

Calculations Lifetime Value

Tuscan Lifestyles: Initial order < \$50					
	Time 0	Year 1	Year 2	Year 3	Year 4
Prospects	202478				
Acquired Customers	4657	4657	4657	4657	4657
Ordering Customers	4657	4046	1918	970	927
Response Rate %	0.023				
Retention Rate %		0.8688	0.4740	0.5057	0.9557
Avg # Orders	1.0000	1.1718	1.3618	1.4423	1.4153
Number of Orders	4657	4741	2612	1399	1312
Order Size \$	31.84	32.09	41.78	51.05	52.43
Revenues \$	148279	152139	109129	71419	68788
Cost of Good Sold + other \$	86002	88240	63295	41423	39897
Total Contribution \$	62277	63898	45834	29996	28891
Catalog-related Costs (Prospecting + Retention) \$	172107	27942	27942	27942	27942
Net Marketing Contribution \$	-109829	35956	17892	2054	949
Discount rate	1	1.10	1.21	1.33	1.46
NPV Net Marketing Contribution	-109829	32687	14787	1544	650
Cumulitative NPV		-77142	-62355	-60811	-60160
Customer LTV (per acquired customer)					
Tuscan Lifestyles: Initial order > \$50					
	Time 0	Year 1	Year 2	Year 3	Year 4
Prospects	143304				
Acquired Customers	3296	3296	3296	3296	3296
Ordering Customers	3296	2875	1653	866	761
Response Rate %	0.023				
Retention Rate %		0.8723	0.5750	0.5239	0.8788
Avg # Orders	1.0000	1.2438	1.4900	1.5185	1.4034
Number of Orders	3296	3576	2463	1315	1068
Order Size \$	95.55	93.46	74.02	67.75	67.12
Revenues \$	314933	334213	182311	89091	71684
Cost of Good Sold + other \$	182661	193844	105741	51673	41577
Total Contribution \$	132272	140369	76571	37418	30107
Catalog-related Costs (Prospecting + Retention) \$	121809	19776	19776	19776	19776
Net Marketing Contribution \$	10463	120593	56795	17642	10331
Discount rate	1	1.10	1.21	1.33	1.46
NPV Net Marketing Contribution	10463	109630	46938	13265	7076
Cumulitative NPV		120093	167031	180296	187372
Customer LTV (per acquired customer)					

Year 5
4657
820
0.8846
1.332927
1093
53.63
58618
33998
24619
27942
-3323
1.61
-2064
-62224
-13.36

Year 5
3296
623
0.8187
1.343499
837
78.26
65504
37992
27512
19776
7736
1.61
4805
192177
58

			1918	970	927	820
	1	3508	3508			
	2	416	832	Y4		
	3	94	282		1	661
	4	21	84		2	185
	5	7	35		3	56
			4741		4	14
			4046		5	9
		1.171775			6	2
						1312
						927
Y2						1.415318
	1	1441	1441			
	2	332	664			
	3	100	300			
	4	30	120			
	5	9	45			
	6	3	18			
	7	1	7			
	8	1	8	Y5		
	9	1	9		1	626
			2612		2	141
			1918		3	38
		1.361835			4	10
					5	3
					8	2
						1093
						820
Y3						1.332927
	1	671	671			
	2	207	414			
	3	68	204			
	4	19	76			
	5	1	5			
	6	2	12			
	7	1	7			
	10	1	10			
			1399			
			970			
		1.442268				

Y1					y4			
	1	2354	2354			1	548	548
	2	397	794			2	151	302
	3	91	273			3	37	111
	4	20	80			4	20	80
	5	6	30			5	3	15
	6	5	30			6	2	12
	7	1	7				761	1068
	8	1	8		Y5			
		2875	3576	1.243826		1	463	463
Y2						2	120	240
	1	1120	1120			3	30	90
	2	354	708			4	7	28
	3	121	363			5	2	10
	4	37	148			6	1	6
	5	12	60				623	837
	6	5	30					
	7	3	21					
	13	1	13					
		1653	2463	1.490018				
Y3								
	1	562	562					
	2	214	428					
	3	53	159					
	4	27	108					
	5	6	30					
	6	2	12					
	7	1	7					
	9	1	9					
		866	1315	1.518476				
		2875	1653		866	761	623	

1.403417

1.343499