Complete Media
MARKETING • ADVERTISING: **FULL CIRCLE**

Tracking Return on Investment in Your Marketing

When assessing the effectiveness of any marketing campaign, you will need to consider the concept of return on investment. **Return on investment** (ROI) refers to the measurement of how much benefit (or return) you get from the marketing actions you take. A high return on investment means that you received more back than what you invested. This is the most desirable outcome.

No matter if you've never really thought about return on investment so far, you can start today, right now, and figure out how your marketing campaigns are performing. There are just three variables you will need to know when trying to determine your ROI for any given campaign or action.

You'll need to know:

- The cost of the marketing effort
- The number of visitors or results brought in due to the marketing effort
- The number of conversions made in that campaign

With just these three pieces of information, you can easily determine your ROI simply by dividing the value of your conversions by the costs of the marketing efforts.

The math on this is as follows:
Return on investment =
(Gross Profit – Marketing Investment) / (Marketing Investment) x 100

In English, that's the value of Gross Profit minus Marketing Investment Divided by the Cost of the Marketing Investment multiplied by 100.

So if you made $2000, but spent $1000, your ROI is: **$2000-$1000/$1000 = 1 x 100 = 100%**

This would be a type of campaign you'd consider running again.

If, on the other hand, your numbers showed that you made $500, but spent $1000, your ROI would be: **($500-$1000)/$1000 = .5 x 100 = 50%**

This would NOT be a campaign you'd consider running again- because you are losing money.

P 605.360.2259
E info@completemediainc.com
W completemediainc.com
927 East 8th Street, Sioux Falls, South Dakota 57103

It’s important to recognize that not all conversions may be immediately monetary. For example, you sometimes will calculate conversions by action taken, such as someone signing up to your newsletter, even if no money was made from that action. But you can calculate your cost of acquisition by determining the cost of getting that person to sign up.

If you spend $100 and get 100 new subscribers, your cost of acquisition is $1 per person. If each person goes on to spend $100 dollars with you in the future, you can see that you’re spending $1 to make $100. That would be worth continuing.

While this is math, it’s not too difficult- and just because it’s math isn’t the reason to avoid determining these calculations in your business. Knowing your numbers in this way can mean the difference between working really hard, and never being sure if you’re being successful, and working hard, but knowing you are.

In order to know if your marketing efforts are worth continuing, you need to know how they are returning for you. You can select just a few key metrics to keep track of, but be sure to track these regularly.

Understand what represents progress and success in your business, so you know if what you’re doing is actually working. When you find something that works, then invest more time and energy in improving it for better results. Finally, and most importantly, share this data with frontline and key employees. If they are aware and even given the opportunity to have skin in the game, the value of tracking and accountability becomes all the more crucial in the continuing success of your business.

Source: Rachna Jain