

Lifetime Value of a Customer

	2000	2001	2002	2003	2004
Number of customers at beginning of year	5,200	5,476	5,742	6,119	6,658
Retention rate	98%	97%	97%	99%	97%
Estimated new customers per year	380	430	550	600	520
Total customers at year end	5,476	5,742	6,119	6,658	6,979
Orders per year (per customer)	548	552	450	600	780
Average order size	\$55.00	\$56.00	\$43.00	\$57.00	\$55.00
Total Estimated Revenue	\$156,728,000	\$169,274,112	\$111,102,282	\$209,285,819	\$285,639,942
Direct Cost Percentage of Revenue	50%	52%	49%	48%	49%
Direct Costs	\$78,364,000	\$88,022,538	\$54,440,118	\$100,457,193	\$139,963,572
Gross Profit	\$78,364,000	\$81,251,574	\$56,662,164	\$108,828,626	\$145,676,371
Discount Rate	7%	7%	9%	9%	7%
Net Present Value	\$78,364,000	\$70,968,271	\$43,753,587	\$77,096,942	\$103,865,239
Cumulative NPV Profit	\$78,364,000	\$149,332,271	\$193,085,858	\$270,182,800	\$374,048,039
Customer Lifetime Value	\$14,310.45	\$26,008.28	\$31,552.72	\$40,578.51	\$53,599.87

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