

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Model of Measuring Marketing Effectiveness Using Marketing Audit Approach: Literature Review

Resanti Lestari

Lecturer, Department of Economic and Business Management,
Merdeka University, Malang, Indonesia

Rudy Wahyono

Lecturer, Department of Economic and Business Management,
Merdeka University, Malang, Indonesia

Aris Siswati

Lecturer, Department of Economic and Business Economic,
Merdeka University, Malang, Indonesia

Abstract:

This present research aims to determine the construction of marketing audit for SME, Specifically the constructs are carried out through qualitative methods based on literature review of the concepts and measures of marketing effectiveness by revealing the existing constraints and reviewing conceptual model for marketing audit that suitable for SME. There is still debate on the most appropriate model for measuring the effectiveness of marketing, about definitive classification criteria have not been agreed. This article formulates proposals attempting to contribute filling this gap: first of all, we listed the literature review and make a comparison and development between the preliminary review with the SMEs sector. Based on the preliminary review, it was found the initial understanding of marketing audit which was later strengthened by in-depth interview and coding process until the construction of marketing audit for SMEs was found. Therefore, the research adopts a qualitative approach (by interview) to provide a further understanding of the most important things indicator and dimension for measure and to know the perception of owner business about how they measure the effectiveness of marketing in their business and what the major things to improve for Business growth. Secondly, to map those identified issues with a corresponding objective and subjective aspects of marketing audit. As a result, this could set the dimensions for measure the effective marketing and resolving issues for enhancing the system that we call e-marketing audit.

Briefly findings of this study suggest that: the common problems of the SMEs are related they don't know how to measure the effectiveness of marketing and they don't have the data. Another noteworthy point is that from the SMEs perspective, they are less effective in making the audit. 6 major components of marketing audit, there are: Audit of marketing environment, Audit of marketing strategy, Audit of marketing organization, Audit of marketing systems, Audit of marketing productivity, Audit of marketing functions.

Keywords : E - marketing audit, competitive advantage, SME's

1. Introduction

Measuring success of marketing activity has become popular among the companies and researchers. So many reasonable solutions and tools to measure how successful companies marketing but all the measurement still with financial perception. For big companies, they have the financial competencies to improve measurement systems and the more number of metrics increase and its trustworthy. the success of large companies taking these measurements needs to be replicated and applied to SMEs. However, the important point is that companies should look beyond the signals from all audiences about the company, not only in social media but in the real services area.

The business need for a special assessment related things that can strengthen and become a benchmark in business. In this study we will design an audit model of marketing in Small Medium Enterprise in Malang City, is expected to giving of integrated, accurate and comprehensive information to help organization making the best decision and direction. The results of the marketing audit is expected to be an answer to what needs to be prepared by an organization in order to face the changes and what things that needed to be the focus of a major reimprovement, so at the end with their marketing audit is the SME can have a competitive advantage that has been ready to meet the local and global competition and survive in pandemic era. The Business have to measure beyond the financial numbers. Because with these audits, the business can map the new strategies, handling loss customers, helpful when the company face the crisis; increasing brand awareness, and the most important is the company has the Right decision in the Right time. Metrics such as how good enough, how satisfied the customer, how the employee understand our goals, how the product, price, place and our promotion fit with competitions, how about business value and number of sales matches with our monthly goals. And how

about our digital marketing are effective enough for building brand awareness and enhancing brand reputation, How much it cost to spend promotion and public figure endorse generating and increasing the company sales.

