

Name _____
Marketing
Price Unit

ROI Worksheet

Learning Target: *I can calculate return on investment (ROI).*

The first pricing goal of earning a profit is tracked with Return on Investment (ROI). Return on Investment (ROI) is the financial calculation that is used to determine if a product is profitable or in other words making money for the company. Investment is the cost of making, buying, and marketing the product.

ROI Example

Rate of Return = Profit/Investment

Example:

Sales price for watches = \$9/watch



Investment for watches

(cost to make & market watch) = \$7.50/watch

Profit = \$9 - \$7.50 = \$1.50/watch

Rate of Return = (\$9 - \$7.50) / \$7.50 = 20%

Practice

1. Two young entrepreneurs, Pete and Joey, open a lemonade stand in front of their house. It costs them 25 cents to make one glass of lemonade. They sell the lemonade for 35 cents a glass. What is their ROI?
2. Allie started her own business stitching sports figures on sweatshirts to sell at craft shows. It costs her \$9.00 for the sweatshirt, \$3.50 for the canvas, and \$1.50 for the special thread. If she sells the shirts for \$30.00, what is the ROI on each shirt?

Practice on Your Own

1. The STMA School Store wants to sell blue and yellow bandanas. The price for the bandanas will be \$10/bandana. The cost to purchase the custom made bandanas and stock in the school store is \$2/bandana. What is the ROI on each bandana? (Show your work)
2. The STMA Concession Stand wants to sell Pop Rocks candy. The cost to purchase the Pop Rocks candy and market it at the home games is \$40/case of Pop Rocks. For each case of Pop Rocks the concession stand sells, \$100 is earned in profits. What is the ROI on each case of Pop Rocks? (Show your work)
3. The STMA National Honor Society is going to sell STMA Monopoly Games as a fundraiser. The custom made games will cost them \$25/game. The games are expected to sell for \$45/game. What is the ROI on each monopoly game? (Show your work)