

Organizational Sustainability through Marketing Auditing in India: Issues and Challenges

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ABSTRACT

The increasing complexity of the present market environment requires a more systematic and organized valuation procedure to assess organizational marketing performance. Marketing audit is a continuous, comprehensive and a periodic assessment which will make sure the marketing policy or the marketing strategy is being efficient. A new movement is being set forth where the companies analyze the industry and market conditions before and subsequently adding up into existence, one for launching themselves in the marketplace and the other for sustaining in the industry. This is being managed with the aid of the concept of Marketing Audit. It helps companies to review their marketing strategies and contributes to the transformation of the business and to the improvement of overall performance of the organization. The present paper covers the benefit of marketing audit for organizational sustainability by helping it recognize its strength and weakness. The paper suggests that marketing audit should be used as a mechanism to evaluate the entire marketing system. The paper includes an effective approach to track current marketing strategies and evaluation of policies of the organization. Marketing Audit also demonstrates the effect of competitors on organizations' marketing strategy. The paper also shows how marketing audit can play an effective role in stabilizing a particular marketing strategy.

Keywords: Marketing Audit, Marketing Strategy, Operations, Sustainability

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Introduction

Sustainability of an organization depends on various factors like marketing, funding, capital budgeting, human resource, coordination between purchasing and production department, selling, auditing and so on. Of these factors, one of the most important factors is marketing and the other one is auditing. Marketing brings revenue to the organization while auditing confirms appropriate utilization of this revenue. In other words, mobilization of resource is a revenue through marketing activity and efficient engagement of these resources is managed through the bodily process of auditing. These are the two important ingredients which makes organization to come up over the years, which talks about the sustainability of the system. Sustainability may be in terms of profit orientation or sales orientation or people orientation. They take care of their workers, they pay good salaries, improve the standard of living of their people, human resource aspects and all such elements in an organization depends on marketing. Marketing is all about sales, after sales, before sales services which can be provided by an organization.

Marketing audit may be defined as an independent approach of evaluation of company's marketing process and procedures. It includes planning, strategies and feedback system of the marketing. It encourages companies to evaluate and update the strategies and objectives of marketing, according to the demands of the economic system. It explores the business environment prevailing in the economy to innovate new plans and approaches. Marketing audit also improves the efficiency of the company from production to distribution. In each stage, the auditing will focus on the compliance and practices to be followed by the company. In total marketing audit involves systematic approach to evaluate the strategies of company's marketing process and procedures independently. This may result into increase in the efficiency of the sales process and better customer benefits.

Objectives of the research study:

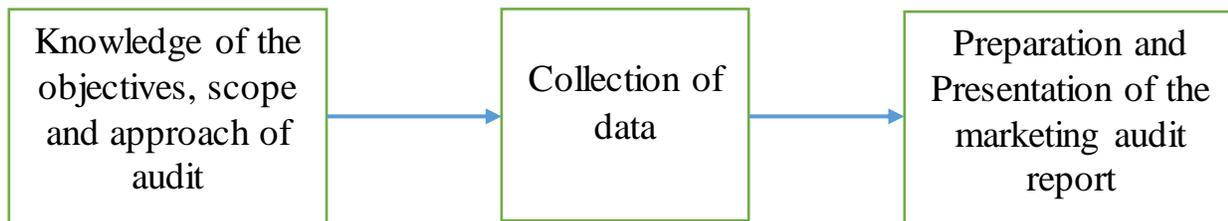
This paper aims to:

- Understand the concept and theoretical basis for Marketing Auditing
- Identify the need for marketing audit for the organizational sustainability.
- Suggest issues and challenges of marketing auditing.

Marketing audit is a new approach for all developing economies. Emerging markets like India can explore the theoretical and practical approach for marketing audit. This may increase the efficiency and market penetration of the companies. This may also lead to new starts ups to explore the untapped rural market in India.

Steps in Marketing Audit

Marketing audit process involves various steps and procedures. The marketing audit team involves various marketing and financial experts to understand the client and its objectives and plans for marketing.



Step 1: Know your client – knowledge of client’s business

The first step in marketing audit will explore the team to understand the objectives and scope of company’s existing marketing strategies and its future plan of expansion. In this process top management will explain to the audit team, the company’s scope, where it stands now and where it wants to reach in terms of the market coverage.

Step 2: Collection of Data

After ascertaining the nature, timing and extent of audit based on the analysis of clients' business, the auditor has to prepare an Audit Program stating which member of his audit team should do what work, how it should be done, when and from whom the data should be collected; what are the procedures through which the audit team has to collect the required data like interviews,

observation, inquiries, etc. The audit team has to write up daily reports and review it on a regular basis so that the auditor can spot new areas requiring exploration.

Step 3: Preparation and presentation of report

During the operation of data aggregations, the marketing auditor draws some tentative conclusions and conveys it simultaneously to the company officials to look for their reactions. Once the data collection is over, he prepares a final report to be presented to the management showing his objectives, key findings and major recommendations and will have further discussions on the matters reported to the stakeholders.