So many measurement that company have to develop but the reality the SME's have no time and cost to improve this job. So My research is to develop the Marketing audit as one of approach for measuring the effectiveness of marketing. And we want to fill the gap, because there are limitless study about measuring the marketing audit in SME's sector. Based on the previous research about this (Lestari & Prihartono AH, 2016) have the conclusion about marketing audit in Higher Education In Bandung. This study is focused to audit the strategical marketing and develop the key people assessment in the company. Another research is from (Hasibuan, 2015) take study at Banten Province in Indonesia. This study is measure business performance using IPA method; SWOT method. There are several things that measure in this study such as : raw materials and auxiliary materials, production preocess, water supply, and performance production environmen, production equipment, production control, facilities and hygiene activities, buildings and facilities, quality standards, business growth, distribution, market. capital, business management, packaging, promotion. We here are the result of the business performance (Hasibuan, 2015)

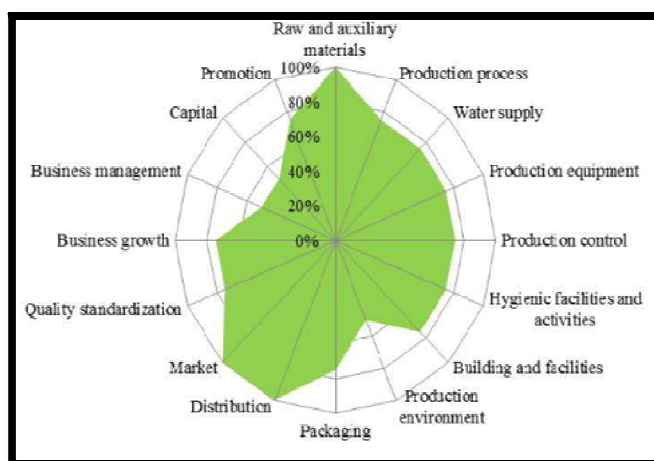


Figure 1: Performance Mapping of Smes for Typical Local Snacks of Banten, (Hasibuan, 2015)

While many business owner and marketers fixate on volume metrics, here is another issue for measuring marketing with strategical aspect. (Lestari & Prihartono AH, 2016). This study is measure Marketing audit using 8 dimension, designed Construct from Bolisani, Ettore; Scarso, Enrico. (2014) and adjust with the higher education measure. The dimesions are : Management understanding of a competitive environment, Commercial strategy that is understood by management, Image top management wants to build, First contact with client (the importance of management that deals directly with students), Understanding the needs of stakeholders, Service complexity that focuses on customer solutions, Formulation feedback, The after-sales service, in this case is a form of institutional maintenance for alumni. Here are the result of the Marketing audit :

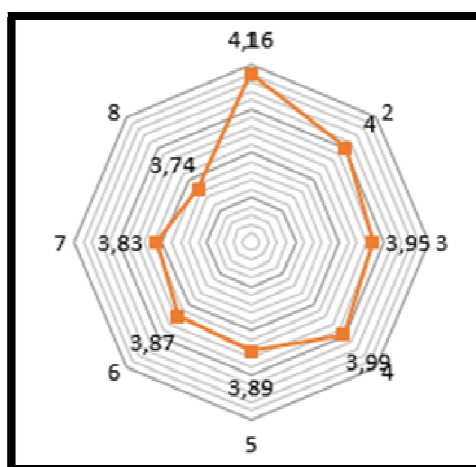


Figure 2: The Marketing Audit (Strategical Perspective) for Higher Education in Bandung City, (Lestari & Prihartono AH, 2016)

Surely its difficult to measure all the Marketing in Company, we have to set what we want to measure and not mix up and break the measure without regard to the substance and purpose to be achieved. however, such metrics often need to be customized for the kind of product or services and need be considered are the company using the online marketing

or just using the traditional IMC.

There are interesting study about the examination of digital marketing, study from (Öztamur & Karakadılar, 2014), This study is compare the dynamics industry such as fashion and common industry like bakery industry. The importance of word of mouth marketing and peer recommendation is becoming more pertinent for companies that are immersing themselves in online conversation with consumer communities. This study measure the Promotional with the sum of like, comment and followers. The previous study have the same perception about the differences big company and SME's, that conditions easy for large companies to achieve, but very difficult for SMEs to comply with as a marketing tool and measure it directly. And sometime SME's (especially in the Malang region, East Java) still do not develop the digital marketing or market place platform. The demographic qualifications are very strong to affect the behaviour of business in SME's.

