:** The online dashboard would make it easier for customers to place orders and check their status. The dashboard should allow customers to do order in bulk, schedule notes and update address database.
- **Recording handwriting:** The method for recording handwriting should be improved. Sending a *smartpen* to customers is time consuming, and given that each pen costs \$150, this approach is not scalable with more customers. Therefore, a mobile application should be developed to allow users to submit their handwriting sample online.
- **Increasing process automation:** The printing process should be further automated to save labor costs; for instance, the process of laying out and picking up cards on the table.

Section 2: Revenue Model

The revenue model that the team recommends is a subscription model with varying price and order size to suit the consumers' needs. There should be monthly, quarterly and yearly contracts for a certain number of cards for that period. Based on the duration and number of cards, a discount should then be offered per subscription.

The biggest advantage of this model is the adaptability to the consumers' needs. If a consumer is sending 500 cards every month, they could buy a subscription of 500 cards renewed monthly whereas if a consumer wants to send 1000 cards spread over the whole year, they could buy a subscription of 1000 cards renewed annually. Further, the model allows *WriteMyNote* to have long lasting customer-relationships that benefits both the company and the consumer.

The tradeoff for this vast model is that it requires a higher level of commitment from the consumers hence they are a little skeptical in the beginning to opt for a longer subscriptions.

Section 3: Effectiveness in Various Markets

After analysing the data collected, the vertical market that the team recommends is **Real Estate Agents**. Although the average numbers of cards sent out monthly by Funeral Homes is higher than the number of cards sent out by Real Estate Agents, inferring from the phone calls, funeral homes need a warm personalized handwritten note for their customers. Crafting such a response for the family of the deceased needs consideration, and proper care. *WriteMyNote* will have to closely work with the funeral home to ensure that the personal touch is not lost in the automation process. The personalization and the care required in this space is time consuming thus making the

automation of the process futile. Providing such personalization and attention to each one will take up more time than anticipated here, and will drive down *WriteMyNote*'s capacity. Thus, the funeral home market is a less than ideal early market for *WriteMyNote*.

Discussion

Through the course of this project, it was realized that various aspects of the project could have been approached in a better way. Insights were gleaned from the mistakes made, and although most were corrected along the way, some challenges still prevail.

While conducting the phone interviews it was realized that:

- During the initial set of calls, the call recipient was requested to *answer a short survey*. This however produced a low response, and the team instead started mentioning that they were working on a research paper and would like the recipient to *answer four simple questions*. This small change improved the response rate from businesses from all over the country.
- Similarly, asking for time by saying *“Do you have a minute?”* yields a higher response than by saying *“Do you have some time?”*.
- Students local to the region of the business would have a better chance at getting a good response from the calls.

Reaching huge corporations is rather difficult because calls are usually taken by the reception, or people working at call centers. These people usually do not direct calls to people higher up in the management making it harder to inquire further via calls. Hence, the best way to market *WriteMyNote*'s product to such corporations would be to visit the physical location of the company.

Appendix A

In this appendix, we discuss the key indicators for each market segment in detail²²:

Funeral Homes

1. Industry purpose and structure

This industry includes companies that conduct funerals and prepare the deceased for burial or interment. Industry establishments organize wakes, transport the dead and sell caskets and related merchandise. This industry includes funeral homes combined with crematories; however, establishments that primarily conduct cremation are excluded from this industry and are included in the Cemetery Services industry (IBISWorld report 81222). Even though funeral homes are mostly family owned and scattered all over the country, the market does have some organization, with corporations having about 14% of the market share.

Funeral homes have high fixed costs related to facilities, equipment, permits and staff. As a result, profit is determined primarily by the funeral home's ability to increase sales volume as well as the revenue they are able to generate per customer.

Funeral homes have an advantage if a potential customer's family members are already buried in their adjoining cemetery. Thus it is valuable to funeral homes to maintain relations with customers even after a service - potentially by sending out handwritten cards.

