

CONTROL AND AUDIT IN MARKETING

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Abstract

*In the report, control is seen as a function of management, among others, such as planning, forecasting, marketing, etc., through the prism of marketing and in the sense that these functions are also subject to control. Marketing is an integral part of marketing audit, and marketing control. In general, **marketing control** assesses the achieved market outcomes, the marketing costs incurred and the degree of achievement of the marketing goals.*

*In turn, the **marketing audit** evaluates the way it works. Whether the organization of work in the marketing department, the existing rules and procedures provide the necessary prerequisites for achieving the marketing objectives and do not increase the risks over the inherent market risks.*

*In summary, marketing planning and marketing strategies are part of company planning and strategies, **marketing control**, also as part of internal and financial control, has the task of assessing the degree of correspondence between planned and achieved in the field of marketing as well as to take responsibility for undue costs and unused reserves. The same is true of **marketing audit**, as part of internal audit, is the means of constant, independent and objective assessment of the adequacy of the organization of the marketing activity and of the decisions and actions of the collaborators from the units that carry out the marketing activity of the company.*

Marketing control and audit may not be the complete and necessary response to revitalizing marketing strategies but provide a generic mechanism in pursuit of this necessary goal.

Keywords: control, audit, marketing, planning, strategies

Introduction

Marketing control and auditing is a topical topic of today, and in the future for the following reasons:

- The control, which has emerged in ancient times, is an essential necessity for the regulation of social and interpersonal relations;
- With the time and development of society and economic relations, it becomes of particular importance for the construction and development of different economic systems;
- Control is largely determined by the right to power and ownership of means of production, or, in other words, the owner of capital is most often entitled to exercise control;
- The State exercises control functions to protect state interests and property in tax, social security, redistribution, social spheres, and so on;
- Where we talk about marketing control and auditing, the company's owner or management must implement and develop it for business development, sales growth, profits, and so on. When using an external marketing audit, it is intended to obtain an independent opinion on this type of activity and its possible corrections.

All this implies certain marketing relationships, following marketing control and audit, in order to increase profits, reduce costs and their return, and the purpose of the topic and the relationship with the applied literature.

1. Control as a function of management

Etymologically, the term „control" derives from the French word „controle", which literally means checking. Essentially, however, the concept of verification is not covered by the content of the control. Usually, checking is to check something that is part of the whole. It gives an idea of the current state of phenomena and processes. Unlike checking, control is checking something finished and whole, with all its components. Over time and scope it has unlimited action.

The subject of this report is control as a function of the management of economic systems or, in particular, of marketing as one of the management functions. In this aspect control arises with the emergence of the state.

Governance according to economic theory is a factor of production (the other factors are labor, capital and land). It is done through some basic functions such as: planning, organization, command, coordination, control, etc. Control not only impacts the results as a feedback management but is viewed as a continuous process.

For the control of economic systems it is appropriate to use the notion of **economic control**. But the control is mainly involved in the management of economic systems. That is why it is more in line with the name management control. However, the concept of financial control has been adopted in practice. This is because the financial management and financial

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performance of enterprises through their accounting systems are mainly and most frequently checked.

Depending on the specifics of the control functions, **financial (accounting) and management (administrative) control** are encountered. The accounting control is exercised over the reliability of the financial statements and the protection of the assets. Managerial control over compliance with the organization's norms. It checks for suitability for economy, efficiency and efficiency. These indicators are critical to control. Economics is the acquisition with the lowest cost of materials or goods, while respecting quality. Efficiency is the achievement of objectives when comparing actual and expected results. Efficiency means achieving maximum results at minimal cost.

Audit derives from the word „audio“, which literally means listening. It relates to the period from the Middle Ages to the Industrial Revolution, in which the accounts were heard publicly. During the Industrial Revolution, the creation of large enterprises led to the separation of ownership of capital from its management and to the need to protect owners' interests from fraud and error. That is when the organized audit appears. The audit, unlike the control, occurs much later and applies to the financial accounting activity, and for a long time this term was used only to express an opinion on the financial statements of the enterprises. However, performance and compliance auditing is already widespread. Performance Audit is also known as Operational (Managing) Audit and refers to an Efficiency, Efficiency, and Efficiency Assessment. The compliance audit focuses on the assessment of contracts and contractual relationships, tax commitments, the company's credit relations, the company's personnel policy, and management of human resources, marketing, all actions related to norms and rules that affect the end result of the object under review.

2. Origin of Marketing Control and Audit

Unlike the control that has been known much earlier, the idea of a marketing audit has sent us in the 1950s. Rudolf Dallmeier, former director of Boise Allen and Hamilton, recalls the idea of a leading marketing role in 1952. Robert Lavage, president of Ellik and Lavigne, dates back to the use of marketing audit in his company more than two decades ago. In 1959, the American Management Association published the first book on Marketing Audit under the title "Analyzing and Improving Marketing Performance". In the 60th marketing audit, it gained a prominent place in the service offerings of the management consulting companies. Even before the turbulent years of the 1970s, he managed to attract managerial attention.

