

# Marketing Audit: A Systematic And Comprehensive Marketing Examination

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**Abstract-**The growing complexity of the current market environment needs a more systematic evaluation process that how organizational marketing performance deals with the dynamic market. This paper point out the benefit of marketing audit to deals with systematic evaluation of plans, objectives, strategies, activities and organizational structure as well as marketing staff. Recent study has portrayed a broader conceptualization of effectiveness of using marketing audit. Through this paper we want to bring into focus the broad and different aspects of marketing audit that can help the organization its strength and weakness. The paper suggests that marketing audit should use as a mechanism to evaluate the entire marketing system.

**Index Terms:** Marketing audit, marketing audit process ,Marketing performance, Marketing plan evaluation, Marketing concept, components, prerequisites

## 1 INTRODUCTION

marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (Association, American Marketing, 2013). In another sense, marketing as a function is under increasing pressure to develop and implement business-oriented methods and measures to improve not just marketing, but also overall effectiveness of business. Though many companies feel the importance of being regular reviewed of their marketing operation, they do not know how to proceed. Some companies simply make many small changes that are economically and politically feasible, but fail to get to the heart of the matter. In one side the company develops an annual marketing plan, but management normally does not take a deep and objective look at the marketing strategies, policies, organizations and operations on a regular basis. But there must be more orderly ways to reorient marketing operations to cope up with the changing environments and opportunities. (Philip Kotler, 2005). In the current marketing practices there are several tools that can be helpful to solve the marketing problems and overcome the adverse effects at the time of crisis and exploit all the opportunities that are offered in the market. Their implementation is a prerequisite to ensure the long-term existence of the company and retaining its top position in the market. One of these tools is a marketing audit that sets "a marketing mirror" to an audited company. The use of this marketing tool is still increasing especially in western countries. (Lipnická Denisa, 2013). Marketing audit is a comprehensive examination, systematic, independent and periodic - the company or strategic units - marketing environment, objectives, strategies and activities in order to identify the main opportunities and threats and to recommend an action plan to improve its marketing performance. (Philip Kotler, 2005). It is also an assessment of all angles of the marketing operations in the organization. It means a systematic evaluation of marketing related plans, objectives, strategies, activities and organizational structure as well as marketing staff. (A.Loya, 2011). The recent marketing activity

is becoming a new trend in managing the business because it can help the various types of companies to review their marketing structures and to improving not just marketing but also overall performance of the company. For this reason the usefulness of the marketing audit for companies considering that the main reason why it is useful lies in its ability to scan the marketing environment where the company acts and to highlight the key opportunities and threats. (Chirla Gabriela, 2010)

## 2 OBJECTIVES OF THE STUDY:

### Board Objective

The board objective of this research paper is to identify how marketing audit is used as a tool to evaluate marketing plan

### Specific Objective

- The specific objectives are given bellow:
- To identify advantages of marketing audit for companies
- To explore the importance of marketing audit in strategic planning
- To explore the importance of marketing audit in developing effective marketing mix
- To identify of its importance in implementation of companies marketing activity and plan
- To identify the perimeter of marketing audit for a company

## 3 Methodology:

The study describes the importance and impact of marketing audit on marketing planning and implementation. But it has showed that there is no single set of procedures that works best for all marketing audits in all organizations, at all points of time and space (Showkat Imran, 2012). The theoretical framework has been drawn from available literature such as journals, articles, books etc as secondary data. The findings and discussion part has been drawn from the literature review and journals, reference books. As the time period was short, the research was made from only secondary data. As the secondary data are sufficient no primary data was collected. For reliability of the study the data was collected from the renowned journals which were written by the renowned writers like, Philip Kotler. All the secondary data were collected from the original papers. So there are no chances of

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the data being altered. Another point is that the secondary data was collected from the papers which were published mostly in near time. So the data are up to date. Secondary data, used in the paper are accurate, reliable, precise, unbiased, valid, appropriate and timely.

