

THE MARKETING AUDIT AS A METHOD OF THE EVALUATION OF THE MARKETING PLAN

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Abstract

The growing complexity of the current market environment needs a more systematic evaluation process of the organizational marketing performance to deal with the dynamic market. This paper deals with marketing audit as a comprehensive assessment of all angles of marketing operation in an organization and also deals with systematic evaluation of plans, objectives, strategies, activities and organizational structure as well as marketing staff.

Key words

Marketing audit, marketing plan, marketing plan evaluation

Introduction

The marketing audit is characterised as a systematic, comprehensive, objective, and independent approach which can assist the manager to understand the working of the individual parts of the organisation and their contribution to the total system geared toward the achievement of the organisational objectives. An empirical study of the marketing audit can provide some insight into management's perception of the benefits of the marketing audit as well as the current procedural aspects of the marketing audit, which are currently lacking in the literature.

In 1967, Kotler identified the marketing audit as something apart from and more comprehensive than the other control efforts of the firm (1). It was indicated that a clear understanding and evaluation of the entire marketing operation would be helpful to avoid dealing with symptoms rather than addressing the fundamental organisational marketing problems.

The present position of the Marketing Audit

The marketing audit is a generally accepted method of evaluation and a control mechanism of marketing performance. In 1967, Kotler dedicated a full chapter of Marketing

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Management: Analysis, Planning, and Control to the marketing audit and identified it as something apart and more comprehensive than the other control efforts of the firm (2). Ten years later the publication of “The Marketing Audit comes of Age” (Kotler, Gregor and Rodgers 1977) was a turning point in the development of the marketing audit. It provided a definition that after twenty years still remains current. It also suggested the process and the organisation as well as the potential problems in conducting an audit (4). This work has become a major source of reference for many authors who contributed to the further development of the marketing audit. Consumers change of tastes and preferences, accelerating technological breakthroughs, and the increasing intensity of competition in many and especially growing industries necessitated a change of attitude and direction by some companies to incorporate more attacking and defensive measures in the planning and implementation of their marketing efforts.

Steps in a Marketing Audit

How is a marketing audit performed? Marketing auditing follows the simple three-step procedure shown in Figure.

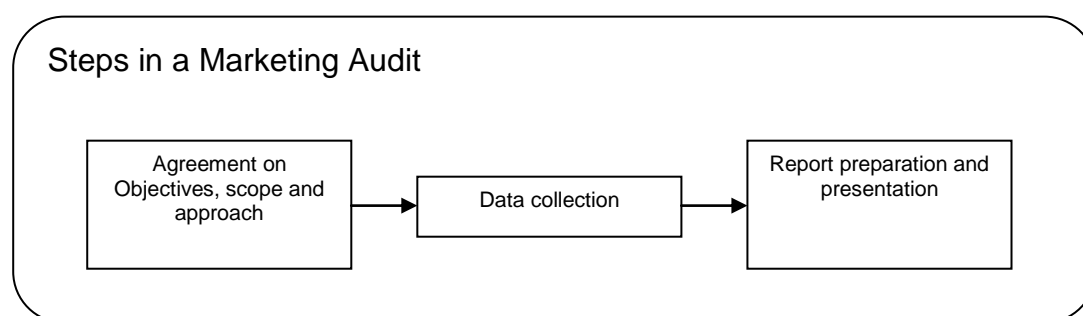


Fig. 1 Steps in a marketing audit (3)

Setting the Objectives and Scope

The first step calls for a meeting between the company officer(s) and a potential auditor to explore the nature of the marketing operations and the potential value of a marketing audit. If the company officers are convinced of the potential benefits of a marketing audit, they and the auditor have to work out an agreement on the objectives, coverage, depth, data sources, report format, and time period for the audit.

Gathering the Data

The bulk of an auditor's time is spent in gathering data. Although we talk of a single auditor, an auditing team is usually involved when the project is large. A detailed plan as to who is to be interviewed by whom, the questions to be asked, the time and place of contact, and so on, has to be carefully prepared so that auditing time and cost are kept to a minimum. Daily reports of the interviews are to be written up and reviewed so that the individual or team can spot new areas requiring exploration while data is still being gathered.

Preparing and Presenting the Report

The marketing auditor will be developing tentative conclusions as the data comes in. It is a sound procedure for him or her to meet once or twice with the company officer before the data collection ends to outline some initial findings to see what reactions and suggestions they

produce. When the data-gathering phase is over, the marketing auditor prepares notes for a visual and verbal presentation to the company officer or small group who hired him or her. The presentation consists of restating the objectives, showing the main findings, and presenting the major recommendations. Then the auditor is ready to write the final report, which is largely a matter of putting the visual and verbal material into a good written communication. The company officer(s) will usually ask the auditor to present the report to other groups in the company. If the report calls for deep debate and action, the various groups hearing the report should organize into subcommittees to do follow up work, with another meeting to take place some weeks later. The most valuable part of the marketing audit often lies not so much in the auditor's specific recommendations but in the process that managers begin to go through to assimilate, debate, and develop their own concept of the needed marketing action.

Components of a Marketing Audit

A major principle in marketing audits is to start with the marketplace first and explore the changes that are taking place and what they imply in the way of problems and opportunities. Then the auditor moves on to examine the company's marketing objectives and strategies, organization, and systems. Finally the auditor may move to examine one or two key functions that are central to the marketing performance of that company in more detail. However, some companies ask for less than the full range of auditing steps in order to obtain initial results before commissioning further work. The company may ask for a marketing environment audit and, if satisfied, then ask for a marketing strategy audit. Or it might ask for a marketing organization audit first, and later ask for a marketing environment audit. We view a full marketing audit as having six major components (7). Each can be semi-autonomous if a company wants less than a full marketing audit.

