

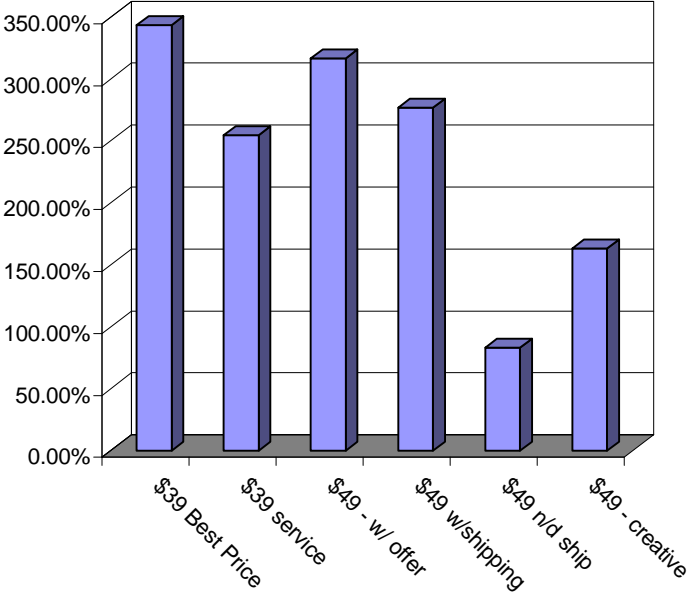
E-Mail Marketing Test Matrix Analysis

Promotion: Back to School Bonanza

Date: 9/9/01

	\$39 Best Price	\$39 service	\$49 - w/ offer	\$49 w/shipping	\$49 n/d ship	\$49 - creative
Number of e-mails sent in test	10,000	10,000	10,000	10,000	10,000	10,000
Number of orders received	150	90	70	80	56	45
Response rate of test	1.5000%	0.9000%	0.7000%	0.8000%	0.5600%	0.4500%
Price of product	\$39.00	\$39.00	\$49.00	\$49.00	\$49.00	\$49.00
Other charges (postage & handling, etc.)	6.00	6.00	6.00			6.00
Adjusted price of product	\$45.00	\$45.00	\$55.00	\$49.00	\$49.00	\$55.00
Variable costs:						
Cost of product or service	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
List rental (per 1,000)	150.00	150.00	150.00	150.00	150.00	150.00
Handling and order processing cost (per unit)	0.75	0.75	0.75	0.75	0.75	0.75
Packaging Expense (per unit)	1.00	1.00	1.00	1.00	1.00	1.00
Shipping costs (or digital delivery charges - per unit)	3.00	3.00	3.00	3.00	7.00	3.00
Fixed costs (for entire campaign):						
Creative costs	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Other fixed costs	200	200	200	200	200	200
Total fixed costs	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
Variable cost per unit of filling order	\$7.75	\$7.75	\$7.75	\$7.75	\$11.75	\$7.75
List rental cost per unit sold	\$10.00	\$16.67	\$21.43	\$18.75	\$26.79	\$33.33
Contribution margin per order	\$37.25	\$37.25	\$47.25	\$41.25	\$37.25	\$47.25
Number of orders to break-even	59	59	47	53	59	47
Projected Results of Rollout						
Number of e-mails to be sent	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Projected response rate	1.500%	0.900%	0.700%	0.800%	0.560%	0.450%
Projected number of orders	15,000	9,000	7,000	8,000	5,600	4,500
Projected Revenue	\$675,000	\$405,000	\$385,000	\$392,000	\$274,400	\$247,500
Projected Total Contribution Margin	\$558,750	\$335,250	\$330,750	\$330,000	\$208,600	\$212,625
Projected Net Income	\$406,550	\$183,050	\$178,550	\$177,800	\$56,400	\$60,425
Projected ROI of Mailing	343.22%	254.41%	316.30%	276.95%	82.94%	162.98%
Descriptions of the Offers						
\$39 Best Price	This creative will emphasize the best price					
\$39 service	This creative will emphasize the best service					
\$49 - w/ offer	Includes free roadmaster game					
\$49 w/shipping	Fre shipping as offer					
\$49 n/d ship	Free next day shipping					
\$49 - creative	Very different creative - the corkscrew offer					

Projected ROI of Mailing



Projected Net Income

