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		109129		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				
Prospects Acquired Customers	143304 3296	3296	3296		3296
Prospects Acquired Customers Ordering Customers	143304 3296 3296	3296 2875	3296	3296	3296
Prospects Acquired Customers Ordering Customers Response Rate %	143304 3296	3296 2875	3296 1653	3296 866	3296 761
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate %	143304 3296 3296 0.023	3296 2875 0.8723	3296 1653 0.5750	3296 866 0.5239	3296 761 0.8788
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders	143304 3296 3296 0.023	3296 2875 0.8723 1.2438	3296 1653 0.5750 1.4900	3296 866 0.5239 1.5185	3296 761 0.8788 1.4034
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders	143304 3296 3296 0.023 1.0000 3296	3296 2875 0.8723 1.2438 3576	3296 1653 0.5750 1.4900 2463	3296 866 0.5239 1.5185 1315	3296 761 0.8788 1.4034 1068
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders Order Size \$	143304 3296 3296 0.023 1.0000 3296 95.55	3296 2875 0.8723 1.2438 3576 93.46	3296 1653 0.5750 1.4900 2463 74.02	3296 866 0.5239 1.5185 1315 67.75	3296 761 0.8788 1.4034 1068 67.12
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders	143304 3296 3296 0.023 1.0000 3296	3296 2875 0.8723 1.2438 3576	3296 1653 0.5750 1.4900 2463 74.02	3296 866 0.5239 1.5185 1315 67.75	3296 761 0.8788 1.4034 1068 67.12
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders Order Size \$ Revenues \$ Cost of Good Sold + other \$	143304 3296 3296 0.023 1.0000 3296 95.55 314933	3296 2875 0.8723 1.2438 3576 93.46 334213	3296 1653 0.5750 1.4900 2463 74.02 182311	3296 866 0.5239 1.5185 1315 67.75 89091 51673	3296 761 0.8788 1.4034 1068 67.12 71684 41577
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders Order Size \$ Revenues \$	143304 3296 3296 0.023 1.0000 3296 95.55 314933	3296 2875 0.8723 1.2438 3576 93.46 334213	3296 1653 0.5750 1.4900 2463 74.02 182311	3296 866 0.5239 1.5185 1315 67.75 89091 51673	3296 761 0.8788 1.4034 1068 67.12 71684
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders Order Size \$ Revenues \$ Cost of Good Sold + other \$	143304 3296 3296 0.023 1.0000 3296 95.55 314933	3296 2875 0.8723 1.2438 3576 93.46 334213	3296 1653 0.5750 1.4900 2463 74.02 182311 105741 76571	3296 866 0.5239 1.5185 1315 67.75 89091 51673 37418	3296 761 0.8788 1.4034 1068 67.12 71684 41577 30107
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders Order Size \$ Revenues \$ Cost of Good Sold + other \$ Total Contribution \$ Catalog-related Costs (Prospecting + Retention) \$ Net Marketing Contribution \$	143304 3296 3296 0.023 1.0000 3296 95.55 314933 182661 132272	3296 2875 0.8723 1.2438 3576 93.46 334213 193844 140369 19776	3296 1653 0.5750 1.4900 2463 74.02 182311 105741 76571 19776 56795	3296 866 0.5239 1.5185 1315 67.75 89091 51673 37418 19776	3296 761 0.8788 1.4034 1068 67.12 71684 41577 30107
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders Order Size \$ Revenues \$ Cost of Good Sold + other \$ Total Contribution \$ Catalog-related Costs (Prospecting + Retention) \$ Net Marketing Contribution \$ Discount rate	143304 3296 3296 0.023 1.0000 3296 95.55 314933 182661 132272 121809	3296 2875 0.8723 1.2438 3576 93.46 334213 193844 140369 19776 120593 1.10	3296 1653 0.5750 1.4900 2463 74.02 182311 105741 76571 19776 56795 1.21	3296 866 0.5239 1.5185 1315 67.75 89091 51673 37418 19776	3296 761 0.8788 1.4034 1068 67.12 71684 41577 30107 19776 10331 1.46
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders Order Size \$ Revenues \$ Cost of Good Sold + other \$ Total Contribution \$ Catalog-related Costs (Prospecting + Retention) \$ Net Marketing Contribution \$	143304 3296 3296 0.023 1.0000 3296 95.55 314933 182661 132272 121809	3296 2875 0.8723 1.2438 3576 93.46 334213 193844 140369 19776	3296 1653 0.5750 1.4900 2463 74.02 182311 105741 76571 19776 56795 1.21	3296 866 0.5239 1.5185 1315 67.75 89091 51673 37418 19776 17642 1.33	3296 761 0.8788 1.4034 1068 67.12 71684 41577
Prospects Acquired Customers Ordering Customers Response Rate % Retention Rate % Avg # Orders Number of Orders Order Size \$ Revenues \$ Cost of Good Sold + other \$ Total Contribution \$ Catalog-related Costs (Prospecting + Retention) \$ Net Marketing Contribution \$ Discount rate	143304 3296 3296 0.023 1.0000 3296 95.55 314933 182661 132272 121809 10463 1	3296 2875 0.8723 1.2438 3576 93.46 334213 193844 140369 19776 120593 1.10	3296 1653 0.5750 1.4900 2463 74.02 182311 105741 76571 19776 56795 1.21 46938	3296 866 0.5239 1.5185 1315 67.75 89091 51673 37418 19776 17642 1.33 13265	3296 761 0.8788 1.4034 1068 67.12 71684 41577 30107 19776 10331 1.46

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	661
	4	21	84		2	185	370
	5	7	35		3	56	168
			4741		4	14	56
			4046		5	9	45
		1	.171775		6	2	12
							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	626
			2612		2	141	282
			1918		3	38	114
		1	.361835		4	10	40
					5	3	15
					8	2	16
							1093
Y3							820
	1	671	671				1.332927
	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					У	<i>y</i> 4		
	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		Υ	/ 5		
		2875	3576	1.243826		1	463	463
						2	120	240
Y2						3	30	90
	1	1120	1120			4	7	28
	2	354	708			5	2	10
	3	121	363			6	1	6
	4	37	148				623	837
	5	12	60					
	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	
		2013	1000		000	, 01	023	

1.403417

1.343499