## **The Business Problem**

You recently started working for a company that manufactures and sells high-end home goods. Last year the company sent out its first print catalog, and is preparing to send out this year's catalog in the coming months. The company has 250 new customers from their mailing list that they want to send the catalog to.

Your manager has been asked to determine how much profit the company can expect from sending a catalog to these customers. You, the business analyst, are assigned to help your manager run the numbers. While fairly knowledgeable about data analysis, your manager is not very familiar with predictive models.

You’ve been asked to predict the expected profit from these 250 new customers. Management does not want to send the catalog out to these new customers unless the expected profit contribution exceeds $10,000.

## **Details**

* The costs of printing and distributing is $6.50 per catalog.
* The average gross margin (price - cost) on all products sold through the catalog is 50%.
* Make sure to multiply your revenue by the gross margin first before you subtract out the $6.50 cost when calculating your profit.

Write a short report with your recommendations outlining your reasons why the company should go with your recommendations to your manager.