

**Objectives:**

- Describe how to determine promotional costs for a start-up business
- Describe approaches to implementing your promotion strategy
- Discuss options for short-term changes in your promotion strategy
- Name considerations for updating the promotion strategy



**Definitions:**

Industry Average – % of sales your industry uses for promotional expenses

Cooperative Advertising – arrangement to divide advertising costs between 2 or more parties

Advertising Agency – company that acts as an intermediary between a business and the media to communicate a message to the target market

Consumer Pretest – panel of consumers evaluate an ad before it runs

**Short answer:**

1. What are 2 advantages and the major disadvantage of hiring an advertising agency?

They handle all phases of your advertising

Write the copy, create the artwork, choose the media, produce the ad or commercial

Disadvantage is the cost – typically a 15% fee for placing the ads

2. What 7 factors should be evaluated after an ad has run?

1. Market - Did ad succeed in reach the target market?

2. Source – was it effective?

3. Motives – what motivated the customer to buy?

4. Messages – how appropriate was the message?

5. Media – did the selected media reach the target market?

6. Results – how well did the ad accomplish its objectives?

7. Budget – Was the budget acceptable?

3. How often should you review your promotion strategy?

Quarterly or semiannually