

**STUDY OF ISSUES RELATED TO APPLICATION OF MARKETING AUDIT BY MNCs****V.M. Wankhede**Godavari Foundation's Godavari College of Engineering Jalgaon  
wankhede22@gmail.com**ABSTRACT**

Marketing audit is a comprehensive, systematic, independent, and objective examination which assists the marketing manager to evaluate the working of the individual aspects of the marketing function and their contribution to the total marketing activity directed towards the achievement of the overall organizational objectives. It is a technique that provides feedback about the marketing performance of an organization to the management. Marketing audit is a control tool for assessing the marketing function of a business organization. While the utility and advantages are proved beyond doubt its application in practice is not widely seen. Organizations shy away from actually using marketing audit in practice. We surveyed 100 marketing managers from MNCs operating in Mumbai to understand the issues with application of marketing audit in practice. Findings suggest that there are a range of issues that need to be addressed to improve the actual use of marketing audit.

**Keywords:** Marketing Audit, MNCs, Application

**Introduction**

Marketing audit is a thorough and deliberate assessment and the understanding of the business marketing condition, both inner and external, its objectives, destinations, systems, standards to discover the threats and opportunities and to prescribe a strategy to improve the company's marketing performance. Ideally a marketing audit is led by a third person external of the firm. Marketing Auditing is a tool used to think about the advancement in the specific marketing work attempted. It is led at different phases of the marketing. A market audit is a process which should be persistently done by the firm at all stages. This enables the firm to know where it is going and how likely is it ready to accomplish its objective and objectives. The firm can do such a market audit in the event that it means to enter new markets or needs to dispatch another product. It is very essential if the firm is running into misfortunes in spite of their persevering endeavors. Following are the different dimensions of marketing audit:

- 1) Audit of Macro-environment
- 2) Audit of Task environmental
- 3) Audit of Marketing strategy
- 4) Audit of Marketing systems
- 5) Audit of Marketing productivity
- 6) Audit of Marketing functions

As a theoretical concept marketing audit sounds quite useful. However, its application in practice is not seen to the desirable extent. We surveyed 100 marketing managers from MNCs operating in Mumbai to understand the issues with application of marketing audit in practice.

**Review of literature**

The existing literature on marketing audit does not adequately reflect the developments of the services marketing field in recent years. This article makes the case for marketing audit for services marketing audit, presents principles for conducting such an audit, and also discusses the lessons learned from a field application of the principles (Berry et al. 1991). The marketing audit is given an important diagnostic role in the marketing management process. Theoretically, it should represent the initial step for most considered courses of managerial action in marketing. However, in practice there is some kind of confusion, not only about the thinking processes that underpin the methodology of the audit but also about the general processes by means of which to carry the audit in organizations and on what aspects it should focus, but also. The article attempts to shed some light on these matters. It looks at the design of marketing audits and provides a set of guidance to assist in making the audit process more effective (Brownlie 1993).

Marketing is inventive doing and innovative thinking for many organizations. Most small businesses and noncommercial organizations are exploring formal marketing methods and concepts for the first time. High technology and Industrial companies are becoming more sensitive to their competitors and customers and, therefore, to their marketing efforts. Environmental pressures and uncertainty have challenged traditional practices in conventional marketing-oriented industries such as packaged goods and retailing. This calls for consideration of use of marketing audit (Mokwa 1986).

This study looks into the use of strategy to address changes in business performance. It recommends the use of the marketing audit as a tool that can assist with the setting-up, maintenance, and management of a market oriented strategy. The practices of the marketing audit and its perceived benefits are reviewed, and their association with change in business performance is examined. The results show a positive relation between the use of marketing audit and increase in the market share, and a stronger increase in the market share than the increase in the overall financial performance (Taghian and Shaw 2014).

Marketing audit is a technique that measures the risk, value and effectiveness of marketing efforts of the organization. The initial point of the marketing audit is the market in which the company operates, the changes that occur at this level, expressed in terms of threat and opportunities. In the market, the customer plays an essential role, focusing on analysis the provided value to the customer and the customer value for the organization (Radulescu and Cetina 2012).

### Methodology

A short survey questionnaire was prepared and was circulated amongst 100 marketing managers from Mumbai. The questionnaire had the following statements to understand their views on various issues related with actual implementation of marketing audit in practice:

1. We are genuinely convinced about the need for marketing audit
2. Management seems to be genuinely convinced about the need for marketing audit

3. We have clarity on the scope of marketing audit
4. We have clarity on the process of marketing audit
5. Professionals who conduct marketing audit are readily available
6. Information required for the conduct of marketing audit is easily available
7. Suggestions coming up from the marketing audit are practical
8. Marketing audit is both tactical and strategic in its approach
9. Marketing audit is not perceived as a fault-finding exercise
10. It is easily possible for the marketing team to devote time for marketing audit

Likert scales were used for response options. The response options were - 0 - Can't Say, 1 - Somewhat agree, 2 - Completely agree, 3 - Somewhat Disagree, 4 - Completely Disagree.

The questionnaire was tested for reliability and it returned a Cronbach Alpha score of 0.794 and hence was considered reliable. Following hypotheses were formulated:

Ho: There are no major issues involved with application of marketing audit

Ha: There are major issues involved with application of marketing audit

The hypothesis was tested based on the average agreement/disagreement responses to the ten statements of the questionnaire. The average agreement/disagreement response of the 100 respondents for all the ten statements was taken as the sample mean and it was compared with a hypothesized population mean of 50% agreement/disagreement connoting an event by chance and not due to any statistical significance. A t-test was applied at 95% confidence level and based on the p-value the null hypothesis was tested for rejection or non-rejection.

### Data analysis and interpretation

95 respondents were male while 5 were females. 10 respondents were <40 years of age, 51 were in the age-group of 40-50 years and 39 were >50 years of age. 10 had managerial experience of < 5 years, 45 had managerial experience of 5-10 years, and 45 had managerial experience of >10 years.

The average disagreement responses to the questionnaire were as under:

**Table 1: Summary of responses to the questionnaire**

Statement	1	2	3	4	5	6	7	8	9	10	Average
Disagreement %	77%	81%	83%	74%	86%	69%	91%	84%	74%	76%	80%

Based on the above summary average sample mean the hypothesis was tested as under:

**Table 2: Testing of Hypothesis**

Parameter	Value
Sample Mean ( $\bar{x}$ )	80%
Hypothesized population mean ( $\mu$ )	50%
SD of sample	1.02354
n (sample size)	100
t-value= $\text{abs}((\bar{x} - \mu) / (s/\sqrt{n}))$	2.8822
p-value = $\text{tdist}(t,(n-1),1)$	0.0024
Decision	Reject Null

Thus, the null hypothesis there are no major issues involved with application of marketing audit was rejected in favor of the alternate hypotheses there are major issues involved with application of marketing audit.

### Conclusion

There are major issues involved with application of marketing audit. This conclusion is based on wide disagreement to statements like We are genuinely convinced about the need for marketing audit, Management seems to be genuinely convinced about the need for marketing audit, We have clarity on the scope of marketing audit, We have clarity on the

process of marketing audit, Professionals who conduct marketing audit are readily available, Information required for the conduct of marketing audit is easily available, Suggestions coming up from the marketing audit are practical, Marketing audit is both tactical and strategic in its approach, Marketing audit is not perceived as a fault-finding exercise, and It is easily possible for the marketing team to devote time for marketing audit. Unless these issues are addressed marketing audit will remain a theoretical concept and will face resistance while implementation.

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