Pathology of Budgeting In Management of Commercial Media Advertisements in Iran

Zainab Sadat Mirhadi,
PhD student of media management in Azad Islamic University, sciences and research unit
Ali Akbar Farhangi, *Ph.D.*
Director of media management group of Azad Islamic University, sciences and research unit

ABSTRACT ─ Advertisement is one of the main communicative tools in business that has made a tight connection with media economy. Today companies face limitation of budget and time in a competitive environment and in case huge ads costs are not spent in a right time and condition, they would certainly waste the main resources, cause loss and finally bankruptcy of the media and ads organizations. Pathology and examination of the main budgeting problems can prevent the loss of capitals and be effective. Thus, in this study we examined the pathology of budgeting in the management of commercial media ads in Iran. The method chosen for this study is the grounded or basic theory. In this way the researcher first doesn't have any hypothesis and thus the study begins with a main question:' what is the main problem of budgeting of commercial ads in Iran and how can it be obviated?' after interviewing 15 samples that were theoretically among the experts of ads domain that included the professors, managers of big advertisements companies and managers of general relations in organizations, and after extraction of 89 codes, 19 of which were main and the rest were repeated, we reached theoretical saturation and based on the findings reached a conclusion and made some suggestions. We hope this could bring about the progress of organizations and promote the quality of ads and effectiveness of them in the society.

KEY WORDS: budgeting, advertisements (ads), ads management, media organization, budgeting of advertisements

Introduction

Planning of ads and media management have not always been a complex phenomenon as today and in fact during the last three decades have undergone huge changes (hasangholipor, 2010,p193). Experts increasingly look at medium as a strategic subject. The reasons are multiple issues like complexity of medium environment, increase of strategic units of communications and planning in media's agencies and independent strategy and high volume of investment in media. The costs of ads also have dedicated the main part of the media organization's budget to itself. In recent years that our country has moved to industry, ads also have grown in various media noticeably. Right ads can naturally cause growth of many aspects and not respecting the main principles of advertising can cause serious damage firstly to the industry and finally the market. In the competitive environment, we face limitations of budget and time, and if ads costs are not spent in right time and condition they can waste the resources, cause loss and finally the bankruptcy of the media organization. Pathology and studying main problems of budgeting can prevent from waste of time, energy and capital and cause more productivity. This study is for examining the pathology of budgeting of commercial ads and seeks a solution for obviating this problem. Correct estimation of ads budget can help consistency between the costs and the results. In providing the ads budget, the experiences and facilities of goods owners is very important. The goods owners are themselves aware of the market and ways of all the marginal issues of it (rusta, 2011, p351). For each brand, there is a saturation point in any market for the advertising costs and before reaching the point, increase in the budget is effective. When the market is saturated for a service or product, regardless of the costs in advertising, it won't cause more sales to justify the spent costs. Thus, the best ad budgeting is the time of saturation point and beyond that even 1 dollar investment for more ads will be useless. Companies that follow this method will finally optimize their profits, since they invest for ads only up to the point that they are capable of compensating the gained income. Doing an advertising program needs spending money. Thus, advertising is one of the chapters of financial costs and regarding that has no difference with other costs of the company. (rusta,2011,p354). The costs of ads are among the items that are noticed when reducing costs in many companies like Procter and Gamble and General Motors. However, reduction of ads costs is no guarantee for increase of profits. Without them, the company might lose the chance to meet the customers. For preventing such problems, companies should have applicable strategies for effective decisions in advertising domain. (kung and chung, 2010). Different categorizations have been offered so far for the methods of allocating budget and its ways, but no research about the problems of commercial companies and Iranian media organization have been done so far. This study will help that the media owners, general relations and commercial companies get aware to the problems of ads budgeting and solutions of it. The definition of advertisement in this article is presenting non-personal info that

is paid for and is often done for the persuasion of buying goods or an idea from certain people or by the various media. (taflinger,1996).

Methods of research

Methods of research: this study was done with grounded or basic data theory. In this type of study, the combination of data is by conceptual frames that are made in the recurrent coming and going between the data and analysis, meaning the systematic collection of data. Statistical society: this was composed of all the experts of advertisements and professor of university in the field of marketing and advertising and also the general relations in big organizations. Sampling method: we started by simple sampling and continued with theoretical sampling. In theoretical sampling the selection of data (not only persons but also the next required data) are recognized regarding the analysis of the previous gathered data analysis. By passage of time the depth and focus of the sampling increases. Since at early stages mostly the discovery of new concepts and then enriching these issues are concerned. Sampling is ended when we reach theoretical saturation and that is reached when extra data don't help anymore in completion and clearing a theoretical issue, and the samples look similar from that point on. Statistical sample: After interviewing the 15th interviewee, the researcher reached theoretical saturation and stopped the process. Method of gathering data: the main method of gathering data in grounded theory is by interview. The type of it is semi-organized so that besides having needed flexibility by asking open questions for discovery and extraction of truths from the studied issue, we could have an order and consistency in gathering the data. Method of analysis of the data: the data of this study is gathered by interviewing the experts and after open, axial and selective coding, the theme analysis method was used. The data were arranged chronologically based on time or sequence of events in a way that the series of events and even the logic of their chain relation be clear. In analysis of the data that are gained in the grounded theory, we used coding process. Analysis of data in this way was not separate from the gathering and sampling. In each stage, the analysis of the previous data was done which is a way to decide to attend to which input next or search which one. In the process of coding the data were analyzed and conceptualized and finally were put together in a new way. The process of coding was done in three open, axial and selective ways. These are not separate from each other and complete each other in the process of study. However, in a general look we could say that the analyzing process has started from an open coding and ended with selective coding.