2. Industry performance over the years

The demand for funeral services was relatively steady. However, changing funeral preferences in recent years led more families away from burial toward lower-cost cremation services, reducing the industry revenue generated per client. In addition, the emergence of alternative sales channels like e-commerce has heightened competition. Over the five years to 2016, industry revenue is expected to grow at an annualized rate of only 0.6% to \$14.2 billion, including projected growth of 0.2% in 2016 alone.

Cremation has been steadily gaining popularity in recent years. According to the National Funeral Directors Association (NFDA), 48.5% of corpses were cremated in 2015, up from 32.3% a decade earlier. In addition, cremations are less expensive than burial because they do not require the purchase of a casket or cemetery plot. Their lower cost has pushed more families to opt for cremation, reducing revenues for funeral homes businesses. Cremation is anticipated to continue gaining popularity, reaching 56.2% of post-death dispositions by 2020, according to NFDA projections. This will continue to put pressure on revenue as well as profitability as funeral homes adjust to lower per-client revenue.

²² Industry Reports. (n.d.). Retrieved December 11, 2016
<<http://clients1.ibisworld.com/>>

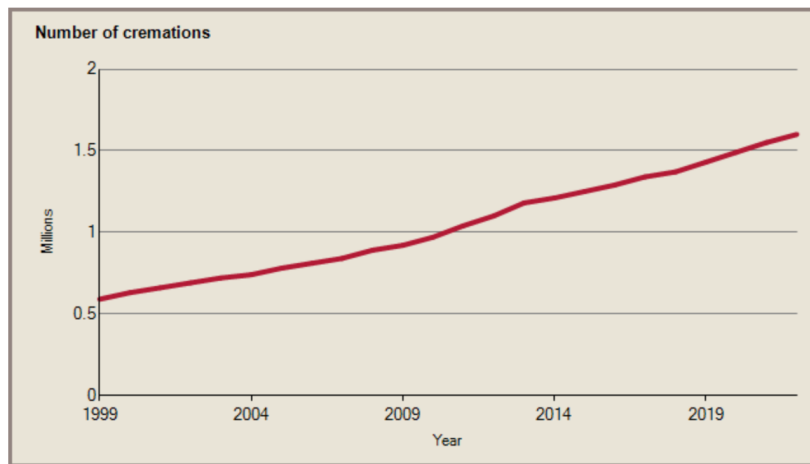


Figure 48 Number of cremations over the years

Over the next five years, the industry was anticipated to stagnate, reaching \$14.3 billion in 2021.

3. Major firms in the sector

The top three companies operating in the funeral home space are:

- **Service Corporation International** (Market Share: 11.8%)
 Headquartered in Houston, the company hired more than 15,000 workers and generated nearly \$3.00 billion in total company revenue in 2015. The funeral services revenue was expected to grow at an average annual rate of 4.3%.
- **Carriage Services** (Market Share: 1.3%)
 Also headquartered in Houston, the company was founded in 1991 and went public in 1996. The company operated about 167 funeral homes in twenty seven states and thirty two cemeteries in eleven states in the United States.
- **StoneMor Partners LP** (Market Share: Less than 1.0%)
 The company was the second-largest owner of cemeteries in the nation and had a substantial presence throughout the United States. The company operated 307 cemeteries in twenty eight states and Puerto Rico. The company also managed 105 funeral homes, forty seven of which were located on the grounds of its cemeteries.

Event and Party Planners

1. Industry purpose and structure

This industry included independent companies and individuals that organize parties, weddings, corporate dinners, and other social gatherings on behalf of households, businesses and nonprofits. The industry did not include companies that organize conventions, trade shows and sporting events, nor does it include the internal event planning departments of hotels, conference centers and recreational facilities.

The input cost for this industry came from food service contractors, hotels and motels, interior designers, musical groups and artists, and photography. Therefore, besides the customer demand, the profit also depended on the service cost from the aforementioned sectors.

