

Unit 06: The Advertising Budget

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Table of Contents

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1. Unit 06: The Advertising Budget

4. Chapter: Unit 06: The Advertising Budget

1. Unit 06: The Advertising Budget Questions

4.1.1. As an online retailer, you are evaluating various online advertisin...

Author: Melinda Salzer

As an online retailer, you are evaluating various online advertising methods. What factors should you take into consideration before you make your campaign choices?

Please choose only one answer:

- The ability to measure ROI throughout the campaign
- The total number of click-throughs
- The total cost of each campaign
- Conversion rates
- All of the above

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Question: [As an online retailer you are evaluating Melinda Salzer @Berkeley](#)

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4.1.2. At the beginning of a company's fiscal year, management will determ...

Author: Melinda Salzer

At the beginning of a company's fiscal year, management will determine the total amount of dollars to be spent on advertising and promotional activities for the coming year. What is the name of this budgeting method?

Please choose only one answer:

- Industry averages
- Bottom-up techniques
- Top-down budgeting
- Objective-task method
- Product Life-cycle method

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Question: [At the beginning of a company's fiscal Melinda Salzer @Berkeley Advertising](#)

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4.1.3. Attribution for the quote "I know that half of my advertising budge..."

Author: Melinda Salzer

Attribution for the quote "I know that half of my advertising budget is wasted, but I'm not sure which half" has been given to Lord Leverhulme. A similar quote has been attributed to Henry Ford. What does this quote mean?

Please choose only one answer:

- Companies should be sure of the results they will achieve from their advertising efforts before they begin a campaign.
- Advertising generally does not have as great an impact on sales as is assumed.
- It is difficult to measure advertising's impact on sales, because it is only a part of what impacts sales results.
- Because all companies in a particular industry use the same methods for determining budgets, advertising efforts are generally ineffective.
- None of the above

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4.1.4. During the economic challenges that began in 2008, the first thing ...

Author: Melinda Salzer

During the economic challenges that began in 2008, the first thing many companies did was to slash their advertising and marketing budgets in an effort to save money. In general, should companies adopt this philosophy during a recession?

Please choose only one answer:

- Yes, it is essential for companies to conserve their financial resources.
- Yes, you should monitor your dollars regardless of the ways in which your customers are responding to the changes in the economy.
- Yes, you should make drastic changes, because it will coincide with the drastic market situation.
- No. You should not make drastic changes. You should evaluate how your customers are responding and perhaps even consider increasing your budget.
- Yes, you should also lower your company's value proposition based on economic conditions.

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4.1.5. In what way does the ROI approach to budgeting view advertising eff...

Author: Melinda Salzer

In what way does the ROI approach to budgeting view advertising efforts?

Please choose only one answer:

- As a sunk cost in conducting business
- As a necessary factor because of competitive activities
- As an investment, not a cost
- As a cost that is not expected to produce positive results
- All of the above

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4.1.6. In your course textbook (Launch! Chapter 7), there are several vide...

Author: Melinda Salzer

In your course textbook (Launch! Chapter 7), there are several videos featuring Catherine Captain, VP of Marketing for MSNBC.com. In the videos, she discusses the company's marketing budget and the importance of reaching the right audience in the most effective way. As a company that is just beginning its marketing efforts and for any company that is starting up an advertising campaign for the first time, what does Ms. Captain feel is the most important aspect of budget planning?

Please choose only one answer:

- Setting your budget to match the competition
- Getting your budget methods and levels right the first time because you are setting the standard for future advertising efforts
- Creating as large a budget as possible
- Starting with the smallest budget possible even if it will not make the impact you desire
- None of the above

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4.1.7. Market conditions have changed since your advertising campaign was ...

Author: Melinda Salzer

Market conditions have changed since your advertising campaign was implemented. What should you do?

Please choose only one answer:

- Stay the course. Conditions can revert back to their original state.
- Completely alter your plan to be consistent with current conditions.
- Research the actions of your competitors and take the same approach.
- Be flexible. Make changes only where they are needed.
- Use only short-term budgeting plans at all times.

