Theoretical Background of Marketing Audit

© Noémi HAJDÚ
University of Miskolc, Miskolc, Hungary
margn@uni-miskolc.hu

The increase of the complexity of the market environment contributes to the fact that in some companies’ case the planning time horizon of functional areas is reduced. In the field of marketing we experience that it is difficult to calculate and predict success. The crisis-induced in the period of austerity – is necessary that all the functional activities can be financially eligible. Thus, the field of marketing has increased the need to take specific figures to underpin the efficiency and effectiveness of marketing activities. The question immediately arises what kind of method we should choose. The mostly mentioned methods are the marketing metrics and the marketing controlling during the assessment of the marketing performance. However, marketing audit also belongs to the topic. We should make a mistake if we applied only financial methods by the assessment. In contrast to traditional measurement methods dissatisfaction is appeared, which is in the focus of the following complaints:

- basically refer to the past
- do not contain any information that would have an effect in the long run for the future results (Seggie et al., 2007).

In 2002, 2004 and 2006 Marketing Return on Investment (ROI) and the marketing metrics topics were marked as primary research priority by the Marketing Science Institute. With it demonstrating the necessity of a comprehensive and universal solution.

More people call the attention to the marketing audit in connection with the control system of marketing controlling (eg. Kotler, Köhler). The marketing audit is not the result of marketing decisions monitors, but the decision – making method. I agree with Krulis-Randa (1990) and Haseborg (1995) that the marketing audit is also joined to the duties of marketing controlling.

- Controlling system
- Planning system
- Target system
- Information system
Figure 1. Structure of marketing controlling system

The marketing audit is an important component of the strategic marketing planning, which examines the operational process of the marketing. The difference between the plan and the actual data for each marketing controlling subsystems – information, planning and control system – realizable for the use of marketing audit, which provides an opportunity for intervention. Therefore, the market controlling and marketing audit system should be used integrated. In the literature there are a number of marketing audit concept, which are different from each other considerably, so I wish to present them in this article.

The different theoretical concepts of the marketing audit

The marketing audit is a strategic review in which the value of marketing activities, risks, efficiency and efficiency are analyzed as well.

According to Kotler, Gregor and Rodgers (1977) the marketing audit is a comprehensive, systematic, independent and periodic examination of the company or business unit’s. Its purpose is to identify the problematic areas, opportunities and prepare an action plan to improve the company’s marketing performance. Kotler and Bliemel (2006) connect the marketing audit only to the strategic control, in which six areas are distinguished.

Marketing environment audit

The marketing audit begins with the audit of the marketing environment within which we understand the macro- and microenvironment analyses. The macro environmental factors (STEEPLE part) should be studied, as they affect the company’s future. However, for these the company cannot or only slightly can be affected. In the case of the micro environment the markets, the suppliers, the sales staff, customers and competitors are tested.
**Marketing strategy Unit**

After the environmental analyses, the next step is the marketing strategy audit. In the case of it, it is worth to mention the examination of the objectives, how the marketing aims are in harmony with the company’s objectives. Furthermore, how they correspond to the size of the market. For example, if a market has reached a saturation level, then at the specific company’s objective 20% sales growth is not a realistic value.

**Marketing Organization Audit**

After the function of the marketing strategy it is necessary to have a look at the processes affecting the marketing organization. If possible, it should be aspire to eliminate the parallel activities, to restrict the spare capacity, to minimize the waiting time and to increase the self-reliance product development and financial affairs.

**Marketing audit system**

After the marketing strategy a smaller unit has been examined, the marketing system itself. The essence of the 1. Figure can be understood at this point. In fact the whole system’s operating process is revised from the collection of information on marketing, through the marketing planning, inclusive the marketing control. Not the efficiency will be described, but the how they will function.

**The marketing productivity audit**

In the formulation of the marketing productivity costs are reviewed. Then we can see how the costs can be rearranged. What activities will sacrifice more than should be and what the processes are that should bring more.

**The marketing audit functions**

The marketing audit functions deal with the delimitation and the accurate determination of the particular functions. So it can easily filter out what features are missing that you might need for the company.

*****

**Józsa** (2006) – like Kotler – connects the audit to the strategic level, and he says: “The marketing audit system means the typical implementation form of the strategic controlling, which is a comprehensive analysis of all marketing activity covers to enhance the effectiveness of the marketing performance.” Also covers the marketing research and the mix of all the elements. The marketing audit considers some important questions, are the followings:

- analysis of the company’s mission and goals,
- analysis of the company’s strategy,
- analysis of the marketing strategy for each business unit,
- analysis of the marketing activities,
- analysis of the implementation.
According to the strategic direction representatives the aim of the marketing audit is the correction of the efficiency of the marketing performance. Reinecke (2007) interprets the audit as a comprehensive, action–oriented “marketing health control” as well, which also serves as a marketing action plan to improve the marketing performance.