In addition to this, investments made in all marketing activity should be taken and the rate of return should be calculated. Furthermore, small and medium-sized enterprises (SMEs) seem to have a difficulties to measure, since they have the lack of knowledge about the marketing audit and they have limitless resources, people and time have prevented most of them to experiment with the audit.

There is still debate on the most appropriate model for measuring the marketing performance, definitive classification criteria for audit, the activity, and size have not been agreed. On the other hand, it is not clear whether SMEs manage or should manage the marketing audit the same way as a large company. This article formulates proposals attempting to contribute filling this gap: first of all, this study will gave the classification of marketing audit, secondly is a construct model proposed for SME's marketing audit especially in the Malang region, East Java.

The importance of measuring the marketing performance is we can have the understanding about our business position againsts the competition and we can calculate how our budget for marketing is effective. The SME's problem is that they are unable to track the link between the money they put in and the revenue they get out. The amount of companies (SME's in Malang City) have the same answer about this, that they said "yes we've tried all the marketing effort but that doesn't work" or some say "i still dont understand how to measure unless the money i get with the sales. Or some owner SME's say that "i have effective marketing audit performance but my experiences are bad ones".

All the descriptive analysis above is about perception some the SME's in Malang City. In this paper we suggestion the construct of marketing audit that suitable for the SME. Here are some previous research about marketing audit on the company in order to measure business performance and competitive advantage among its determinants are Taghian and Shaw (2008), tried to introduce a marketing audit as long as it is widely known by the public is a financial audit, environmental audit and audit of Human Resources (HR), this study conduct research on its income 1,440 companies listed and publicly reported in Australia from a total of 22,501. Audit Marketing Model developed by Bolisani, Ettore; Scarso, Enrico. (2014) in the field of ICT companies. (Öztamur & Karakadılar, 2014) Audit the digital marketing performance, (Hasibuan, 2015) Audit the SME's using the IPA Matrix and SWOT, (Lestari & Prihartono AH, 2016) is Marketing audit with strategical assesment is higher education in Bandung City.

This study will highlight the literature from Silvia Klinecova; Jarmila Salgovicova (2014) formulated there are 6 major components of marketing audit, namely : Audit of marketing environment, which is an audit on internal and external factors. This audit shows the comparison between the company's development in the past and all that is expected of companies in the future, along with the risks and opportunities facing the company. The second type of audit is Audit of marketing strategy, is an audit to measure how the objectives and strategy of your company or organization can beradaptasi with the external environment, whether the resources are owned by the company can achieve its goals. The Third Type of audit is Audit of marketing organization, is the determination of the ability of marketing company in implementing the strategy, from the formal structure, functional effectiveness as well as the interaction between departments within an organization. The Fourth Audit is marketing systems, is a form of audit that focuses on the four main parts of operational marketing system in the company, namely: marketing information system, marketing planning system, marketing control system and system for developing new products. Fifth audit is Audit of marketing productivity, is a form of audit which is based on the profitability of the various activities of information marketing programs. Audit is more focused on cost effectiveness has been issued by the company to the success of the marketing program. And the last is Audit of marketing functions, an evaluation form on any details from the marketing mix.

Effective marketing starts with a considered, well-informed marketing strategy. A good marketing strategy helps you define your vision, mission and business goals, and outlines the steps you need to take to achieve these goals. Your marketing strategy affects the way you run your entire business, so it should be planned and developed in consultation with your team. It is a wide-reaching and comprehensive strategic planning tool that: describes your business and its products and services, explains the position and role of your products and services in the market, profiles your customers and your competition, identifies the marketing tactics you will use, allows you to build a marketing plan and measure its effectiveness.