Table 1: trend of the gathered codes in the study up to theoretical saturation

	Sum of codes	Sum of new codes
Interview no1	2	2
Interview no2	12	1
Interview no3	9	2
Interview no4	5	1
Interview no5	4	
Interview no6	7	
Interview no7	7	1
Interview no8	9	1
Interview no9	4	
Interview no10	1	
Interview no11	2	
Interview no12	5	
Interview no13	8	
Interview no14	7	
Interview no15	5	

Findings of the study

In the stage of gathering data in this study totally 15 interviews were done by theoretical sampling, in a way that based on the questions of the study and degree of expertness of samples in giving the needed data regarding commercial ads, a list was prepared and the samples were aimfully selected. The criterion of ending collection of data is theoretical saturation. From the 8th interviewee the rate of new codes in the table shows the approach to saturation level well. The approach of the researcher in theoretical selection of the samples has been covering all domains of advertisements (ad companies, general relations, media owners and university professors). Totally, the data of this study includes 9 advertising companies, 7 university professors and 4 general relations which are all the experts of this field. In the below table the information regarding each interview, gathered codes from interviewees and the number of new codes that they have offered are shown.

In the below table it is seen that from the 89 gained codes in the domain of budgeting ads which items were related to the managing company and which to the advertising company. In addition, the number of repetition of the primary codes in total of 15 interviews have been how much. Here are the incorrect function of the ordering companies, lack of market strategy in the ordering company, distrust of customers to advertising companies, dictating the budget by customer to the ad company, not giving the needed data to the ads company, not providing sufficient budget for the company, non-scientific customers, arbitrary ways in budgeting by the customers, not doing scientific work by the ads company and lack of enough budget for proper functioning.
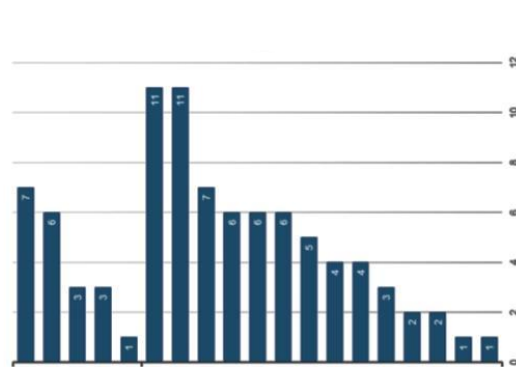

Diagram 1: frequency of extracted codes from the interviews

Discussion and conclusion

Budgeting is an issue that can be very effective in the trend of ads since if all the stages of advertising are done correctly and the path is clear, without enough budget doing the ads would be meaningless.in this research it was found that in Iran budgeting is not by use of scientific ways and based on the goals and messages that we want to give to the audience and the medium that is conveying the message, but instead an arbitrary budget is defined for ads and the advertising unit is obliged to obey. This arbitrary behavior of customer and lack of enough budgets will cause infectivity of the advertising company and the operation of ads and since it is not scientific, it doesn't have acceptable results and thus, dissatisfaction emerges in distrust of the customer which causes them to reduce the budgets even more in next times or provide it reluctantly. However, sometimes it is seen that this budget is increasing and the reason is not satisfaction but allocation because of emulation and showing off financial power, and on the other side of the line, we should not ignore bribery for approving multi-billion budgets for these companies. Most Iranian managers don't follow any certain pattern for allocation of budgets and for assigning budget to advertisements there is no reason. In Iran after the manager assigning the budget without any expert working, the ad people are requested to design the ads based on the allocated budget. This way of advertising certainly won't bring the effectiveness and desired results. In fact after determining the goal of ads we should proceed to determine the budget but as it was said, the general relations and ordering companies since they don't have any awareness of the science of advertising and are also faithless to the advertising companies which are sometimes the media owners as well, they don't have the ability of budgeting and correct allocation of financial resources and the required information. During the interviews that were done with related people, the researcher reached some strategies and suggestions including the examination and control of the financial providing system in media organizations. The media should sell ads at correct times and without the goal of providing budgets. For gaining the maximum results, the organizations in the general relations unit should employ workers who are trained in advertising and related fields or have passed the related courses. The advertising companies by offering an exact program and real numbers should show the customers how they think and are going to act and the customer would obtain which results after the end of a certain period. They should control and evaluate the trend of the job while working and the customer should be informed of the slightest details.

References

1. Bakhtaie, amir and golchinfar, shadi (2008), methods of budgeting advertising activities, monthly of market engineering growth, no2
2. Rusta, ahmad, hamid khodadad and vahab khalili shojaie, (2011), advertising from theory to practice, Tehran:horufie
3. Hasangholipor, morteza anooshe, mojtaba mousavi, ali mohseni, (2010), management of advertisements, Tehran:negahe danesh
4. Chun-Tuan Chang, and Yu-Kang Lee (2010), "Effects of Message Framing, Vividness Congruency and Statistical Framing on Responses to Charity Advertising," International Journal of Advertising (SSCI), Vol. 29 (2), 195-220.
5. Gary Armstrong and Philip Kotler. (2013). Principles of Marketing (15th Edition), ISBN-13: 978-0133084047, ISBN-10: 0133084043
6. Taflinger , Richard , f , (1996). A definition of advertising.