A large and growing share of industry participants were nonemployers, which are self-employed individuals that served a limited number of clients per year and typically generated less than \$50,000 in annual income from industry-relevant services. IBISWorld estimated that more than 95.0% of industry operators were nonemployers that mostly worked on a part-time or seasonal basis. Given the very low barriers to entry, the number of industry operators has grown at an annualized rate of 3.5% to an estimated 129,776 businesses. However, this growth merely represented a modest rebound since the recession, rather than a long term expansion in industry participation.

Event and party planners needed to establish relationships with attendees in order to increase the number of customers for their business, and sending out handwritten notes was an effective method to achieve the goal.

2. Industry performance over the years

Overall, industry revenue is expected to grow an annualized 4.3% to \$4.9 billion over the five years to 2016, including projected growth of 2.6% in 2016.

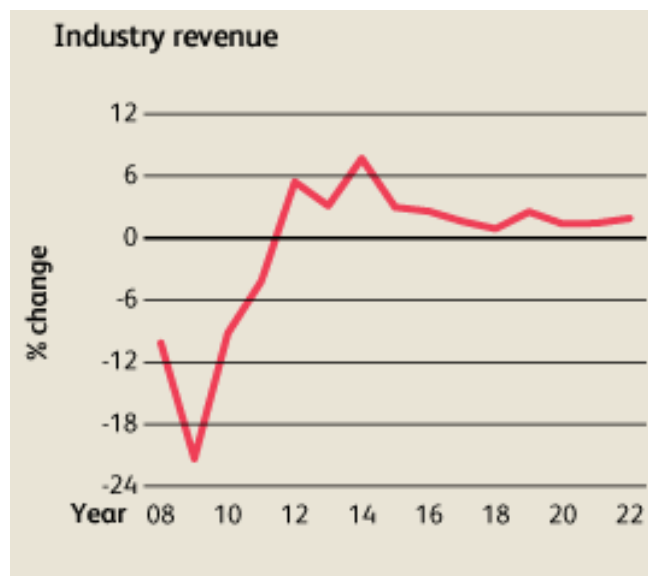


Figure 49 Industry Revenue for Event & Party Planners

The revenue for this industry depends on the demand of corporate and household clients. Corporate clients typically seeked party and event planners for holiday parties, fundraisers and client appreciation banquets. Their ability to spend on these events was determined by profits and the business sentiment levels. After the Recession of 2008, corporate profit went down and remained low through 2011, however, demand for event planning services from service-based businesses, most notably financial and professional services, increased steadily during the five-year period.

On the other hand, households typically seeked professional party planning services for large personal events such as weddings and milestone birthdays which they could not organize on their own. Demand from this market was primarily driven by changes in per capita disposable income, availability of leisure time and overall levels of consumer confidence. Households earning more than \$100,000 per year were the largest household market for event planning services.

3. Major firms in the sector

The Party and Event Planners industry was a highly fragmented and localized industry with the top four operators accounting for less than 5.0% of total industry revenue in 2016. Most of these small enterprises operated on a local scale with small client bases and predominantly part-time or seasonal staff. Larger operators were concentrated in major US metropolitan areas such as New York, Los Angeles, Chicago and Miami, where they could cater their services to major corporate clients and high-income demographic groups. The top three companies operating in this industry are:

- **Abigail Kirsch** (Market Share: Less than 1.0%)

Abigail Kirsch was based in New York. The company provided off-site catering, wedding and corporate event planning services. Abigail Kirsch provided professional planning services to an estimated 1,500 major events per year on average.

- **A Joy Wallace Catering Production and Design Team** (Market Share: Less than 1.0%)

A Joy Wallace Catering Production and Design Team was based in Miami. It helped plan and execute more than 350 events a year. It offered food and design services for corporate events and weddings such as venue selection, custom catering and event design and organization.