#### 4 LITERATURE REVIEW:

According to McDonald, to cope up with the changing environment and to exploit the business opportunity some action oriented information needs to be collected, analyzed and disseminated to all managers who are involved in planning, coordination, control of marketing activity. (McDonald M. , 1993). Through Marketing Information System (MkIS) and Marketing Decision Support System (MkDSS), Management can be provided continuously updated information that is needed. To use properly these technology-based applications for decision making purpose, it is needed by the user to analyze and interpret the information. Intelligent Marketing Information system (IMkIS) which incorporates the qualifications of MkIS has also the artificial intelligence that provides management not only with the data needed but also with the action-oriented information. But the shortcoming of MkIS is that it is too narrow and deficient to use it in wide application as a decision making tools. (Buttery, 1995). A deep look and objective look at the marketing objective, strategies, policies and the organization on the recurrent base would be a way to help managers to bring a company's offering in the line of market condition and expectation. (P.Kotler W. G., 1977) The marketing audit at the same time can be an efficient process for developing effective measures and action. The market volatility in the 1970's resulted in increasing awareness of and interest in the marketing audit by the management. (P.Kotler, 1997). Though in 1959, Marketing Audit was first defined in the American Marketing Association's report, the concept of Marketing Audit was confidently attached in managerial marketing literature in the emergence in the mid-1950s. (Mehrdad Alipour, 2011). David Parmerlee, who brought the term Marketing Management Audit, considers that it is a state of a stage of marketing planning which plays the role to answer three fundamental concerns:

- Organization's vision and its approach in respect of the market on which it operates;
- Value of offered products;
- Efficiency of actions taken on the market of its products. (Parmerlee, 2000)

Philip Kotler considers that "every company must revise periodically its strategic approach by certain control instruments such as the marketing audit" In the definition of Marketing Audit P.Kotler specifies much more clearer the marketing audit role throughout the entire process of strategic planning. He described some characteristics that a marketing audit should cover; marketing audit is an examination of the organization's micro- and macro-environment, marketing objectives and strategies and it must cover all the major activities of the company, not only those that generate problems. It may be conducted by staff within the company or from outside it and organization must frequently initiate the marketing audit only after sales begin to drop and companies go through crisis periods. (P.Kotler W. G., 1977). Marketing plan needs information on which it is based and marketing audit is the process through which required information for

planning is organized. Marketing audit provides a strong analysis that influence and support both corporate and marketing decisions. Thus it is considered most crucial to the planning process. The current situation it is based on needs to answer the question: "What is the present position of the organization?" The marketing audit is essentially a database of all market-related issues for the company, which forms part of the company-wide management audit. A basic understanding of how the organization relates to the environment in which it operates by enabling the managerial activities and how to select a position within the environment based on identified factors is provided by marketing audit. Generally, it is structured into two parts. There is no consensus in the process of conduction marketing audit (McDonald M. , 1993). But to effectively conducting a marketing audit, an internal audit department or an outside consultant were envisioned as auditor. All companies need to review their marketing audit report, marketing operations time to time to ensure that they are in line with the changing environment and emerging threat and opportunities (P.Kotler W. G., 1977). The marketing audit starts with the 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. After being 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. (Kamil VANA, 2012)

<Figure 01 here>

See appendix A

There has been a consistent attempt by writers in the field to introduce general and broad parameters to encourage uniformity in the implementation of the marketing audit. Kotler advocated the use of a series of a questionnaire in conducting marketing audit. Structured questionnaire can be used to collect uniform information from relevant internal and external field (P.Kotler, 1997). The marketing auditor provides the framework and findings but it is the process through which managers assimilate debate and develop their own concept of the needed marketing actions that is most desired (P.Kotler W. G., 1977). 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 (Kamil VANA, 2012). Authoritative writers on the subject (P.Kotler W. G., 1977) view the marketing audit as an instrument to judge an organization's: overall commitment to marketing orientation extent to which marketing objectives have been achieved appropriateness of the marketing strategic directions and technical details. The benefits of using the marketing audit and implementing its recommendations lie in perceptions of its ability to influence a change in business performance. It may be expected that the usage of the marketing audit is related more strongly to the increase in market share; a predominantly marketing influenced performance, than to the increase in overall financial performance, which may reflect the wider organizational business initiatives. Moreover, if the usage of the recommendations arising from the marketing audit can be expected to, potentially, contribute to increased organizational performance; it may also be reasonable to expect that nonusers of the marketing audit's recommendations will not

experience the extent of change in performance that its users do (Showkat Imran, 2012). The potential advantages of marketing audit through marketing operation (4Ps) can be used in comparative implementation to assess of marketing performance for the selected companies and also at broader scope of the sample sized. In addition for helping marketing managers learn to optimum allocate marketing resource, the ability to demonstrate relationship between marketing input and outputs would be greatly welcomed by corporate level manager those who would then be better equipped to recognize between marketing operations and marketing audit. (Mehrdad Alipour, 2011)