In short, the procedures and steps involved in marketing audit will encompass a systematic involvement of the audit team. The team has to develop various innovative methods for marketing and forecasting strategies for marketing of the products and services of the client (company requiring the marketing audit).

Literature Review:

Certain theoretical and empirical studies have been done in the past where the authors have quoted about the concept of marketing audit being used for the betterment and sustainability of business organizations. Some of them have been referred to while making this study.

According to Yadin (2006), the technique used to gather the data required to reveal the marketing activities of a company is Marketing Audit. He mentions the most frequent cases when a marketing audit service was being purchased; not only to check the marketing plans, when expansion of the company area is required to be done, or the expansion of the product line is needed but also in times of crisis when things just do not work the way it has to.

As per Mylonakis (2003), the need for marketing auditing comes when the top managers desire to exercise control within organizations.

WU (2010) perceives that a more comprehensive awareness of the environment, a more objective and a less intuitive approach in decision making is to be brought in by changing the attitude of the management, the management should allow independent opinions to be expressed and be used to achieve organizational objectives.

According to Schlidge (2006), various aspects of strategic importance in sales and marketing can be understood with the help of the activity of marketing audit. The marketing audits reports serve as a blueprint for strategic and tactical decisions, for improving future sales and marketing plans by showing them the ways to get funds for such activities.

The authors Taghian and Shaw (2008) directed the research which suggested that the conduct and execution of the recommendations of the marketing audit appear to be related positively with a change in market share. The inquiry proved that there was no evidence of benefits if the marketing audit is taken on an ad hoc basis. Therefore, to benefit from the conduct of marketing audit, it may need to be carried out periodically. It should be shown that there are many other factors that may, potentially, influence a company's change in its market share. It is not meant that the practice of the marketing audit has necessarily a large and decisive role in a company's change in market share. Nevertheless, the marketing audit is likely to provide the comprehensive and objective knowledge and recommendations for corrective actions that may be applied to attain the market share objectives of the organization.

They also perceive marketing audit as an evaluation of all the marketing activities in a company. They say that marketing audit acts as a central intelligence activity which is responsible for collection, synthesis, analysis, interpretation and recommendation on all major marketing decisions. According to them, marketing audit is a system that would utilize all the existing information sources to collect data and combine it with the procedures to explore avenues to expand the market and give recommendations to the company. They also state that the function of marketing audit helps in progressive, cumulative and cost-effective data collection.

Marketing audit not only contributes to the strategic planning process of a company but also will continuously monitor and implement the marketing programs and will advise the company on

significant deviations from the planned goals of the company with a recommendation on how they can realign to the initial objectives.

Beneficiaries of Marketing Audit

In this dynamic business world, most of the companies would definitely benefit from an independent examination of their marketing operations and strategies. However, a marketing audit is likely to yield the highest benefits in case of some of these companies and situations:

1. Companies which are production oriented and technical oriented
2. Companies which have troubled divisions
3. Companies with High-Performing Divisions
4. Few Young Companies
5. Certain Nonprofit Organizations

Advantages of Marketing Auditing

As stated earlier, marketing audit is advantageous to most companies in various ways. Some of the advantages can be chalked out as below:

1. Marketing audit reintroduces the company to their product or service wherein it makes the company clear of its strengths and weaknesses and gives them more knowledge of their product.
2. Marketing audit prevents an organization from deviating from its initial campaign goals and helps it adapt and succeed by reminding it of its goals.
3. Marketing audits helps a company to check the failures and success of their strategies and scope for improvement in future. This introspection may prevent company's market failures in near future.
4. Marketing audits reveals alternatives which save money to the organization and unveils to the company areas where it is spending unnecessarily.
5. Marketing audits restarts the goals of the organization and paves way into new approach and direction.

Limitations of Marketing Audit:

Though several positive aspects of Marketing audits and their utilities have been expressed above, there are certain pitfalls or limitations in the Marketing audit process.

1. While the auditor and the company officials set the objectives for marketing audit, they would be guided by the prior notions regarding the key problem areas. However, the auditor may come across new problem areas once he starts the audit process. There are possibilities where the original set of objectives would constrain the auditor from shifting the priorities of investigation.
2. The possibilities of the data sources envisioned while framing the objectives not available at the time of conducting the audit.
3. The affected business personnel may not yield a lawful and complete description of the spots in the organization. Hence the auditor may not be able to collect efficient data required to give his recommendations.
4. The force may give biased feelings or information about the company which may mislead the auditor in his operation of audit
5. Non implementation or partial execution of central components of the audit undermines the effectiveness of the whole audit.

Conclusion:

The increasing complexity of the present market environment demands a more systematic and organized valuation procedure to assess organizational marketing performance. Marketing audit is a continuous, comprehensive and a periodic assessment which will make sure the marketing policy or the marketing strategy is being effective and efficient. Marketing audit involves various steps and procedures to be completed. The effective marketing audit has its own advantage and disadvantage. May be the competitive organization will fully get advantaged and plan effectively. In India the area of investigation requires further quantification and practice as well.

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