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Question: [Market conditions have changed since your Melinda Salzer @Berkeley](#)

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4.1.8. Measuring ROI on word-of-mouth advertising is challenging. How can ...

Author: Melinda Salzer

Measuring ROI on word-of-mouth advertising is challenging. How can advertisers determine whether their dollars spent in generating this type of exposure is effective?

Please choose only one answer:

- There are no effective ways of measuring word-of-mouth.
- Advertisers can use the Nielsen's Buzz Metrics, which uses Internet tools to follow and measure the effectiveness of word-of-mouth.
- Word-of-mouth has not proven to be an effective method of generating awareness, so there is no need to attempt measurement.
- Advertisers can use the services of TRA, which combines the results from cable boxes with consumer purchase information.
- Advertisers can use the services of Integrated Media measurement, which uses information gathered via cell phones.

Check the answer of this question online at QuizOver.com:

Question: [Measuring ROI on word-of-mouth advertising Melinda Salzer @Berkeley](#)

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4.1.9. Once an advertising budget is established, what is the next step in...

Author: Melinda Salzer

Once an advertising budget is established, what is the next step in the process?

Please choose only one answer:

- Use the media plan from the previous year.
- Buy all of your promotional advertising media before any other types of markets.
- Determine how the advertising dollars will be allocated.
- Buy media that is different than your competition in order to gain an advantage.
- Use only one method to determine how you will spend your advertising dollars.

Check the answer of this question online at QuizOver.com:

Question: [Once an advertising budget is established Melinda Salzer @Berkeley](#)

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4.1.10. The advertising campaign for your company's line of athletic shoes ...

Author: Melinda Salzer

The advertising campaign for your company's line of athletic shoes has resulted in a 10% increase in profits compared to profits a year ago. What actions should be taken for this year's campaign budget?

Please choose only one answer:

- You should make no changes, because your efforts produced a profit.
- You should increase your advertising budget by the percentage amount of desired increased profits.
- You should increase your budget for television advertising, because this is the most effective method of mass marketing.
- You should conduct research to determine which of your advertising media channels have been effective and which have been ineffective before allocating your new budget .
- You should increase your Internet advertising, because this is the most effective way to use emerging technology.

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Question: [The advertising campaign for your company Melinda Salzer @Berkeley](#)

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4.1.11. What is a disadvantage of using the percentage-of-sales method for ...

Author: Melinda Salzer

What is a disadvantage of using the percentage-of-sales method for determining an advertising budget?

Please choose only one answer:

- There are no disadvantages. It is an excellent method of budgeting.
- The competition is likely using this approach.
- It is calculated in the same manner as the Residual approach.
- It assumes that sales are directly related to advertising.
- All of the above

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4.1.12. What is the difference between the ways in which marketers view adv...

Author: Melinda Salzer

What is the difference between the ways in which marketers view advertising campaigns compared to the ways in which top management views advertising efforts?

Please choose only one answer:

- Both marketers and top management view advertising efforts in the same way.
- Marketers are focused on the financial outcome of their advertising efforts, while top management desires brand and name recognition.
- Marketers are interested in brand recognition, while top management desires financial results to support the allocation of advertising dollars.
- Marketers want to achieve maximum results at any cost, while top management does not.
- None of the above

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Question: [What is the difference between the ways Melinda Salzer @Berkeley](#)

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4.1.13. What is the key factor in using ROI effectively?

Author: Melinda Salzer

What is the key factor in using ROI effectively?

Please choose only one answer:

- Visibility
- Understanding revenue vs. profit
- Channel effectiveness
- Taking a long-term perspective
- All of the above

Check the answer of this question online at QuizOver.com:

Question: [What is the key factor in using ROI Melinda Salzer @Berkeley College](#)

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4.1.14. What method of budgeting is generally considered to be the poorest ...

Author: Melinda Salzer

What method of budgeting is generally considered to be the poorest way of determining advertising expenditures?