An important principle in marketing auditing is to start with the market place, explore the changes that are going on, and what problems and opportunities they

contain. Then, the objects of marketing strategies, organization and systems are explored. Finally, the auditor, which may be both internal and external, should investigate one or more key functions that are relevant to the company's marketing performance in detail.

3. Marketing control and Marketing audit

Marketing is a way of thinking that no user has any business activity and working to form his clients, the company works for its profits.

By its very nature, marketing brings together activities of: creation of new products, realization of the existing ones, stimulation of producers and consumers, pricing and different types of communications.

All of them are subordinated to a common strategy, an unresolved goal.

By marketing, in addition to achieving high profit, you can also seek to achieve other goals:

- increasing sales volume, increasing market share, increasing the image of the company and products, shifting competition or shrinking its market share and attaining a leadership position .

Marketing is an integral part of marketing, marketing audit, and marketing control. In general, marketing control assesses the achieved market outcomes, the marketing costs incurred and the degree of achievement of the marketing goals.

In turn, the marketing audit evaluates the way it works. Whether the organization of work in the marketing department, the existing rules and procedures provide the necessary prerequisites for achieving the marketing objectives and do not increase the risks over the inherent market risks.

A classic vision for marketing auditing can generally be defined as comprehensive, systematic, independent, and periodic auditing of the marketing environment, goals, strategies, and business activities of the business or its business units to identify problem areas and unused opportunities, and to propose an action plan to improve the company's marketing results.

The scope of marketing auditing in the last decade is characterized by significant changes in marketing theory and practice. The main direction of the changes can be systematized in several directions, or three main fields, which correspond to three fundamental questions:

- How does the company serve its markets and how satisfied its customers are;
- What is the "value" of the products and services the company offers?;
- What is the efficiency "of the actions to implement these products on the market?

The first strand is characterized by the fact that the emphasis is shifted from striving to satisfy consumer preferences better than competitors at all costs, to seeking a maximum return on the money invested in marketing.

The second strand states that marketing theory and practice is handled by modern and rapidly developing tools. This necessitates a constant change in the ways of collecting, processing and evaluating marketing information.

The third strand relates to the fact that, due to the growing marketing competence of the companies and the anticipated growth of supply, competition is sharply intensified and it is much more difficult for firms to achieve a lasting competitive advantage. This requires constant monitoring of objectives, strategies and tactical moves to achieve them. More frequent are the changes that are made in the organization of marketing activities.

All listed leads to an increase in internal and external risks to the organization and in particular to the success of its marketing activities. This fact prompts companies to look for adequate responses to change.

The marketing audit focuses on four of its features - comprehensiveness, systematicity, independence and periodicity.

- Inclusion means that the audit covers all spheres and directions of marketing activity. It is not seen as a series of independent audits of various areas of marketing activity, but as a system of interrelated activities that cover the overall activity of the organization in the field of marketing.

- Systematics of marketing audit requires that it be a continuous process that covers the entire management cycle in terms of time, including planning, implementation, control and evaluation procedures;

- Independence is a key prerequisite for achieving the audit objectives. It is achieved by ensuring functional and organizational independence;

- Privacy means the continuity of the audit process. It should not be seen as a one-time act but as a sequence of steps that include assessment, formulation of recommendations, performance appraisal, formulation of new recommendations, etc.

Marketing control as part of the control function in the company is subject to the general logic of the control process - diagnosis of results, evaluation of results, purpose and corrective actions.

The focus on annual performance has as main task to assess to what extent the goals set in the marketing plan have been achieved. For this reason, senior management is committed to its implementation. **The subject** of analysis and evaluation is all the main areas of marketing activity, both in terms of results achieved, such as sales, market shares, consumer satisfaction etc., and in the context of marketing costs incurred. Some of the following can be included here: Sales analysis, market share analysis and changes in the market, analysis of financial results related to the company's market positions, consumer satisfaction assessment, valuation of "brand value" owned by company evaluation of product innovation results, overall evaluation of marketing costs effectiveness.

The task is to evaluate the return on marketing costs. The assessment of the return is necessitated by

the fact that the marketing costs should be considered as an investment with a certain return. Also, control over the effectiveness of marketing activity is aimed at assessing the results, in the context of whether the marketing resources of the company are being used in full.

Marketing control is so-called strategic marketing control. Its main task is to determine the achievement of the organization's strategic goals and whether the created work organization creates the necessary preconditions for doing so. This control does not focus on the specific direction of the marketing activity or on a certain group of marketing costs. It focuses on the organization of marketing activity in general and therefore does not handle a toolkit of indicators and methods. The importance of strategic marketing control is to generate information on the degree of correspondence between marketing goals and marketing practice in the company. Strategic Marketing Control is a commitment of senior management.