## 5 PREREQUISITES OF ADAPTING MARKETING AUDIT:

There are some necessary prerequisites for adapting marketing audit as follows:

- Specific marketing objective, goals and mission are being set
- Clear and feasible marketing plan is required
- Necessary data regarding previous marketing performance of existing marketing plan should be kept
- Proper reporting and accountability should be ensured
- Systematically data base management should be maintained
- Use of some tools like SWOT analysis, PEST analysis and Porters five forces model should be developed for individual companies

## 6 MARKETING AUDIT PROCESS

The marketing audit process is a systematic and comprehensive marketing examination, that consists of an orderly sequence of diagnostic steps and considers all factors affecting the organization's marketing health and performance. Marketing Audit will be responsible for the collection of data about existing marketing performance, trend of the marketing environment change due to the changes of customer's test and preferences, and the potential opportunity or threat for the company due to these changes and the competitions. Marketing Audit will also be responsible for the synthesis, analysis and interpretation these data to make proper recommendation on major marketing decision. The audit process should also review various business and marketing documents, such as the business plan, marketing plan, job descriptions, and the systems, data, and processes used by marketing personnel. All of this information should be used to develop a picture of how well the marketing department is performing in a number of key areas such as strategic and tactical planning, program development and implementation, budgeting and resource allocation, market, customer and competitive analysis, measurement and reporting.

<Figure 02 here>  
See appendix B

## 7 COMPREHENSIVE OUTCOME THROUGH MARKETING AUDIT

Every market-oriented planning describes the managerial process of establishing and maintaining a feasible relationship between objectives, workforce training and resources of a certain organization on the one hand, and market situation on the other hand. Strategic planning from senior level

management involves mission defining, setting goals consistent with the mission and the operating field, and activities' organizing, so that the risk factors specific to the current period should be eliminated and the organization should reach the intended objectives. After accomplishing strategic planning analysis, strategic business units planning take place. At this stage unit's activities and marketing plan which involves unit's mission setting, marketing audit, objectives' drafting and strategy setting up. When planning takes place, assessment of plan is required to know gaps between plan and actual action. A manager can analyze internal and external environment of a company through marketing audit. So it is considered as strategic marketing planning. It shows assessment tools and control at the same time. According to Philip Kotler, marketing audit process follows the following areas:

- Environmental audit
  - Macro environmental audit
  - Task environmental audit
- Marketing strategy audit
- Marketing organization audit
- Marketing system audit
- Marketing productivity audit
- Marketing functions audit

These components are working following ways stated by Kotler, (2002)

### 7.1 Marketing Environmental audit:

It audits marketing processes by starting by looking at the factors that affect all companies operating in marketplace, looking at customers and their profiles. It has two types of environments

#### 7.1.1 Macro environmental audit:

Its deals with where organization stands rather than the organization stand for. It examines six main areas that deal with the dependencies on the involvement of the business and involvement required by the industry. The audit covers the following broad areas.

**Demographics:** Audit is a tool to know the major demographic developments and trends pose opportunities or threats of the company, what actions the company has taken in response to these developments and trends.

**Economic Audit:** It offers information regarding major development in income, prices, savings and credit which affect the company. And movements the company has taken in response to these developments and trends.

**Environmental Audit:** It provides information regarding the costs and availability of natural resources and energy needed by the company. The company's role, in pollution and conservation must take into under consideration and take necessary steps regarding these issues.

**Technological audit:** it considers what major changes occurring in product and process technology and what is the company's position in these technologies and the major generic substitutes might replace the company product/s.

**Political audit:** this part of audit is discussed and concerned about the areas of pollution control, equal employment opportunity, product safety, advertising, price control, etc. How these factors affect marketing strategies and tactics, if changes occurred in law and regulation.