Please choose only one answer:

- The residual approach because no attempt is made to connect advertising dollars with marketing goals
- Setting levels based on the competition's advertising budget because your company will not be able to achieve a competitive advantage
- Fixed percentage of sales because this method is inflexible
- The task method because budgeting by setting objectives is ineffective
- None of the above; all methods are equally good for determining an advertising budget.

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Question: [What method of budgeting is generally Melinda Salzer @Berkeley Advertising](#)

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4.1.15. Which of the following aspects in the breakdown of how advertising ...

Author: Melinda Salzer

Which of the following aspects in the breakdown of how advertising dollars should be allocated is likely to be the first area evaluated for a small east coast ice cream shop?

Please choose only one answer:

- The total budget
- Calendar periods
- Percentage of sales
- Past media placement
- None of the above

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Question: [Which of the following aspects in the Melinda Salzer @Berkeley Advertising](#)

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4.1.16. Which of the following factors should be considered when determinin...

Author: Melinda Salzer

Which of the following factors should be considered when determining the timing of an advertising and promotional campaign?

Please choose only one answer:

- Media costs at different times of the year
- The cost of producing the advertising
- Seasonality of products
- Advertising objectives
- All of the above

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4.1.17. You are launching a new retail chain of family restaurants. You wil...

Author: Melinda Salzer

You are launching a new retail chain of family restaurants. You will be in direct competition with Applebee's, Friday's, and Chili's. Your goal is to achieve a 10% market share within your first year. Based on the Share-of-Market/Share-of-Voice method of advertising budgeting, what percentage of advertising dollars spent within your industry should you expect to spend?

Please choose only one answer:

- Your advertising expenditures should reflect your nearest competitors no matter what percentage their advertising budget represents.
- Your advertising dollars should represent 15% of total industry advertising expenditures, because new companies should expect to spend 1.5 times their desired market share.
- Your budget should represent 10% of industry spending, because this is the desired market share.
- Your spending should be double your desired market share and represent 20% of industry advertising expenditures.
- None of the above

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Question: [You are launching a new retail chain of Melinda Salzer @Berkeley](#)

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4.1.18. You are the head of the media buying department in a large advertis...

Author: Melinda Salzer

You are the head of the media buying department in a large advertising agency. Your client, Pepsi-Cola, is planning an aggressive advertising campaign to launch its new diet product. The company has asked you to monitor and measure the campaign to determine how it impacts sales of the new product. What is your response?

Please choose only one answer:

- You tell your client that it is impossible to determine the relationship between the company's new advertising campaign and sales.
- You will use the Nielsen Television Ratings system, because this is the only reliable method of monitoring the campaign's influence on sales.
- You will use Nielsen's measurement of out-of-home viewing, because this is the only way to keep up with current viewing trends.
- You will use the method that monitors cell phones to determine what people are viewing.
- You will use a variety of methods to measure viewing, because no one method can cover all aspects of how consumers get their information.

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4.1.19. Your marketing department is determining the objectives for your ne...

Author: Melinda Salzer

Your marketing department is determining the objectives for your next advertising campaign. Several strategies have been discussed. As the head of the department, it is ultimately up to you to make the final decision. Research has shown which of the following objectives to be the most effective?

Please choose only one answer:

- Generate consumer awareness.
- Improve brand image.
- Meet competitive market share.
- Increase profits.
- All of the above

Check the answer of this question online at QuizOver.com:

Question: [Your marketing department is determining Melinda Salzer @Berkeley](#)

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4.1.20. Your telecommunications company has been using the percentage-of-sa...

Author: Melinda Salzer

Your telecommunications company has been using the percentage-of-sales method to determine your yearly advertising budget. Your company ranks #2 among the major players in the market. Your major competitor, which is the #3 ranked company in the marketplace, has just significantly increased its advertising budget. What changes, if any, should your company make regarding the method you use for determining ad spending?

Please choose only one answer:

- No change is necessary. Your position in the market is solid.
- You should switch to the ad-to-sales ratio method, because your company is strong and established.
- You should use the bottom-up method of budgeting and identify your promotional goals.
- You should adjust your budget to use the industry averages method in order to keep up your competition in the marketplace.
- You should use the percentage of sales method to maintain your market position.

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