Six major components of a marketing audit:

- *Marketing Environment Audit*
- *Marketing Strategy Audit*
- *Marketing Organization Audit*
- *Marketing Systems Audit*
- *Marketing Productivity Audit*
- *Marketing Function Audit*

External and internal Marketing Audit

A marketing audit should be done at the beginning of the marketing planning process. It takes a close look at the current business landscape internally and externally. The managers have to decide on which environment they want to focused. But if they want to reach overall feedback and picture of the marketing environment is necessary to do both of the audits.

External Audit focuses on:	Internal Audit focuses on:
Business & economic environment economy fiscal social technological	Sales total sales revenues geographic reach and location type of industry by customer by product
The market size characteristics trends channels customers industry behaviour	Marketing procedures organizations information mix -

Marketing Audit process

The marketing audit can be given the function of a central intelligence activity responsible for collection, synthesis, analysis, interpretation, and recommendation on all major marketing decisions. The system would utilise all the existing information sources and would combine them with marketing auditing procedures and processes in order to map a complete picture including recommendations, rationale, and anticipated outcome. Figure 1 provides a flow of information from all external macro and micro environments as well as internal sources to the marketing audit function for processing. In this function the marketing audit will maintain progressive, cumulative, and cost-effective information gathering.

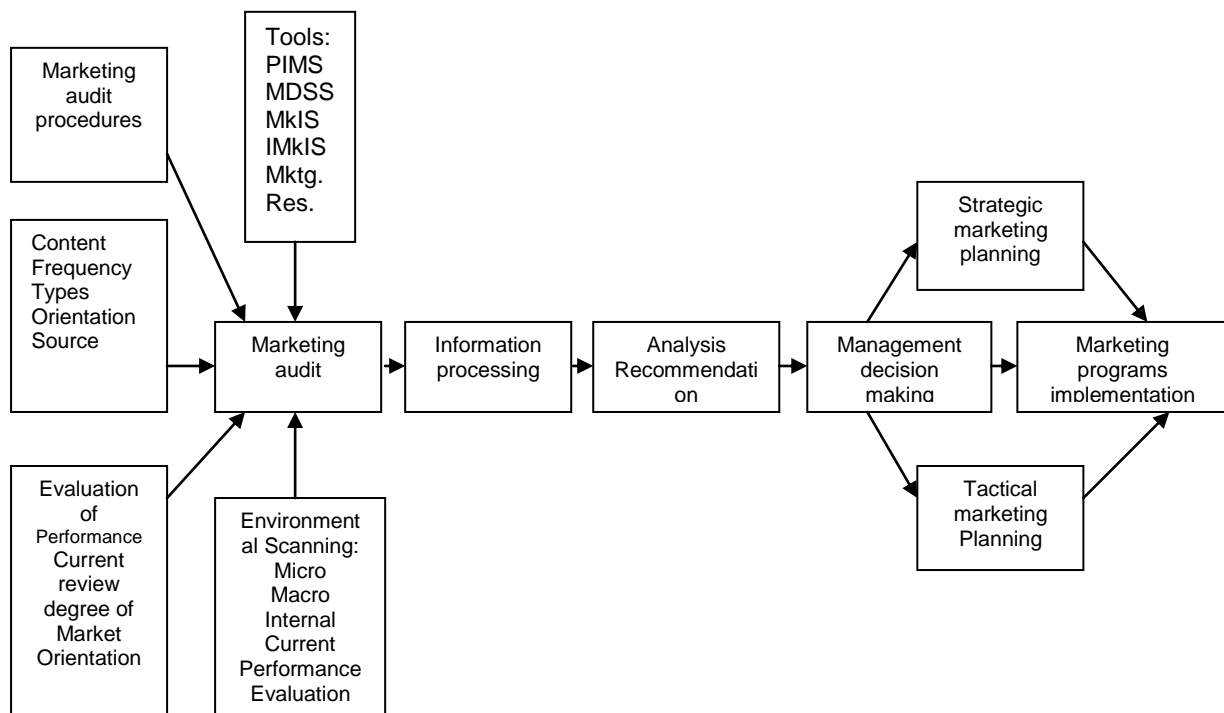


Fig. 2 Marketing audit Process

The marketing audit, in addition to contributing to the strategic and tactical planning process, will continually monitor the implementation of the marketing programs, and will advise on significant deviations from the planned expectation with recommendations to allow for changes to realign activities. The centrality of the marketing audit will allow managers to use it to develop progressive and comprehensive familiarity with the system within which the business operates and make it possible for it to provide the most informed, reliable, and action-oriented recommendations for decision making on all major issues. Indeed, due to its continuous function and comprehensive and up-to-date nature, the audit can be used to recommend actions as changes occur in the business environment. At the same time, the marketing audit function can react to instructions from management in the provision of specific projects. The system can also provide the facility for progressive marketing replanning in the light of market evolution.

Conclusion

This paper briefly described the marketing audit as a continual and structured process for the evaluation of the business performance of the company. Marketing audit is in my opinion necessary to use for the gain feedback from the realized marketing actions from the previous planning period before the beginning of the creation new marketing plan. The overall marketing audit can give the company competitive advantage for the further struggling in the present unstructured and fast changing business environment.

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