**Cultural audit:** changes in customer lifestyles and values how affect the company's products, business, marketers know by analyzing cultural factors and changing trend.

**7.1.2 Task environmental audit**

**7.2 Marketing organization audit**

Does your marketing organization compliment your Through marketing audit organization can finds some information regarding marketplace, competitors and their future planning. These are all vital to understand in preparing yourselves for the battle. We evaluate the following:

**Markets:** Audit helps to identify market share, and create market segment through providing information.

**Customers:** needs vary person to person, segment to segment as like as buying process these information can be found through marketing audit. It also provide how do customers and prospects rate the company and its competitors on reputation, product quality, service, sales force and price.

**Competitors:** Marketing audit helps the organization to know about competitors, competitors' strengths, weakness, market share. The organization can find the trends which will affect future competition and substitutes for the company's products.

**Distribution & dealers:** Which distribution channel will provide efficient level of distribution for different product line, can be found through audit

**Facilitators & Marketing firms:** Through marketing audit the organization can measure the cost availability outlook for transportation services, warehousing facilities and financial resources and also measure how effective the company's advertising agencies and marketing research firms are

**Public:** Marketing audit identify the public that particular opportunities or problems for the company and also the steps that the company has taken to deal effectively with each public

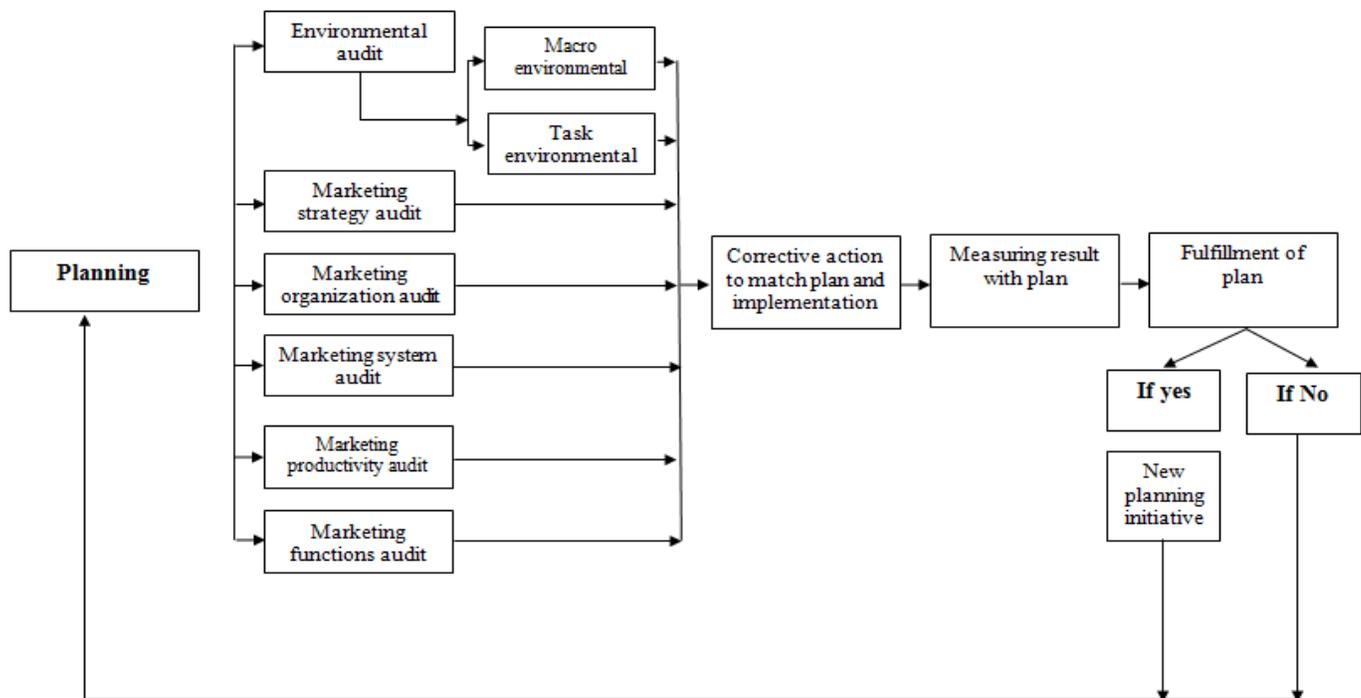
**7.3 Marketing strategy audit**

Strategy is vital for companies, and it is amazing how many companies seem to operate on a wing-and-a-prayer. We ensure that you are not one of these companies. The audit involves the following:

