

## MARKETING AUDIT: SCOPE, PROCESS AND BENEFITS

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### ABSTRACT

*A marketing audit is a critical and comprehensive examination and analysis of the marketing goals, objectives and activities. A marketing audit is often used by an organization reviewing its business strategy. A marketing audit can inform the management with an invaluable customer and market insight that is vital to help them set realistic business objectives. This paper discusses the scope, process and benefits of marketing audit. Scope of a marketing audit is quite broad and covers both marketing operations and the marketing strategy. Process of a marketing audit is exhaustive and is similar to all other types of professional audits beginning with a well chalked out audit plan and ending with a follow-up of the audit report. Benefits of marketing audit include generating useful information from external and internal sources. This information can be used in planning, decision-making and controlling.*

**Keywords:** Marketing audit, Scope, Process and Benefits

### Introduction

Marketing Audit is a general examination of an organization's marketing strategies and techniques in an orderly way to discover the problematic areas and also to find out the opportunities and urging a plan to improvise the company's marketing performance. It is important as it analyzes the internal and external situations. It analyzes the past performance and the present marketing activities and also identifies the areas that require more attention for future activities.

As it is the human nature if we do not learn from our past mistakes, we continue to make similar mistakes in the future also. To understand such aspects marketing audit is performed which helps organizations in recognizing the reason for failure or success in the market and it guides organizations about the future course of actions. To be effective marketing audit should be comprehensive, systematic, independent and periodic. It should be comprehensive, covering all the areas of marketing right from the identification of the need of the customers to the satisfaction of the need of the customers including a new product development process. It should cover product strategies, pricing strategies, promotion strategies, and place strategies. It should be systematic. Marketing audit should be well planned and professionally executed. Any ad-hoc measures will adversely affect the efficiency and effectiveness of the marketing audit. Clear audit objectives, well spelt out plan, detail procedures, collection of reasonable audit

evidence, and actionable reporting make marketing audit a systematic activity. At the same time marketing audit ought to be independent. Independence is an essential criteria for the success of any audit and marketing audit is no exception to this. Hence it is always preferable to hire an external agency to conduct the marketing audit. On the other hand if the marketing department is assigned the task of conducting the marketing audit, then it may hamper the independence that is of paramount importance for a fair conduct of the audit. Finally the marketing audit should be a continuous process. It should be conducted periodically. Regularity in conduct of the marketing audit provides scope for obtaining compliance on deficiencies pointed out in earlier reports. In fact, the first thing the marketing audit should address is the compliance of the last audit reports deficiencies. To ensure this regularity in marketing audit is a must.

### Literature Review

The marketing audit is the thorough appraisal of all areas of marketing activity in a firm. It implies the deliberate assessment of plans, goals, techniques, activities and hierarchical structure just as marketing staff (Loya, 2011). The presence of the marketing audit in the marketing writing goes back to 1959. In that occasions the marketing audits were characterized as customized examinations, basic assessment of the hypothesis that underline destinations and arrangements, prognostic just as demonstrative, intended to

distinguish opportunities and limitations and preventive (Alipour, Ghanbari and Moniri, 2011). In 1977, the marketing audit was re-imagined by Philip Kotler (Cheng, 2010).

Kotler and Keller (2007) characterized the marketing audit as a thorough, efficient, autonomous and occasional assessment of firm's marketing condition, destinations, techniques and activities with a perspective on deciding issue regions and opportunities and prescribing a game plan to improve the firm's marketing performance. As indicated by these writers, the marketing audit is viewed as having four significant attributes:

- it should be far reaching and wide in focus covering the whole marketing environment of the firm,
- it should be an objective exercise and autonomous of the directors legitimately associated with settling on the marketing decisions,
- it ought to be efficient and systematic arrangement of analytic steps when contrasted with an unstructured and arbitrary examination,
- it ought to be done intermittently, in light of the fact that marketing audit ought to be embraced all the time and not just when serious issues emerge.

The way toward marketing audit leading isn't set by law in this manner, the job of marketing auditor is significant. As a result of this reality, auditor's innovativeness can be named as fifth attribute of marketing audit and it ought to be added to the four qualities recorded previously. As indicated by the writers Imran and Mondal (2012) the marketing audit method gives data as well as information and understanding. It can analyze the aspects of knowledge, as far as their precision, rule and amplex; audit the interior insight spread procedure adequacy and evaluate the authoritative responsiveness as far as speed and pertinence.

