Task Objective Method...A Better Budgeting Tactic

Purpose:
1. To determine the amount and type of advertising needed to accomplish sales goals within budget parameters.
2. By inter-media comparison track sales generated by past advertising after converting various media to a common denominator. (Most media have different measurements, it is our task to convert them to a like basis for comparison purposes.)

{The process places a value on the actual audience that purchased the marketers product. The evaluation determines future goals needed to accomplish sales, which in turn allows for more rigid guidelines for negotiating the price of media. The Task-Obective system utilized by Mega Media allows for a more rational approach to managing media efficiency, which in turn helps to exceed sales objectives.}

GOALS ARE TO:
- ❑ Measure a dollar return on investment.
- ❑ Measure the value of an advertising impression {Revenue versus Sales}
- ❑ Determine audience goals within budget parameters. Necessary GRP's and Impressions
- ❑ Negotiate more efficient rates, which yield a goal of higher return on investment.
- ❑ Realize through post-analysis if media objectives reach sales goals.
- ❑ Secure make up weight when necessary to compensate for underdelivery
- ❑ Build a media model to convert all media to impressions delivered to look at an actual value per impression.

For example, let's say our monthly TV objective is to reach a target audience of adults 25-54, this segment represents 400,000 adults. Since a rating point accounts for 1% of the population, each rating point delivers 4,000 adult 25-54 impressions.

To look at this example simply lets sale that last year's sales were $250,000 on a budget of $10,000 (4%). The schedule achieved 400 Gross Rating Points or 1,600,000 Impressions, {total audience, including duplication}. Using this example each impression was worth 16¢ in actual sales. Based on sales each rating point achieved $625 in sales. {$250,000 ÷ 400 GRP's = $625} or each dollar invested achieved sales of $25. {$250,000 ÷ $10,000 budget = $25}.

Our goal for the upcoming year is to increase sales 20% to $300,000. To do this we project a marginal budget increase and a subsequent rating point improvement. We also assume that an impression value will remain consistent with last year but are proactive and plan for a diminishing rate of return at a certain point and assume that a projected impression value will be worth 15¢. With this in mind, our goal is to reach 1,986,000 adults 25-54. For the TV schedule to achieve this type of audience level we determine that we need to achieve 492 Gross Rating Points converted to 1,968,000 impressions. To make our budget more efficient the budget as increased 15% to $11,500. If impression values are consistent with last year the following results would be achieved:
(This process helps to improve the process for negotiating media and leveraging stations against one another)

	Last Year	**This Year**
Sales	$250,000	$300,000
Budget	$10,000 (4%)	$11,500/(4%)
Gross Rating Points	400	492...{+23% Improvement}
Impression/Value	1,600,000/16¢	1,968,000/15¢-factored rate
Cost Per Rating Point	$25.00	$23.37
Yield on Investment	$25.00	$26.09
Increase from Last Year's Budget	-	$1,500
Bottom Line Increase	-	**$50,000**

By setting goals, advertising efficiency can be measured and lower rates secure, resulting in bottom-line increases in sales, again allowing for a more rational model for media management.