

Group < \$50	Customer Acquisition*	Year 1	Year 2	Year 3	Year 4
Year	Initial				
Prospects	1397100				
Customers	4657	4657	4657	4657	4657
Ordering Customers	4657	4046	1918	970	927
Total orders	4657	4741	2612	1399	1312
Avg. Order Size (\$)	\$31.84	\$32.09	\$41.78	\$51.05	\$52.43
<b>Revenues</b>	\$148,279	\$152,139	\$109,129	\$71,419	\$68,788
<i>Optional calculations:</i>					
Response Rate	0.33%	86.88%	41.19%	20.83%	19.91%
Retention Rate		86.88%	47.40%	50.57%	95.57%
Avg. # orders by ordering customers	1.00	1.17	1.36	1.44	1.42
<i>Costs:</i>					
COGS and Other Direct VC	\$86,002	\$88,240	\$63,295	\$41,423	\$39,897
Marketing costs:ads	\$167,652	\$0	\$0	\$0	\$0
Marketing costs: emails(\$0.03)		\$6,986	\$6,986	\$6,986	\$6,986
Marketing costs: catalogs(6*\$0.75)		\$20,957	\$20,957	\$20,957	\$20,957
<b>Total Costs</b>	\$253,654	\$116,182	\$91,237	\$69,365	\$67,839
<b>Gross Profit</b>	(\$105,375)	\$35,956	\$17,892	\$2,054	\$949
Year		1	2	3	4
Discount Factor	1	0.91	0.83	0.75	0.68
<b>NPV Profits</b>	(\$105,375)	\$32,687	\$14,787	\$1,543	\$648
<b>Cumulative NPV</b>	(\$105,375)	(\$72,687)	(\$57,900)	(\$56,357)	(\$55,709)
<b>Cumulative NPV per Customer</b>	(\$22.63)	(\$15.61)	(\$12.43)	(\$12.10)	(\$11.96)

\* One time event

Year 5
4657
820
1093
\$53.63
\$58,618
17.61%
88.46%
133%
\$33,998
\$0
\$6,986
\$20,957
\$61,940
(\$3,323)
5
0.62
(\$2,063)
(\$57,772)
(\$12.41)

Group >= \$50	Customer Acquisition*	Year 1	Year 2	Year 3	Year 4	Year 5
Year	Initial					
Prospects	988800					
Customers	3296	3296	3296	3296	3296	3296
Ordering Customers	3296	2875	1653	866	761	623
Total orders	3296	3576	2463	1315	1068	837
Avg. Order Size (\$)	\$95.55	\$93.46	\$74.02	\$67.75	\$67.12	\$78.26
<b>Revenues</b>	<b>\$314,933</b>	<b>\$334,213</b>	<b>\$182,311</b>	<b>\$89,091</b>	<b>\$71,684</b>	<b>\$65,504</b>
<i>Optional calculations:</i>						
Response Rate	0.33%	87.23%	50.15%	26.27%	23.09%	18.90%
Retention Rate	100.00%	87.23%	57.50%	52.39%	87.88%	81.87%
Avg. # orders by ordering customers	1.00	1.24	1.49	1.52	1.40	1.34
<i>Costs:</i>						
COGS and Other Direct VC	\$182,661	\$193,844	\$105,741	\$51,673	\$41,577	\$37,992
Marketing costs:ads	\$118,656	\$0	\$0	\$0	\$0	\$0
Marketing costs: emails		\$4,944	\$4,944	\$4,944	\$4,944	\$4,944
Marketing costs: catalogs		\$14,832	\$14,832	\$14,832	\$14,832	\$14,832
<b>Total Costs</b>	<b>\$301,317</b>	<b>\$213,620</b>	<b>\$125,517</b>	<b>\$71,449</b>	<b>\$61,353</b>	<b>\$57,768</b>
<b>Gross Profit</b>	<b>\$13,616</b>	<b>\$120,593</b>	<b>\$56,795</b>	<b>\$17,642</b>	<b>\$10,331</b>	<b>\$7,736</b>
Year		1	2	3	4	5
Discount Factor	1	0.91	0.83	0.75	0.68	0.62
<b>NPV Profits</b>	<b>\$13,616</b>	<b>\$109,630</b>	<b>\$46,938</b>	<b>\$13,255</b>	<b>\$7,056</b>	<b>\$4,803</b>
<b>Cumulative NPV</b>	<b>\$13,616</b>	<b>\$123,246</b>	<b>\$170,184</b>	<b>\$183,439</b>	<b>\$190,495</b>	<b>\$195,299</b>
<b>Cumulative NPV per Customer</b>	<b>\$4.13</b>	<b>\$37.39</b>	<b>\$51.63</b>	<b>\$55.66</b>	<b>\$57.80</b>	<b>\$59.25</b>

\* One time event