

# Marketing audits and its importance to an organisation

[Business](#), [Marketing](#)



Marketing Audits and its importance to an organisation As of I am starting to write this essay, an historic and astonishing incident happened in US— Standard & Poors first time downgraded American Federal Bonds form AAA to AA+. Look at the messed up world economic picture--US is suffering from recession without any better signs, Europe is struggling with debt crisis, only growth engine China is also slowing down.

We are facing the greatest uncertainty ever experienced before, as for economic society, walking away from this desperate situation needs to review history and find appropriate tools, from an organisation's point of view, one of the effective tools is to seek for effective and regular marketing audits to cope with rapidly changing economic environment. Definition and Purposes of Marketing Audit The concept of marketing audit dated back to 1950s and evolved through application phase of 1960s, turbulent 1970s, growing period of 1980s and 1990s until now. The followings are several definitions of marketing audits: A comprehensive examination of an organisation's marketing structure, programs and performance"----Peter Rix, Marketing-a practical approach " Systematic, critical, rigorous and unbiased study of efficiency of all marketing activities within an organisation extending to evaluation of each and every functional objective and their effective coordination"----Brian Monger, Marketing in black white " A periodic, comprehensive, systematic, and independent examination of the organisation's marketing environment, internal marketing system and specific marketing activities"----Philip Kotler

The purposes of marketing audit are to find marketing opportunities, locate marketing issues, seek right short term and long term solution, which ensure the implementation of marketing plans or the revision of unreasonable plans to improve an organisation's overall marketing performance. Components of the Marketing Audit An effective and rounded marketing audit covers six components: 1/ Marketing Environment Audit Through auditing marketing environment in which it operates, an organisation could find if its marketing strategy is adapt to the marketing environment, and if any changes needed.

The marketing environment consists of two subclasses, one is the macro environment which includes political/legal, economic, social/cultural and technological, and another one is industry and competitive environment. In short, PEST+C. 2/ Marketing Strategy Audit It mainly examine whether or not an organisation's goals and objectives reflect market orientation, if the organisation takes right competition position, seizes market opportunities and allocates appropriate resources. 3/ Marketing Organisation Audit

The marketing auditor needs to consider the decision-making ability of marketing organisation, as well as its ability of analysis, planning and execution. Other factors include its strain capacity to market, and its interaction with other function departments. 4/ Marketing Systems Audit It focuses on whether or not an organisation has well-established and effective systems for information gathering, planning and control. All these systems can be classified as internal systems, external systems, vertical and horizontal marketing systems.

A vertical marketing system (VMS) is one in which the main members of a distribution channel—producer, wholesaler, and retailer—work together as a unified group in order to meet consumer needs. A horizontal marketing systems(HMS) means in which members at the same level in a channel of distribution band together in strategic alliances or joint ventures to exploit a new marketing opportunity. 5/ Marketing Productivity Audit A marketing organisation needs analyses on profits, cost-benefit, the audit covers performance examinations on sale-profit rates, costs of marketing, collection and inventory, etc.

It also examines if there exists excessive cost expenditure and corresponding solutions on cost reduction. 6/ Marketing Function Audit Marketing function audit targets on marketing elements such as products, prices, places and promotions, as well as performance evaluation on marketing organisation, it consists of overall audit, sales audit, market investigation audit, and advertising audit. The auditors, through marketing function audit, may spot issues within marketing management and make relevant recommendations. Main Characteristics of the Marketing Audit

Marketing Audit is a process of comprehensive, systematic and independent analysis and assessment of company's marketing environment, objectives, strategies and activities to identify problem areas and operational strengths and weaknesses and recommends the courses of action to be taken to improve company's overall marketing performance and make marketing strategies and plan more effective and result oriented. The main characteristics can be summarised as the followings, 1/ It should be

comprehensive and broad in focus covering the entire marketing environment of the company. / It should be an objective exercise and independent of the managers directly involved in making the marketing decisions. 3/ It should be a systematic and orderly sequence of diagnostic steps as compared to an unstructured and random investigation. 4/ It should be carried out periodically. The marketing audit should be undertaken on a regular basis and not only when major problems arise. Main elements to be included in a marketing audit The key elements of a marketing audit are: 1/ Marketing Mix

For products it includes Product, Price, Place-distribution and Promotion For services it includes Product, Price, Place-distribution, Promotion, People, Processes and Physical Environment 2/ Product Life Cycle [pic] 3/ Competitive Advantage A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. 4/ Internal and external assessment - SWOT - PEST The Marketing Audit Process and Participants likely to be involved

The marketing audit process proceeds with the following steps, Firstly, setting up the audit objectives and scope, preparing relevant documentation, deciding time period for the audit. Secondly, gathering the data, conducting interviews and inquiries. Finally, preparing the audit report, presenting conclusions and providing relevant solutions. Bearing in mind, ' 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. —The Marketing Audit Comes of Age by Philip Kotler, William T. Gregor and William H. Rodgers III The participants likely to be involved cover all stakeholders including management levels, ordinary staff, suppliers, dealers, customers even shareholders and communities the organisation located in. Who of these stakeholders and to what extent get involved in the audit depend on the organisation's specific requirements.

Times when a marketing audit should be undertaken

The marketing audits could be undertaken on conventional and unconventional bases, which means on one hand an organisation needs to conduct regular and periodic audit and examine whether or not it and its each function unit achieve setting goals and objectives, if any changes needed to its strategy, on the other hand, if an organisation's internal departments or independent units are performing poorly, it should carry a thorough marketing audit to help them find reasons and improvement methods. Various forms of a marketing audit The marketing audit must be carried independently by an inside audit, onducted by a person or group inside the company but outside the operation being evaluated, or an outside audit conducted by a management consulting firm or practitioner. Why they are considered to be one of the most practical and profitable tools available to a marketer. The marketing audits cover all major marketing areas of a business, not just a few trouble spots. It assesses the marketing environment, marketing strategy, the marketing organisation, marketing systems, the marketing mix and marketing productivity and profitability.

The audit is normally conducted by an objective and experienced outside party who is independent of the marketing department. The finding can come as a surprise, and sometimes as a shock, to management.

Management then decides which actions make sense and how and when to implement them. The marketing audits prompt to make marketing strategy and plan properly, are beneficial for matching a business' internal resources with external resources, realise better and profitable operating results.