However, Köhler (1981, 1982, 1993) puts an end to the marketing audit’s exclusive strategic orientation, and focus is placed on the design, monitoring and management framework conditions. The 1981 definition reads as follows: the marketing audit makes possible the adaptation of market–orientated company management in time and comprehensively coordinated to the environmental changes. Particularly, to the continuously further developed information technologies and design. Köhler (1993) summarizes the control and the audit with the expression of supervision. The control is the comparison of the present and the desirable state. By contrast, the audit means a future–orientated supervision that deals with the conditions of the utilisation of the success potential. Identifies four areas, as follows:

- 1. method (procedure) I also known as the audit process (information assurance, planning and control process test)
- 2. strategic audit (the analysis of the premise, the strategic objectives and the consistency of the conclusion)
- 3. marketing mix audit (examination of each of the measure and strategic basic concept and purpose of the compatibility of the devices)
- 4. organizational audit (marketing tasks are taken fully into account, and the examination of the appropriate organizational forms and the functions of the coordination rules).

Köhler (2001) concept implicit includes the above mentioned experts’ thoughts, so I detail them further.

<table>
<thead>
<tr>
<th>Procedure / Process Audit</th>
<th>Strategic Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following analysis:</td>
<td>The following analysis:</td>
</tr>
<tr>
<td>• the planning process</td>
<td>• the exist preconditions</td>
</tr>
<tr>
<td>• the control process</td>
<td>• strategic goals</td>
</tr>
<tr>
<td>• information security</td>
<td>• consistency of the conclusion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marketing Mix Audit</th>
<th>Organizational Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to analyse that devices:</td>
<td>The following analysis:</td>
</tr>
<tr>
<td>• comply with the basic concept of strategic</td>
<td>• taking into account the marketing tasks</td>
</tr>
<tr>
<td>• mutually aligned to</td>
<td>• the appropriate organizational form of the tasks</td>
</tr>
<tr>
<td>• corresponding to the means – ends relationship</td>
<td>• regulation of coordination</td>
</tr>
</tbody>
</table>

Source: Köhler (2001:16)

The process also known as the audit process actually corresponds to the formal assessment procedure and the techniques are used. It examines the adequacy of information provision, the design and the methods used in monitoring and supporting marketing decisions whether to reflect the current company – specific characteristics, or in need of updating them.

The strategic audit is shown in more literature as objective audit and strategic audit. The examination covers the following:
whether the marketing objectives compatible with the corporate goals, - the development and the environment,
- the completeness and the functionality of the target system
- the strategy equals to the conditions of the corporate strategy and the environmental conditions
- the system of the strategy development and its acceptance (hence also called premise audit).

The marketing mix audit examines whether the marketing measures are appropriate for the ones set in strategy, the coordination of the marketing mix, its consistency, its content identity and the efficient distribution of the resources.

Köhler (1993) has mentioned two functions besides it. According to him, on the one hand, the marketing mix audit coordinate the operational and strategic planning for the proposed budget, on the other hand, it gives clues to the marketing controlling in questions like that whether there is a need for the changes of the coordination of the marketing plan.

According to Köhler (1993) the organizational audit judges from efficiency and coordination aspects of the structure and time course, considers the relationship between the performances of the marketing tasks of regulation. The audit organization should be coordinated with the management system and the area of marketing, in order that the market – orientated management’s all important work areas have been fixed in the organization’s suitable competence.

Nieschlag, Dichtl and Hörschgen (1985) cleared up and worked further Köhler’s concept, they divided the marketing control into two parts: result-oriented marketing control and marketing audit (the focus of attention, within the time response action plan, as well as the risks and timely detection of adverse developments available). The next elements were separated according to this:

⇒ audit premise,
⇒ targeted and strategic audit,
⇒ audit measures,
⇒ as well as process and organizational audit.

Auerbach (1994) the purpose of the marketing audit also says that the marketing system can adopt to the environmental changes in time. The continuous review of the construction of the marketing system and its limit conditions are necessary because of avoiding wrong decisions in the future, and analyse the past ones, which reduce the repetitive danger of making mistakes. / reduce the risk of repeating mistakes.

