

# Establishing Objectives and Budgeting for the Promotional Program

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## Value of Objectives

Objectives

Focus & Coordination

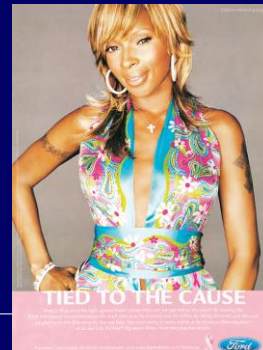
Plans & Decisions

Measurement & Control

## Characteristics of Objectives



## Advertising Can Shape Corporate Images



## Marketing Versus Communications Objectives

### Marketing Objectives

- Generally stated in the firm's marketing plan
- Achieved through the overall marketing plan
- Quantifiable, such as sales, market share, ROI
- To be accomplished in a given period of time
- Must be realistic and attainable to be effective

**Vs.**

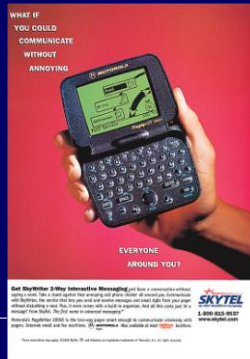
### Communications Objectives

- Derived from the overall marketing plan
- More narrow than marketing objectives
- Based on particular communications tasks
- Designed to deliver appropriate messages
- Focused on a specific target audience

## Many Different Factors Affect Sales



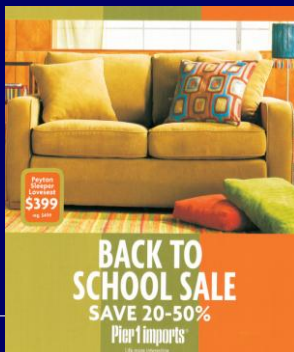
## Direct Response Ads Seek Sales



## Some Communications Use Nontraditional Methods



## Sales As Advertising Objectives



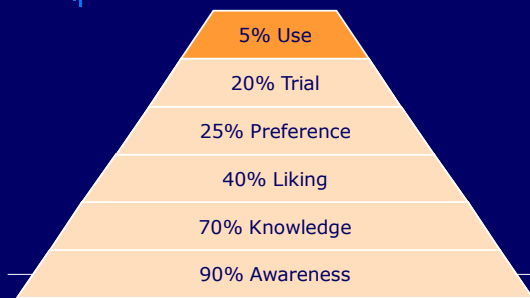
## Advertising and Movement Toward Action

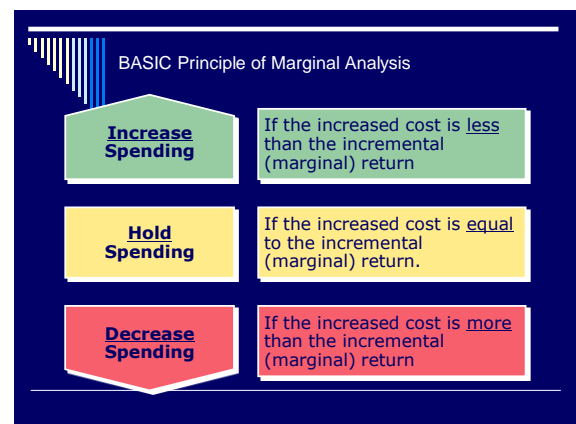
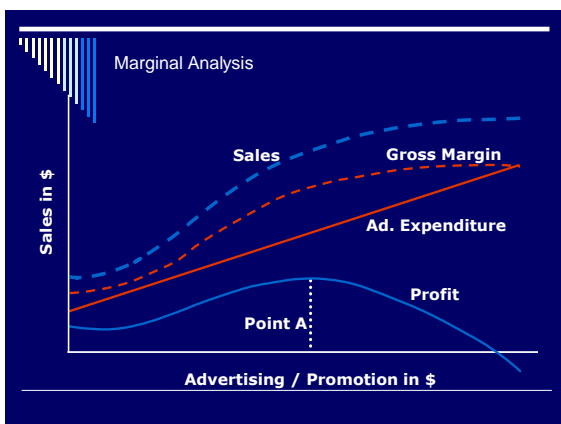
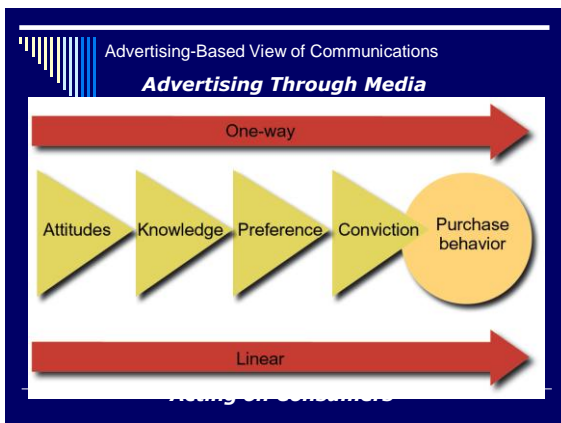
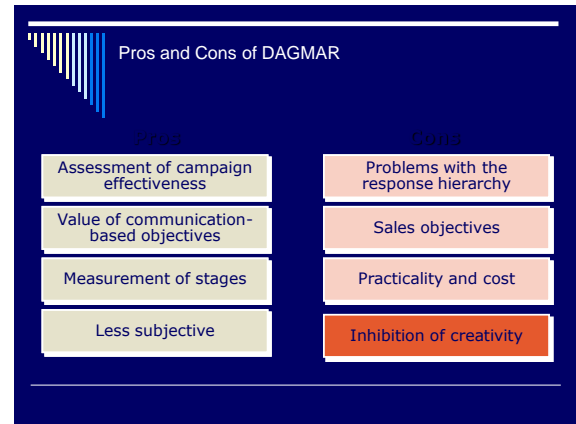
<b>Conative</b> Realm of motives. Ads stimulate or direct desires.	<b>Purchase</b>	Point of purchase Retail store ads, Deals "Last-chance" offers Price appeals, Testimonials
	<b>Conviction</b>	
<b>Affective</b> Realm of emotions. Ads change attitudes and feelings	<b>Preference</b>	Competitive ads Argumentative copy
	<b>Liking</b>	"Image" copy Status, glamour appeals
<b>Cognitive</b> Realm of thoughts. Ads provide information and facts.	<b>Knowledge</b>	Announcements Descriptive copy Classified ads Slogans, jingles, skywriting
	<b>Awareness</b>	Teaser campaigns