Yadin (2006) thinks about that the marketing audit is a strategy of collecting the information expected to reveal the performance of marketing activities of a firm. He likewise makes reference to the most regular situations when a marketing audit being bought: intermittently, as a piece of marketing plans, when extension of the firm region is needed, or the development of the product offering yet in

addition in the midst of emergency when things simply don't work. Mylonakis (2003) thinks about that the requirement for marketing auditing originates from the craving of top chiefs to practice control inside firms.

Writers Taghian and Shaw (2008) see the marketing audit not similarly as evaluation of all marketing activities in the firm yet as a focal insight action answerable for assortment, amalgamation, examination, understanding and suggestion on all significant marketing decisions. It tends to be comprehended as a framework that would use all the current data sources and would consolidate them with marketing auditing strategies and procedures so as to outline total picture including proposals, method of reasoning and foreseen result. The task of marketing audit looks after dynamic, total and savvy data gathering.

The marketing audit, notwithstanding adding to the key and strategic arranging process, will persistently screen the execution of the marketing programs, and will prompt on noteworthy deviations from the expected results with suggestions to take into account changes to realign activities.

Six significant parts of marketing audit can be characterized so as to lead exhaustive marketing audit. Proposed marketing audit segments on which it is conceivable to choose about marketing circumstance of the firm include:

- the marketing environment audit, comprising of examinations of both macro environment and task environment;
- the marketing strategy audit, to evaluate the consistency of marketing procedure with environmental chances and threats;
- the marketing firm audit, intended to survey the collaborations between the marketing and the business firm;
- the marketing systems audit, to assess methods used to get data, plan and control marketing activities;
- the marketing productivity audit, surveying bookkeeping information to decide ideal aspects of profits, just as potential cost investment funds;
- the marketing function audit; surveying key marketing functions dependent on earlier audit discoveries (Kotler, 1977, In Morgan and Clark and Gooner, 2002).

At the point when the firm needs to direct the marketing audit, it has a decision – to lead full complex marketing audit which will incorporate all its six segments. However, the firm doesn't need to direct simply complex marketing audit, yet in addition practical audit which intends to lead only the audit of a portion of these six segments. Every one of these six parts of marketing audit can be semi-self-ruling if the firm needs not exactly a full marketing audit. A few firms request not exactly the full scope of auditing steps so as to acquire starting outcomes before appointing further work. The firm may request a marketing environment audit and, whenever fulfilled, at that point request a marketing technique audit. Or then again it may request a marketing firmal audit first and later request a marketing functions audit (Kotler and Gregor and Rodgers, 2005). The decision of functional audits relies upon the understanding of the management of the audited firm and external audit firm considering the environment in which the firm works. Each firm has the opportunity to pick between two kinds of marketing audit. Each kind of audit can be leaded by two classes of auditors: an internal auditor who is a firm employee or a manager in various degrees of order and an external auditor who is an expert, autonomous professional (Chirla and Funar, 2010).

During the process of marketing audit, firms utilize chiefly qualitative approaches and just a couple of quantitative techniques are utilized (Cheng, 2010). The way toward marketing auditing is, for some, firms, still a generally new and under-used movement. Past the target issues and entanglements engaged with its execution, the way that a few firms utilize only a portion of their components – once in a while not many – in an unsystematic manner, has added to the absence of lucidity encompassing their expansive application (Gama, 2011).

Wu (2010) states that the marketing audit may change the attitude of the executives toward a progressively thorough familiarity with the environment, an increasingly objective and a less natural methodology in dynamic, and permitting free conclusions to be communicated and be utilized to accomplish hierarchical targets. As indicated by Schlidge (2006) the audit causes the firm to comprehend

parts of key significance in deals and marketing. Its outcomes become the outline for key decisions, for future deals and marketing plans by tying assets for deals and marketing to coordinate deals and leads produced.