A marketing assesment for SME's help overall direction and goals for the next business actions. With the right marketing strategy, SME's could controlled Business also start have a system that provides complete measure. For some example that if SME's Knowing what kind of marketing channels are effective, it can help the SME's target the resources. In Malang City, Most of SMEs Still dont know what to measure and how to measure. Too many aren't measuring the effectiveness of their marketing effectively and some aren't event using digital. This will leave them missing out on some huge opportunities. Our next research is about build the SME's competitive advantage with the marketing audit tools using web based matrix.

2. Conclusions

This research suggested a construction model of marketing audit for SME's Sector which consists of six majors

of Marketing Audit: Audit of marketing environment, Audit of marketing strategy, Audit of marketing organization, The Fourth Audit is marketing systems, fifth audit is Audit of marketing productivity, And the last is Audit of marketing functions. SME sector seems have the same problem, that they have limitation and inability to track profits and losses in their business and this case is the problem is make the owners have difficulties for calculate their total revenue, causing them to fail to notice that they have more debt than income. This paper give suggestion for SME's to start doing marketing audit and for further research, this model will applicable using E-Marketing audit with web based that hopefully help the SME's with the audit problem.

3. References

- i. Bolisani, Ettore; Scarso, Enrico.2014. Marketing audit for Knowledge Intensive Business Services. *Electronic Journal of Knowledge Management* 12.1 .pg: 3-14.
- ii. Brownlie, D., 1996a. *The Conduct of Marketing Audits: a Critical Review and Commentary*. *Industrial Marketing Management*. 25 (January), 11-22.
- iii. Brownlie, D., 1996b. Marketing Audits and Auditing: Diagnosis Through Intervention. *Journal of Marketing Management*. 12, 99-112.
- iv. Gibbs, Paul; Knapp, Michael. 2002. *Marketing Higher and Further Education*. Kogan Page.UK
- v. Hasibuan, S. (2015). SMEs development strategy for competitive and sustainable typical local snacks of Banten Province. *International Journal on Advanced Science, Engineering and Information Technology*, 5(6), 410-414. <https://doi.org/10.18517/ijaseit.5.6.602>
- vi. Horn, L., Kennedy, M. 2008. Collaboration in Business School: A Foundation for Community Success. *Journal of Academic Ethics*. 6, p 7-15.
- vii. Huber, F., Herrmann, A., Morgan, R.E. 2001. *Gaining Competitive Advantage Through Customer Value Oriented Management*. *The Journal of Consumer Marketing*, Vo. 18 No. 1, pp 41-53
- viii. Lestari, R., & Prihartono AH. (2016). International Conference on Economics, Business and Social Sciences (ICEBUSS 2016). *International Conference on Economics, Business and Social Sciences (ICEBUSS 2016)*, 1, 96.
- ix. Nicholls, J, Harris, J., Morgan, E., Clarke K dan Sims, D. 2005. Marketing Higher Education: the MBA experience, *The International Journal of Educational Management*, Vol. 9, No. 2, pp 59-72.
- x. Öztamur, D., & Karakadılar, İ. S. (2014). Exploring the Role of Social Media for SMEs: As a New Marketing Strategy Tool for the Firm Performance Perspective. *Procedia - Social and Behavioral Sciences*, 150, 511-520. <https://doi.org/10.1016/j.sbspro.2014.09.067>
- xi. Rothe, J. T., Harvey, M. G., and Jackson, C. E., 1997. *The Marketing Audit: Five Decades Later*. *Journal of Marketing Theory and Practice*. 5(3), 39-54.
- xii. Silvia Klineckova ; Jarmila Salgovicova.2014. *The Role Of Marketing Audit And Value Of Information*. *International Journal for Innovation Education and Research*. Vol.2-01
- xiii. Taghian, Mehdi; Shaw, Robin N. 2008.*The Marketing Audit And Organizational Performance: An Empirical Profiling*.*Journal of Marketing Theory and Practice*; 16, 4; Page 341-349
- xiv. Taghian, Mehdi; Shaw, Robin N. 2002. *The Marketing Audit and Business Performance: An Empirical Study of Large Australian Companies*. ANZMAC Conference Proceedings