**Business Mission:** The business mission is clearly stated in the market-oriented terms. It must be feasible.

**Marketing objectives & goals:** A clear marketing objectives and goals of a company guide marketing planning and performance measurement to a successful end. This objectives are appropriate, given the company's competitive position, resources and opportunities, is checked by marketing audit.

**Strategy:** To achieve marketing objective management should articulated a clear marketing strategy. Is strategy convincing, appropriate for product life cycle & competitors' strategies? Is company using/ having best basis for market segmentation, criteria for rating the segments and choosing the best ones, effective positioning and marketing mix for each target segment, allocated resources in optimal way for marketing mix? Budget of resources is enough or many is also scrutinized by marketing audit.



**Figure 1:** The relationship between planning and marketing audit

**Formal structure:** Does the marketing director have adequate authority and responsibility for company activities that affect customers' satisfaction? Are the marketing activities optimally structured along functional, product, segment, end-user and geographical lines? These issues are investigated by marketing audit.

**Functional Efficiency:** Through this audit, auditor try to know between marketing and sales team are there good communication and working relation located. Some other issues have to examine by auditor. That are- Is the product-management system working effectively? Are product managers able to plan profits or only sales volumes? Are there any groups in marketing that need more training, motivation, supervision or evaluation?

**Interface Efficiency:** Are there any problems between marketing and manufacturing, R&D, purchasing, finance, accounting and/or legal that need attention

#### 7.4 Marketing system audit

In this section the company has the opportunity to put the business under the microscope. So they try to find out and understand business situation what they should know.

**Marketing information systems:** Marketing intelligence system has to produce accurate, sufficient and timely information about marketplace developments with respect to customers, prospects, distributors and dealers, competitors, suppliers and various publics. Using best methods for market measurement and sales forecasting which are used on marketing research are taken by decision makers.

**Marketing planning systems:** Well-conceived and effectively use of marketing planning system which results acceptable sales targets and quotas. This system can help marketers to have decision support system

**Marketing control systems:** At this stage auditor check these issues, Are control procedures adequate to ensure that the annual plan objectives are being achieved? Does management periodically analyze the profitability of products, markets, territories and channels of distribution? Are marketing costs and productivity periodically examined?

#### 7.5 Marketing productivity audit

Profitability is prime concern in business; it involves understanding both profit and cost structure. The audit involves the following:

**Profitability analysis:** Different products, markets, territories and channels of distribution profitably are scrutinized. Company should enter, expand, contract or withdraw from any business segments.

**Cost effectiveness analysis:** Any marketing activities seem to have excessive costs investigated by it. Cost reducing steps can be taken or not also investigated.

#### 7.6 Marketing functions audit

Marketing audit can be helpful to evaluate the performance of marketing mix; product, price, place and promotion. Marketing

manager can take decision about when and how much resource to be allocated in which operation. Marketing manager can also take corrective action based on marketing audit.

**Product:** Product means goods and services, combination the company offer to target market at profit. Through marketing audit marketer can know about the performance of existing product, customers' perception about the product, changes of the customers' need and preference etc. Marketer can also find out the opportunity to launch new product or improve the existing product with value added services. After all marketers can find out the gap between customers' expectation and perception and take corrective action to meet the expectation. With the help of marketing audit a marketer can find answers of the following questions:

- What are the company's product-line objectives?
- Are the objectives sound?
- Should the product line be stretched or contracted upward, downward, or both ways?
- Which products should be phased out?
- Which products should be added to?
- What are the buyers' knowledge and attitudes toward the company's and competitors' product quality, features, styling, brand names, etc?
- What areas of product and brand strategy need improvement?