The writers Taghian and Shaw (2008) directed the examination which proposed that the lead and usage of the proposals of the marketing audit give off an impression of being related decidedly with a change in market share. The study demonstrated that there was no proof of advantages if the marketing audit is led on a specially appointed premise. In this manner, to profit by the lead of marketing audit, it should be done intermittently. It ought to be demonstrated that there are numerous different components that may, conceivably, impact a firm's change in its market share. It isn't suggested that the act of the marketing audit has fundamentally a huge and conclusive job in a firm's change in market share. In any case, the marketing audit is probably going to give the exhaustive and target information and proposals for corrective actions that might be utilized to accomplish the market share goals of the firm. The marketing audit may and ought to be utilized as a significant tool in supporting the top management in identifying the risks that are innate in the firm's action (Cecco and Cetina and Radulescu and Draghici, 2010). The marketing audit looks at marketing process and prescribes how these procedures can be progressively proficient. It tends to be viewed as a factor of the firm's development, which causes it to push ahead, to add to an appropriate focal point of its marketing activities. It permits to exploit opportunities offered in the market and in this manner to add to the general streamlining of the business.

### **Scope of marketing audit**

Marketing audit is quite broad in its scope. It deals with various aspects of marketing and is dynamic enough to look into external and internal marketing environment. It covers both strategy and operations of marketing. Usually the scope of marketing audit is described under six types of marketing audits. These are explained below:

Audit of marketing environment – This sort of audit manages factors from inside and outer environment as far as their previous turn of

events and expected patterns which can mean either the chances or dangers for the organization.

**Audit of marketing strategy** – In this audit it is checked with regards to how the promoting objectives and strategies of the organization are adjusted to the outside environment and corporate assets and choices.

**Audit of marketing organizations** – This audit decides the capacity of the promoting organization to execute the strategy from formal structure, useful effectiveness of connections between various departments in the organization.

**Audit of marketing systems** – The marketing systems audit is focused on the part of operation for the four main marketing systems in the organization: marketing planning system, marketing control system, marketing information system, and system for developing new products. It examines whether an organization is achieving the objectives of marketing, and whether these objectives are corresponding to the opportunities in the market.

**Audit of marketing productivity** – This sort of marketing audit achieves data the profitability of individual parts of the marketing program. It inspects the effectiveness of the cost.

**Audit of marketing functions** – Marketing function audit examines in some details the individual elements of the marketing mix.

### **Process of marketing audit**

Marketing audit process involves three steps – marketing audit planning, marketing audit implementation and marketing audit reporting. The first stage is to make a plan of marketing audit by the auditor. In this audit plan the requirement for carrying out different functional audits are enlisted and it analyzes the accessibility of required information resources. Auditor as per the meeting with the administration of the organization where they consented to explicit audit systems. They settle on the reason, scope, objectives, information sources, type of final report and the time period for building up audit. The subsequent stage is the implementation. Audit acknowledges symptomatic advances, utilizing the strategies for sensible examination. It characterizes the issue and does the marketing examination and

conduct of the organization. As indicated by these executed breaks down the auditor analyzes the issue. Auditor investigates the genuine realities that can be extracted from past improvement. For example, the examination of marketing cost. It assesses subjective components. It surveys the inquiries of representatives in the specific segment of the organization and contrast them and those of others.

The third and final stage is the preparation of the final report by the auditor which is submitted to the management of the organization. The marketing auditor expresses his opinion on the controlled matters. The report proposes measures to correct the deficiencies.

### **Benefits**

Marketing audit provides useful information from the external and internal marketing environment to the organization. It shows how the marketing strategy has helped the organization in adjusting to the opportunities offered by the environment and also to cope-up with the threats posed by the environment. The audit highlights the efficacy of the marketing organization in utilizing resources at its disposal. Marketing audit shows the efficiency and effectiveness of the various marketing systems. Those not up to the mark can be improved in the future. Productivity of marketing function is duly highlighted by taking into account the marketing cost efficiency. Moreover marketing audit also evaluates the various marketing functions by going into finer aspects of each of the components of the marketing mix.

### **Conclusion**

Marketing audit is an important tool with the organization to dissect the performance of the marketing function. Marketing is critical for the success of an organization in many ways. A marketing failure can mean failure for the entire organization. Marketing at the same time consumes significant amount of resources. Thus, marketing is significant from a strategic as well as operational perspective. Hence a tool like marketing audit can be really handy in providing the management an assurance that the marketing activities are in line with the expectations of the management. Scope of

marketing audit is quite broad and it encompasses audit of marketing environment, marketing strategy, productivity, operations, functions and marketing organization. The

audit is carried in three steps. A systematic marketing audit can provide useful insights about the marketing environment and the overall marketing function of the organization.

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