- **Along Came Mary Inc.** (Market Share: Less than 1.0%)

Along Came Mary Inc. was based on Los Angeles. Along Came Mary developed the concepts and culinary standards for many of Hollywood's biggest events, setting the standard for the modern movie premiere in the 1980s. The company produced more than several hundred movie premieres and other events in Los Angeles, including the Emmy, Grammy, SAG, Kids' Choice and MTV Movie awards events. Along Came Mary also produced numerous fundraisers, galas and presidential events, in addition to events for Fortune 500 and luxury brand companies. IBISWorld estimated Along Came Mary caters to about 125 major events per year.

Real Estate Agency Franchises

1. Industry purpose and structure

Real estate agency franchises received branding, marketing, administrative support, training and other services for franchise, royalty and renewal fees to the franchisor. Industry firms were limited to real estate agency companies that operated as a franchise and exclude other operations. The input cost for this industry came from printing, wired telecommunication carriers, and wireless telecommunication carriers.

New technologies revolutionized the industry, allowing brokers to list properties and agents, improve customer experiences and acquire customers through various online channels. This also caused new competition for industry players. New real estate listing companies were entering the industry, while other sites offered free listing services for consumers looking to bypass real estate agents and brokers entirely. For example, new online companies such as Zillow allowed buyers access to neighboring property values, which were determined by local property assessments, which reduced demand for industry professionals. Therefore, maintaining good relationship with customers became more important.

2. Industry performance over the years

Overall, the Real Estate Agency Franchises industry is expected to grow an annualized 4.6% to \$20.5 billion over the five years to 2016. Growth is expected to remain strong, as revenue is forecast to expand 4.2% in 2016.

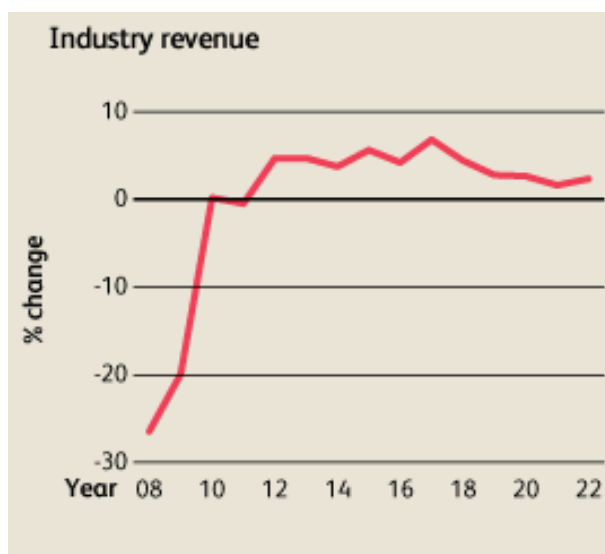


Figure 50 Industry Revenue for Real Estate Agents

The industry was reliant on cyclical patterns in demand for residential and nonresidential properties. The industry's early rise was attributed to the housing boom in the first half of the new millennium. Collapsing property prices beginning in 2006 then crippled industry revenue and were further exacerbated by the recession that tore through the economy. However, over the past five years, the industry recovered from deteriorating consumer wealth and plunging corporate profit that crippled the industry. Increased access to credit and low interest rates fueled demand for both housing and commercial spaces and, consequently, industry operators have enjoyed stronger conditions as the value of residential and nonresidential construction rebounds.

3. Major firms in the sector

The Real Estate Agency Franchises industry is highly fragmented, with a large number of players often competing in narrow geographic markets. The largest industry operators are companies with franchising operations across the United States and with offices in major metropolitan areas. These companies are able to be most successful due to recognizable brand names that generate demand due to a reputation of quality and service. The top three companies operating in the Real Estate Agency Franchises industry are:

- **Realty Corporation** (Market Share: 3.8%)

The company was considered the leading franchisor of real estate brokerages in the world with about 13,500 offices in 104 countries. In 2014, the company had about 6,000 brokerage offices in the United States and generated \$6.0 billion in global revenue in 2015.

