

Scenario Blended E-Mail ROI Analysis

Promotion: Back to school bonanza

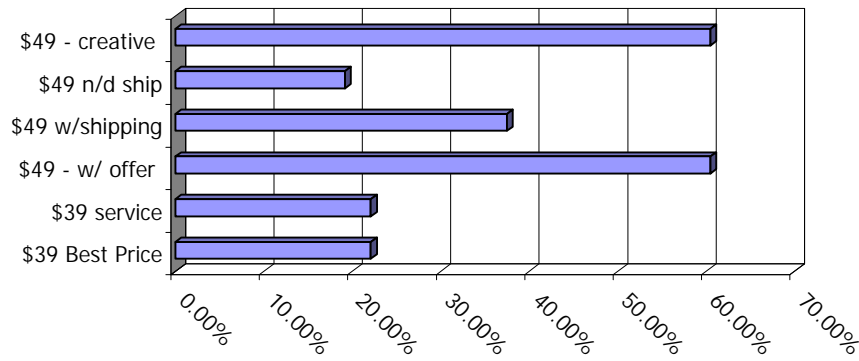
Date: 9/9/01

	\$39 Best Price	\$39 service	\$49 - w/ offer	\$49 w/shipping	\$49 n/d ship	\$49 - creative
Number of E-Mails sent	100,000	100,000	100,000	100,000	100,000	100,000
Projected rate of response (pull)	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Selling price	\$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	\$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 (per unit)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
List rental (per 1,000)	132.00	132.00	132.00	132.00	132.00	132.00
Handling and order processing cost (per unit)	1.00	1.00	1.00	1.00	1.00	1.00
Packaging Expense (per unit)	0.75	0.75	0.75	0.75	0.75	0.75
Shipping costs (or digital delivery charges - per unit)	3.00	3.00	3.00	3.00	7.00	3.00
Fixed costs:						
Creative costs	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Other fixed costs	290	290	290	290	290	290
Total fixed costs	\$18,290	\$18,290	\$18,290	\$18,290	\$18,290	\$18,290
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	\$13.20	\$13.20	\$13.20	\$13.20	\$13.20	\$13.20
Contribution margin per order	\$37.25	\$37.25	\$47.25	\$41.25	\$37.25	\$47.25
Number of click-throughs acquired	1,250	1,250	1,250	1,250	1,250	1,250
Value of click-through acquired	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
E-mail addresses/leads acquired	500	500	500	500	500	500
Value of an address/lead	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
Projected number of orders	1,000	1,000	1,000	1,000	1,000	1,000
Projected revenue	\$45,000.00	\$45,000.00	\$55,000.00	\$49,000.00	\$49,000.00	\$55,000.00
Projected contribution margin	\$37,250.00	\$37,250.00	\$47,250.00	\$41,250.00	\$37,250.00	\$47,250.00
Projected value of acquisitions	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00
Projected Net Income	\$5,760.00	\$5,760.00	\$15,760.00	\$9,760.00	\$5,760.00	\$15,760.00
ROI of Mailing	22.12%	22.12%	60.52%	37.48%	19.17%	60.52%
Blended ROI	47.08%	47.08%	85.48%	62.44%	40.81%	85.48%

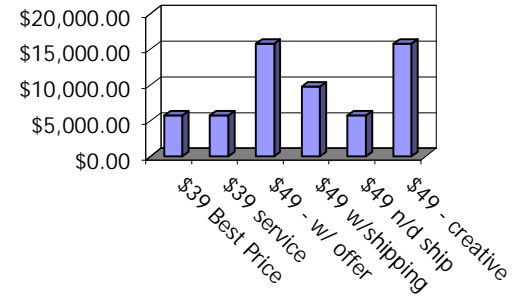
Descriptions of the Offers

- \$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

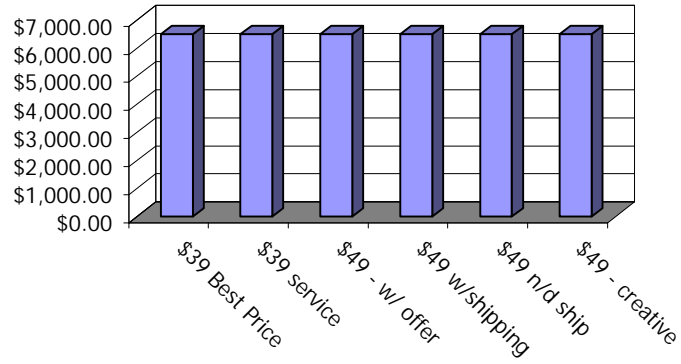
ROI of Mailing



Projected Net Income



Projected Value of Acquisitions



Blended ROI