Control often improperly identifies itself with the internal audit of marketing activity. In recent years, however, internal audit includes, covering the marketing activity that has emerged as an independent direction in the business of companies.

4. Marketing planning before Control and Audit

In the majority of companies, the marketing plan is developed after the company's overall business plan has been developed. Marketing is only part, though very important from the structure of the company's plan. Other structural components of the master plan are production, research and development plans, finance, staffing, etc. Efficiency in marketing planning is greatly increased when it is in line with company planning, as a whole, and the marketing plan is developed as part of the company's strategic plan.

The marketing tasks must be consumer-oriented, constantly monitoring their needs and also monitor the behavior of competitors, identify their weaknesses and strengths, and their potential for market behavior. In this sense, the marketing function is leading. It determines the technical, the production policy of the enterprise, the style and the nature of the management of the entire entrepreneurial activity.

The marketing management cycle ends with control, which at the same time launches a new marketing planning cycle.

Marketing control is a process of measuring and evaluating the results of the marketing strategies and plans, the implementation of the corrective actions that ensure the achievement of the marketing goals. As a result, controls are introduced in marketing activity. For example, if the volume of sales is lower than expected, it is necessary to determine what is conditioned and what needs to be done to change the situation. If the sales volume is above expectations,

then it should be judged what this is causing and maybe it is possible to raise the price of the product. This may lead to some reduction in sales volume, but it is possible to provide a higher profit.

Typically, four types of marketing control - control of annual plans - are distinguished; profitability control; performance control and strategic control. Carrying out marketing activity implies significant costs and their rationality and effectiveness is precisely the control.

Analyzing the relationship between marketing costs and sales volume allows the company to assess the effectiveness of marketing costs and determine their most acceptable size. Typically, such an analysis is made for individual components of marketing costs. Such as: advertising costs; marketing research costs; costs of sales promotion; the costs of the traders and all related to the volume of sales. The results of this analysis should be evaluated in terms of the company's financial performance. This is necessary to understand at the expense of what and where the company receives money.

The financial analysis is conducted in order to reveal the factors that determine the return on investment. Elevation of a given metric is usually done in two directions:

- first, by increasing profits at the expense of increasing sales volume and / or cutting costs;
- secondly, by accelerating the turnover of capital, which is achieved at the expense of increased sales volume or reduction of assets (inventories, basic funds, number of unpaid bills, etc.). This explains the role of marketing factors in ensuring the financial stability of the firm.

One of the first steps in the marketing planning process is the implementation of a detailed marketing audit aimed at revealing the areas where problems and new opportunities exist and making recommendations for developing a plan to increase the effectiveness of marketing activities.

In other words, a marketing audit is a structured, logically consistent approach to gathering and analyzing information that aims to:

- to clarify the market position of the company at the moment;
- promote potential opportunities and threats in the company environment;
- to determine the organization's ability to meet the "requirements" made by the entity (users, intermediaries, suppliers, competitors) to it.

According to F. Kotler, the marketing audit is a comprehensive, systematic, independent and periodic review of the company's marketing and environment, goals, strategies, activities in terms of identifying problem areas and opportunities, and developing a plan to improve the company's business.

Unlike controls, marketing auditing should include: an analysis of the external environment and the company's internal condition; benchmarking of current activities with historical results; identifying future opportunities and threats that the company would face.

Rapidly changing economic processes require rethinking strategies annually, even monthly. Competitors are creating new products, customers are changing their business, distributors lose their efficiency, advertising costs hit the ceiling, government restrictions are on the way, and consumer unions are attacking. Many companies feel the need for periodic analyzes and research on their marketing operations, but they do not know how to approach them. Some companies make just minor changes that are economically and politically feasible but do not cope with the essence of the problem.

Correctly, companies develop a marketing plan, but management does not take a focused and objective view of marketing strategies, policies, organizations, and start-up operations. At the other extreme, companies take the top marketing leadership, hoping to shake the market. Somewhere in the middle may be the truth in the reorientation of marketing operations, based on changing external influences and opportunities.

Instead of conclusion

From what has been said so far, it can be summed up that **while marketing control** has the task of assessing the degree of correspondence between planned and achieved in marketing and the return on marketing costs and looking for unused reserves, **marketing audit** is the means of permanent, an independent and objective assessment of the adequacy of the organization of marketing activities and of the decisions and actions of the employees who carry out the marketing activities of the company.

But whether the marketing audit has reached methodological maturity, the answer is not yet, but the growing need to unify practices can lead to reasonable progress in this area to several years.

The marketing audit may not be the complete answer to the revival of marketing strategies, but it presents a generalized mechanism in pursuit of this necessary goal. Each company can benefit from a competent audit of various marketing operations and it can be of great benefit and maximize results.

In this respect, the imposition, use and development of marketing control and auditing is vital to any self-respecting organization in order to better develop and strengthen the market.

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