## Image Ads Can Have a Strong Effect on Preference



## Pyramid of Communications Effects





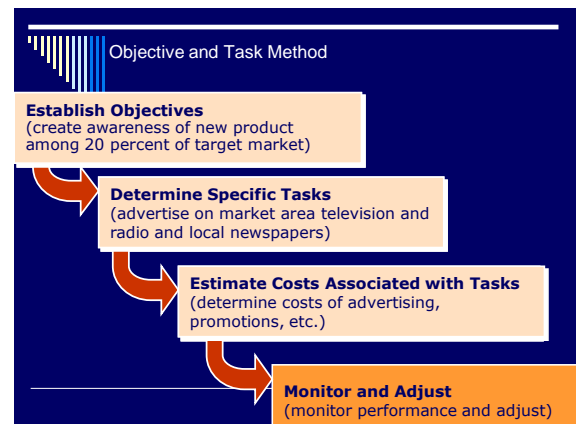
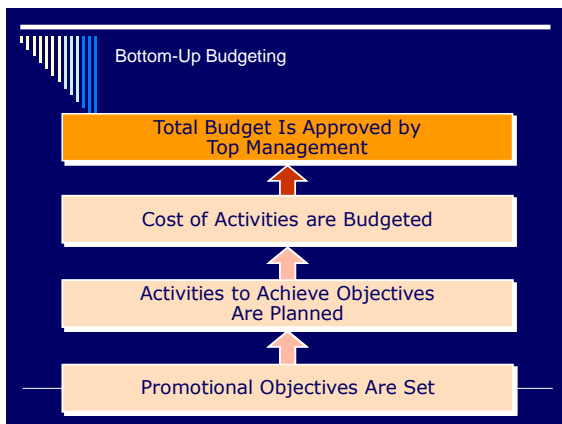
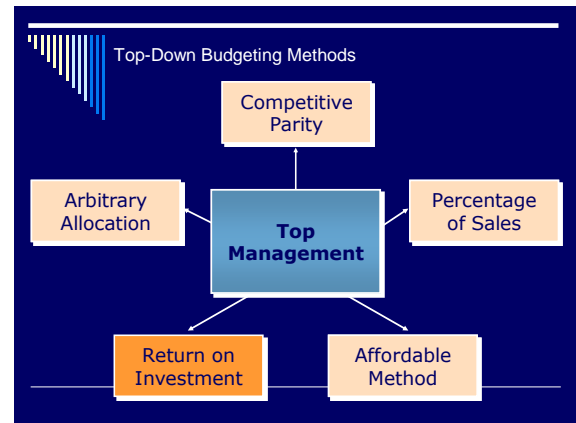
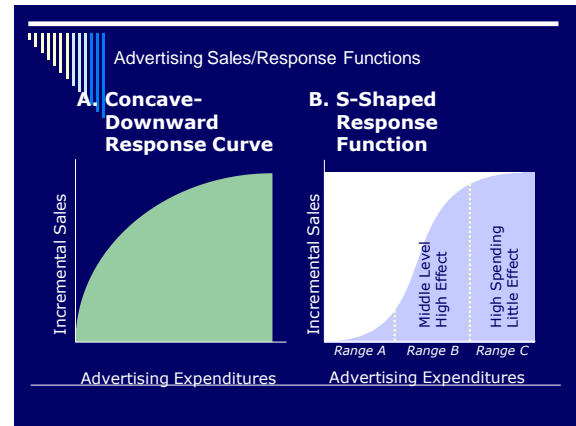
### Assumptions for Marginal Analysis

Sales are the result of advertising and promotion, and nothing else

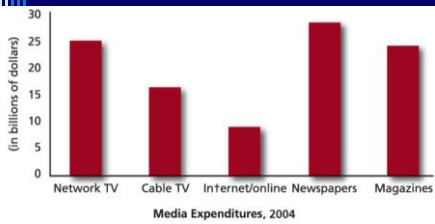
Sales are the principal objective of advertising and promotion



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## Media Expenditures



- Media Expenditures, 2004**
- \$141 billion on all forms of advertising (2004)
  - Network TV (18%) \$25 billion
  - Cable TV (12%) \$17 billion
  - Internet/online (6%) \$9 billion
  - Newspapers (20%) \$28 billion
  - Magazines (17%) \$24 billion

Source: TNS Media Intelligence, New York Times, May 2005.

## Are There Economies of Scale?

~~Proposition I~~

~~Larger firms can support their brands with lower relative advertising costs than smaller firms.~~

~~No evidence to support this!~~

~~Proposition II~~

~~The leading brand in a product group enjoys lower advertising costs per sales dollar than do other brands.~~

~~No evidence to support this!~~

~~Proposition III~~

~~There is a static relationship between advertising costs per dollar of sales and the size of the advertiser.~~

~~No evidence to support this!~~

## Ad Spending and Share of Voice

