Setting an Advertising and Marketing Budget by Harry Tan

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Advertising requires a huge investment. How much money an organization is willing to spend to promote their campaigns will also affect how they will be able to achieve their advertising objectives. Here are some of the methods or approaches to setting an advertising budget:

1. Percentage of Sales

This method or approach is based on a percentage of previous sales or a percentage of predicted sales. This works best for companies with a stable and predictable sales pattern. But this approach tends to assume that the sales are directly related to advertising â€“ which is not the case. There are a lot of other elements and factors that will also affect the sales. And this will also mean that your advertising budget may not be appropriate to the amount of sales promotion your business needs.

2. Based on Tasks

This approach relates the expenses to the specific Marketing and Advertising activities that make up Advertising Campaigns. It involves listing down who it is that the ad needs to reach, how often should the business advertise, what medium is more effective in reaching the target audience, and how much will it cost. The method is about creating a budget that will allow the business to meet their particular objectives.

3. What is Affordable

Most small companies use this approach wherein they only spend what they can to avail of an Effective Advertising. Itâ€™s understandable that such small companies may not have a lot of profits to sacrifice in order to advertise. But since there is no attempt to match goals with advertising, a large amount of money could be wasted. It is when market is especially bad or sales are low, that is the time to invest greatly on promoting your products and services.

4. Best Guess

A lot of companies who are new to Advertising and Marketing may lack the knowledge on how much is needed to invest in advertising in order to achieve their goals and objectives. What happens most of the time is that marketers would tend to rely on their best guess or judgment on what their advertising budget should be. There are also instances wherein marketers would follow a competitorâ€™s budget. Doing so will only prevent the business to have that competitive advantage in increasing their sales.

Some methods and approaches may be easier for some companies but that does not mean it will be effective. Also, budgets that work for others does not mean that it will work for you. It is important to strategize and analyze which approach matches your goals and objectives. Out of Home Media Owners like SMRT Media have different rates that will be able to suit any budget for Advertising Campaigns make possible.

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