

CALCULATING A SIMPLE ROI FOR A DIRECT MAIL CAMPAIGN

ROI measures the performance of your investment. It is the percentage of the investment that is recovered by the revenue that flows from it.

At 100% ROA, you break even.

1. **Net Profit =** \$ _____ - \$ _____ - \$ _____

Revenue/Sales Campaign Expenses Cost of Goods Sold

(cost of printing, mailing, postage)

2. **ROI =** \$ _____ ÷ \$ _____ (Multiply by 100 to display
 Net Profit Campaign Expenses as a percentage)

- ✓ ROI can be calculated for single sale as well as life of customer relationship
- ✓ Promoting a low margin service or product will always give you a poor ROI

CALCULATING A BREAK-EVEN NUMBER OF SALES

This is the number of sales you need at your average profit to break even.

1. **Calculate Average Profit per Sale =** $\frac{\text{Net Profit}}{\text{Number of Sales}}$

2. **Calculate Break Even =** $\frac{\text{Campaign Expenses}}{\text{Average Profit per Sale}}$