### 8 RECOMMENDATION:

- Organizations can form Marketing Audit Committee which may be a cross-functional team consisted of both internal and external experts. It should developed in an integrated way that will help to identify message inconsistencies and meet the strategic gaps in a company's marketing communication program. Highly expert people can be hired so that the audit can be performed more authentically.
- Marketing audit can be performed periodically. It can be 3 months, six months or 1 year. Regular basis inspection will be helpful to achieve the goals more successfully and proficiently.
- Every member of auditing committee should do their work independently.
- To succeed in the company as a whole the marketing audit must be consisted of all the components of marketing audit.
- After the audit, when the officials will develop new strategies or goals, consideration of the recommendations given by the Marketing Audit Committee will be helpful to reduce risks and avoid the previous faults.
- Marketing audit department must be an independent department in the organization, which is completely separate from marketing department.
- High officials must observe whether the recommended points are considered or not. Regular accountability will make the audit more efficient and Frequent communication between the auditor and the company executive who hired the auditor may be effective solution for auditing
- Audit should be done in an unbiased manner which will add value to the overall procedure otherwise it will be a total waste of resource of an organization

## 9 ACKNOWLEDGEMENT:

We would like to thanks to Almighty Allah for giving me the strength and knowledge for preparing this paper. We also gratitude to our friends for helping us to prepare this paper.

## 10 CONCLUSION:

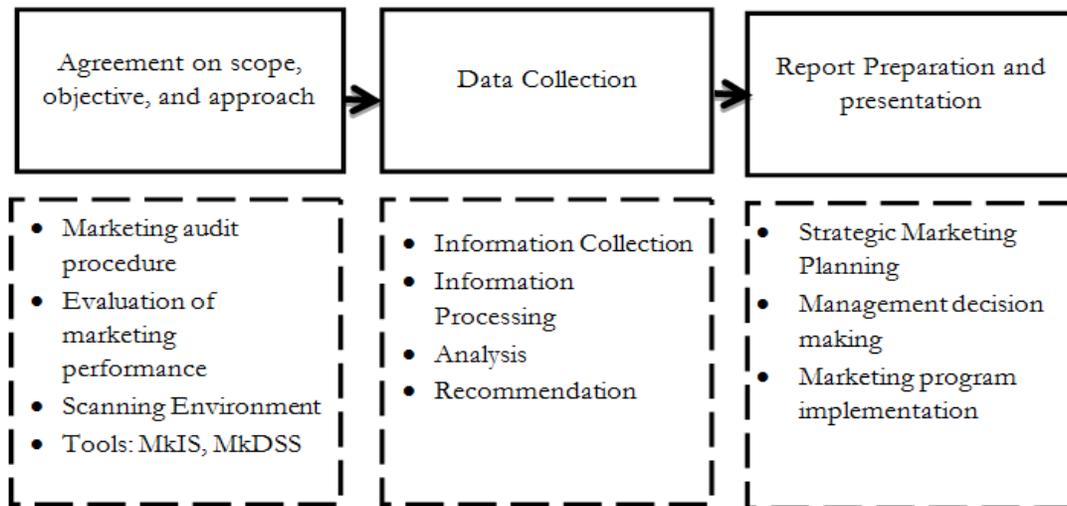
As we have reached in the era where competition among the organizations has already entered in marketing level, it is high time to introduce a formal marketing audit department in different organizations. This will help the organization to perform future planning, implement plans, control them, and identify probable deviations and probable alternative backup plans. Marketing audits allow us to discover problems and ask questions as to what goals we were trying to accomplish in the first place. Because marketing audits are so important to increasing ROI (Return On Investment) and maximizing revenue, it is important to begin new customer-organizations relationships with a thorough look at how the customers go about marketing their products, goods, or service (Robbins, 2010) . The marketing audit provides the organization with the opportunity for an independent, qualified and confidential examination of the organization's marketing functions (THE MARKETING AUDIT TOUR). If marketing plays a role in the organization specially an increasing role, then the organization simply need to know the marketing state and health of the organization. So, it can be easily assumed that marketing audit is needed for the organization to go ahead in the competition by exploring and creating more interesting and attractive USP.

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**12 APPENDIX**

Appendix A: Steps in marketing audit (adopted from Kamil VANA, 2012)



Appendix B: Marketing Audit Process

