



## **[Glossary]**

### **Advertising Budget**

<b>Subject:</b>	Business Economics
<b>Course:</b>	B. A. (Hons.), 6 <sup>th</sup> Semester, Undergraduate
<b>Paper No. &amp; Title:</b>	Paper – 621 Advertising & Brand Management
<b>Unit No. &amp; Title:</b>	Unit – 1 Foundations of Advertising
<b>Lecture No. &amp; Title:</b>	Lecture – 5 Advertising Budget

## **Glossary**

**Percentage of Sales Method:** Under this method, the amount to be appropriated to advertising is arrived at by multiplying the value of past year's sales or the projected sales for the budget period with a pre-determined percentage.

**Competitive Parity Method:** This method envisages determination of advertising appropriation in such a way that a company maintains parity with its competitors' advertising outlays.

**Objective and Task Method:** Objective and Task Method for framing the advertising budget is considered to be the most desirable and realistic method.

**Return on Investment Method:** In this method money spent on advertisement is considered as an investment and not expenditure. It is an investment in the sense that a certain return in terms of profit is expected under this method.

**Judgement Method:** Judgement method of framing an advertising budget is based upon the judgement of experienced managers of the company. This method is also referred as the arbitrary method" because it is based on the arbitrary thinking of some experienced managers only, this not based on any scientific lines.