

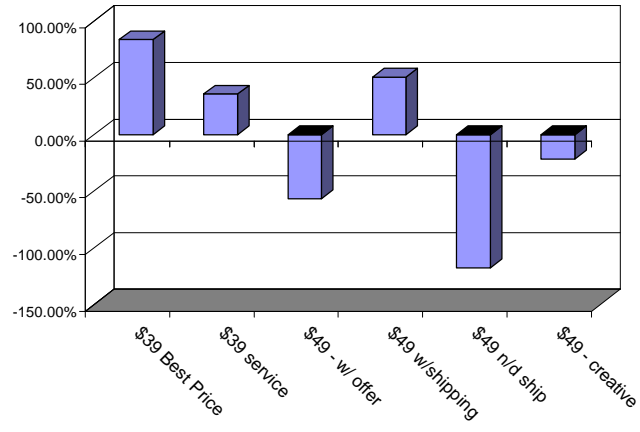
Traditional Mail Test Matrix Analysis

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 pieces sent in test	10,000	10,000	10,000	10,000	10,000	10,000
Number of responses	218	167	123	187	123	145
Rate of response (pull)	2.180%	1.670%	1.230%	1.870%	1.230%	1.450%
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	\$6.00	\$6.00
Adjusted price of product	\$45.00	\$45.00	\$55.00	\$49.00	\$49.00	\$55.00
Variable costs:						
Unit Direct Mail Cost	\$0.65	\$0.56	\$0.63	\$0.68	\$0.63	\$0.70
Cost of product (per unit)	3.00	3.00	3.00	3.00	3.00	3.00
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 (for entire campaign):						
Creative costs	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Other fixed costs	480	480	480	480	480	480
Total fixed costs	\$12,480	\$12,480	\$12,480	\$12,480	\$12,480	\$12,480
Variable cost per unit of filling order	\$7.75	\$7.78	\$7.80	\$7.79	\$11.80	\$7.80
Contribution margin per order	\$37.25	\$37.22	\$47.20	\$41.21	\$37.20	\$47.20
Number of orders to break-even	335	335	264	303	335	264
Projected Results of Rollout						
Total number of pieces to be sent	1,112,122	1,112,122	1,112,122	1,112,122	1,112,122	1,112,122
Projected response rate	2.180%	1.670%	1.230%	1.870%	1.230%	1.450%
Projected number of orders	24,244	18,572	13,679	20,797	13,679	16,126
Projected Revenue	\$1,090,992	\$835,760	\$752,351	\$1,019,037	\$670,276	\$886,917
Contribution margin	\$903,099	\$691,201	\$645,637	\$857,107	\$508,846	\$761,164
Projected Net Income	\$167,739	\$55,932	(\$67,480)	\$88,384	(\$204,271)	(\$29,801)
Projected ROI of Rollout	83.71%	35.62%	-56.61%	50.68%	-117.46%	-21.56%
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 Rollout



Projected Net Income