- **HomeServices of America Inc.** (Market Share: 1.7%)

The company was one of the largest full-service residential real estate brokerage firms in the United States and operated more than 30 residential real estate brands with over 24,000 sales agents in more than 544 brokerage offices in 25 states. In 2012, HomeServices acquired 66.7% of Prudential and Real Living's franchise operations, the second-largest residential real estate brokerage franchise network in the United States. As a result, franchise operations included more than 500 franchisees.

- **RE/MAX Holdings Inc.** (Market Share: 0.7%)

The company's services included residential and commercial buy-side and sell-side assistance, which often included preparation of the real estate in addition to marketing and closing services. Company franchisees operated under the RE/MAX brand name, which includes more than 6,986 offices and 104,000 agents in almost 100 countries.

Appendix B

This appendix lists useful results from the phone interviews conducted by the team. These give an insight into the market segment's current position on sending out handwritten notes.

Funeral Homes

The team called and interacted with funeral homes around Worcester County, Norfolk County and Suffolk County in Massachusetts, as well as in Chicago, Illinois, Florida and Mississippi. The following table summarizes some of the interactions:

City, County, State	Send out cards?	# of cards sent out	Notes
Worcester, Worcester County, MA	Yes	300/year	<ul style="list-style-type: none"> • Use printed cards • Hesitant to spend more money on handwritten cards
Norfolk County, MA	Yes	30/month	<ul style="list-style-type: none"> • Cards are printed out and hand-signed
Worcester, Worcester County, MA	No	N/A	<ul style="list-style-type: none"> • Doesn't send out cards
Worcester, Worcester County, MA	Yes	N/A	<ul style="list-style-type: none"> • Doesn't send out many cards to their customer • But when they do they are printed and hand-signed
Jackson, Hinds County, Mississippi	Yes	20-30/month	<ul style="list-style-type: none"> • Cards are printed and hand-signed
Sterling, Worcester County, MA	Yes	35/month	<ul style="list-style-type: none"> • Send out an anniversary card requesting the family to donate to a children's charity • Believe that handwritten cards are the best way to handle correspondence because people appreciate handwritten and personalized cards
Mattapan, Suffolk County, MA	Yes	N/A	<ul style="list-style-type: none"> • Cards sent out are a mix of printed and handwritten cards • Agreed that handwritten cards would boost business because it brings good vibes/morale to customers
South Boston, Suffolk County, MA	Yes	N/A	<ul style="list-style-type: none"> • A mix of printed and handwritten cards are sent out • Also agreed that handwritten cards would boost business because it brings good vibes/morale to customers

City, County, State	Send out cards?	# of cards sent out	Notes
Chicago, Cook County, IL	Yes	50/month	<ul style="list-style-type: none"> • They do agree that handwritten cards would boost business
Titusville, Brevard County, FL	No	N/A	<ul style="list-style-type: none"> • Think that handwritten thank you notes would be beneficial • Also think that handwritten notes are better because they give a personal touch
Chicago, Cook County, IL	No	N/A	<ul style="list-style-type: none"> • Agree that sending handwritten cards would boost their business
Ridgeland, Madison County, Mississippi	Yes	N/A	<ul style="list-style-type: none"> • Printed cards are sent out

Table 9 Call results for funeral homes

Erik Zink from Carriage Services also remarked, “Most funeral homes do not send out thank you cards, but I personally do and think it should be done. Funeral service is a unique field that is unlike any other and I think it is important that families know that I as a funeral director appreciate that have entrusted me with their loved one's care. I do not send thank you cards to every family that I serve, but when I do, I do hand-write them as I feel it gives it more of a personal touch and that it is not something automated.”

