

BUDGET YOUR DIRECT MAIL CAMPAIGN

I. Evaluate your total budget by segmenting the campaign into its necessary components.

Total budget assigned to project: \$ _____

- a. Creative development (art/copy) \$ _____
- b. Production/Printing \$ _____
- c. Mail production \$ _____
- d. Mailing list rental \$ _____
- e. Postage \$ _____
- f. Order fulfillment \$ _____
- g. Total estimated direct mail campaign costs (add I.a. through I.f.) \$ _____

Adjust your numbers realistically to meet your assigned budget

I. Evaluate the minimum quantity to mail to reach the break even:

- a. Total cost assigned to campaign \$ _____
- b. Net profit per sale (%) _____
- c. Average order per sale \$ _____
- d. Minimum quantity of orders needed (divide II.a. by (II.b. x II.c.)): _____
- e. Anticipated response rate from your mailing (% according to forecasts): _____
- f. Minimum quantity of pieces to be mailed (divide II.e. by II.f.): _____

II. Evaluate your budget in relation to the anticipated cost per response.

- a. Quantity of pieces to be mailed (in 1,000) (if different than II.f) _____
- b. Cost per thousand packages (I.g x 1,000) divided by II.f.) \$ _____
- c. Budget required (multiply III.a. by III.b.) \$ _____

Note: This quick tool is to help in your direct mail campaign budget calculation. Numbers need to be refined to each campaign to obtain exact figures. You can work with this tool going I., II., III.; or II., III., I.; or III., I., II. Repeat the process around till your numbers work out.