According to our perception beyond the strategic orientation of marketing audit the role is adapting in the right time to the environmental changes with the action plan prepared in advance.

Töpfler (1995) during the marketing audit understands the review of the content and organization of marketing activities at the companies. In his view, the audit is a future-oriented supervision, the object of it is the fundamental efficiency, as the relation of result – usage, and the fundamental efficiency than the target- profit rate. The marketing audit “propeller” reveals five different areas:

⇒ information and device audit,
⇒ market and environmental audit,
⇒ targeted and strategic audit,
⇒ organizational and management audit,
⇒ marketing mix audit.
So, in the future – oriented aspect was mentioned at the marketing control, appears at the marketing audit as well. When we compare the audit system, formulated by Kotler, Köhler and Nieschlag, a very interesting developmental trend can be observed. Kotler writes about the marketing audit “only” on a strategic level. Köhler’s report has already incorporated this beyond – strategic “meta analysis”, while Nieschlag, Dichtl and Hörschgen separate the result-oriented marketing control from the marketing audit based on an early recognition system.

The 2. table summarizes the elements of the marketing audit defined the known researchers in order to ensure transparency, traceability and better understanding.

Table 2: Elements of Marketing Audit

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitions</td>
<td>The companies marketing environment, objectives, strategies and comprehensiv e, systematic independent periodic examination of its activities. Marketing Health Control.</td>
<td>The typical implementatio n on form of the strategic control. Comprehensiv e examination of all marketing activities. The aim is the increase of the efficiency of the marketing performance.</td>
<td>The market orient company management comprehensivel y coordinated in time to the environmental businesses. Future-oriented supervision that deals with the conditions of the future use of success.</td>
<td>The right time response plan, as well as the risks and timely detection of adverse developments.</td>
<td>Review the content and organization of marketing activities. Future-oriented supervision.</td>
</tr>
<tr>
<td>Elements</td>
<td>-marketing environment audit</td>
<td>-examination of the corporate mission and goals</td>
<td>-procedure / process unit</td>
<td>-information and audit tool</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-marketing strategy audit</td>
<td>-examination of the company’s strategy</td>
<td>-objectives and strategic audit</td>
<td>-market and environmenta l audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-marketing organization audit</td>
<td>-examination of the marketing strategy for each business unit</td>
<td>-audit measures</td>
<td>-objectives and strategic audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-marketing system audit (analysis, design, testing and product development)</td>
<td>-examination of marketing activities</td>
<td>-process and organizationa l audit</td>
<td>-organizational and management audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-marketing productivity</td>
<td>-assessment of the implementation</td>
<td></td>
<td>-marketing mix audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-marketing audit functions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: The writer’s own drawing
Conclusion

In my opinion, there are many untapped opportunities in the marketing audit, since if we observed a difference in the case of the particular subsystems; it is possible to react immediately. Let us review on the basis of the article of Kotler, Gregor and Roger (1977), - which became famous -, how companies can take the advantages of the marketing audit the best.

Production and technology – oriented companies

Most manufacturers start their business with a particular product line. Along this product line happens / continues of further improvements and newer prototypes. However, in this period, relatively little time is spent on the market potential. The marketing is seen as a selling activity, which sells the product that the company would like to sell. The company’s perception changes in the case of failures, as result of it, the market orientation the consumers’ claim come into the foreground. In this situation the marketing auditor easily recognises the problem that the realisation of the market orientation is needed instead of the production.

Confused division

Problems easily may appear in the multinational subsidiary companies’ case between the particular divisions. For example, it is possible that a particular product’s sales on one market is successful, while on the other is not. The division manager because of the inner professional blindness can no longer realistically assess and seek out the root of the problem, while in contrast an external examiner enjoys a benefit. Therefore, the solution means that one of the countries’ successful division manager is sent out to another country for a professional journey, which aims to study and resolve the situation.

Well performing division

It is also possible at multinational companies that a division provides outstanding performance. In this situation the marketing auditor’s task is to make sure that the division reached its highest potential. This audit affords an opportunity to the target insight and learning from the best for other divisions.

Start – ups

For start – ups or new divisions an experienced marketing auditor may help a lot in the definition of marketing orientation.
Non-profit organizations

In non-profit organizations’ case, such as hospitals, churches, foundations, museums, the aim of marketing audit primarily is education. Of course, these brief case studies are the most common ones. In addition, marketing audit can be used in a number other situations, into the marketing controlling system. In my opinion, beside the strategic trend it is worth to display the operative one at the marketing unit.

References