Event and Party Planners

The team called and interacted with event and party planners around Worcester County and Suffolk County in Massachusetts, as well as in Duval County, Miami-Dade County and Hillsborough County in Florida, and San Francisco and Los Angeles in California. The following table summarizes some of the interactions:

City, County, State	Send out cards?	# of cards sent out	Notes
Worcester, Worcester County, MA	No	N/A	<ul style="list-style-type: none"> N/A
Boston, Suffolk County, MA	Yes	5/month	<ul style="list-style-type: none"> They don't send out invitation cards However, they do send out handwritten thank you cards
Boston, Suffolk County, MA	No	N/A	<ul style="list-style-type: none"> N/A
Jacksonville, Duval County, FL	No	N/A	<ul style="list-style-type: none"> N/A
Jacksonville, Duval County, FL	Yes	10-15/month	<ul style="list-style-type: none"> They have a designated person who writes and sends out handwritten cards for weddings purposes They do think that handwritten cards gives a personal touch and does boost their business
Los Angeles, Los Angeles County, CA	No	N/A	<ul style="list-style-type: none"> N/A
Miami, Miami-Dade County, FL	No	N/A	<ul style="list-style-type: none"> N/A
Coral Gables, Miami-Dade County, FL	Yes	10-15/month	<ul style="list-style-type: none"> They do send out handwritten cards Think that handwritten notes boost their business because it adds a personalized feel
Miami, Miami-Dade County, FL	No	N/A	<ul style="list-style-type: none"> N/A
Tampa, Hillsborough County, FL	Yes	N/A	<ul style="list-style-type: none"> They do send out printed invitation cards Think that sending out handwritten notes instead would boost their business because it would give a personalized feel
San Francisco, CA	Yes	N/A	<ul style="list-style-type: none"> They do send out handwritten cards but sporadically They don't necessarily think that is boosts future business but feel that it helps keep a connection with the past business that was done.

Table 10 Call results for event & party planners

Real Estate Agents

The team called and interacted with realtors and real estate agents around Miami-Dale County in Florida, and San Francisco, Santa Clara County, Solano County, Modoc County and Sonoma County in California. The following table summarizes some of the interactions:

City, County, State	Send out cards?	# of cards sent out	Notes
Miami Beach, Miami-Dale County, FL	Yes	N/A	<ul style="list-style-type: none"> • They do send both - handwritten and printed cards • Do think that sending out such cards does boost business
Doral, Miami-Dale County, FL	No	N/A	<ul style="list-style-type: none"> • N/A
Miami, Miami-Dale County, FL	Yes	300 a year	<ul style="list-style-type: none"> • They do send handwritten and personalized thank you notes to their customers on special days • Do think that sending out such cards does boost their business because it keeps it personal and adds a nice touch
Miami Shores, Miami-Dale County, FL	No	N/A	<ul style="list-style-type: none"> • They do not send thank you notes and don't think that sending out such cards are useful • Instead, they send follow-up emails once every 3 months to keep the relationship going.
San Francisco, CA	No	N/A	<ul style="list-style-type: none"> • N/A
San Francisco, CA	No	N/A	<ul style="list-style-type: none"> • N/A
Miami, Miami-Dale County, FL	No	N/A	<ul style="list-style-type: none"> • They do not send any thank you notes • However, they do send closing gifts with a printed note attached to it • They also think that it would boost their business if the attached note was handwritten
Miami, Miami-Dale County, FL	Yes	N/A	<ul style="list-style-type: none"> • Some of their agents send thank you notes • Unsure that sending out handwritten notes instead would boost business
Palo Alto, Santa Clara County, CA	No	N/A	<ul style="list-style-type: none"> • They do send appreciation emails to their customers • Unsure that sending out handwritten notes instead would boost business
Alturas, Modoc County, California	Yes	N/A	<ul style="list-style-type: none"> • Their agents do send handwritten cards. • They do believe that sending such cards boosts their business and helps them get referral for future customers.
Sonoma, Sonoma County, CA	Yes	N/A	<ul style="list-style-type: none"> • One of their agents sends out thank you emails once the transaction is done along with a present and feels that thank you notes would only boost business amongst the older generation.

City, County, State	Send out cards?	# of cards sent out	Notes
Benicia, Solano County, CA	Yes	20-25/month	<ul style="list-style-type: none"> • They do send handwritten appreciation cards and do think that it does boost their business to send them out.

Table 11 Call results for real estate agents