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Воронянська О.В. к.е.н., доцент

o.voronyanska@tsatu.edu.ua

Арестенко Т.В., к.е.н., доцент

tatyana.arestenko@gmail.com

Таврійський державний агротехнологічний університет

METHODICAL APPROACHES TO DEFINING MARKETING ACTIVITY

Abstract. Different approaches to creation of a system of indicators for assessing marketing activities effectiveness are defined. It is revealed that differences in approaches happen due to direction, branch, purpose and period of coverage of marketing activities. It is emphasized that it is necessary to calculate costs of marketing activities and effectiveness of these costs due to their riskiness.

Formulation of research objectives. Cost control requires companies and trade organizations to assess effectiveness of implementing measures related to the study of a market situation, sales of goods, creation of a customer base, and others. In such a situation, it is very important to determine methodological approaches to development of a system of indicators for assessing marketing activities effectiveness, as well as factors influencing this process.

Conclusions and recommendations for further research. Summarizing existing approaches to assessing marketing activities effectiveness, it is necessary to provide methodological approaches that will be based on analyzes, industry, scope of analysis, field of application, strategic orientation. It should be noted that there is no single approach for conducting such an analysis and a single system of indicators that could be used in any case was not created.

In order to further improve the marketing activity and its evaluation, it is better to analyze not only financial and economic indicators but also indicators related to the steady growth of enterprises and organizations.

Keywords: Marketing activity, indicators, efficiency, marketing innovation, risk of costs.

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Voronianska O.V. PhD in Economics., Associate Professor

o.voronyanska@tsatu.edu.ua

Arestenko T.V., PhD in Economics., Associate Professor

tatyana.arestenko@gmail.com

Tavria state agrotechnological university

МЕТОДИЧНІ ПІДХОДИ ДО ВИЗНАЧЕННЯ ЕФЕКТИВНОСТІ МАРКЕТИНГОВОЇ ДІЯЛЬНОСТІ

Анотація. Визначені різні підходи до формування системи показників оцінювання ефективності маркетингової діяльності. З'ясовано, що відмінності у підходах обумовлено спрямованістю, галуззю використання, метою і періодом охоплення маркетинговою діяльністю. Наголошується на необхідності обчислення витрат на маркетингову діяльність і ефективності цих витрат у зв'язку з їх ризикованістю.

Ключові слова. Маркетингова діяльність, показники, ефективність, інновації в маркетинг, ризикованість витрат.

Analysis of recent research and publications. Scientists and business process practices have clearly recognized the necessity to assess the effectiveness of marketing activities in general, the use of marketing tools and marketing efforts to stimulate product sales. His vision for evaluating the effectiveness of marketing activities was formulated in his writings by foreign

scholars: G. Asssel, B. Benssasan, O.A. Volkova, V.M. Kalishenko, Robert S. Kaplan, F. Kotler, David P. N. Norton, V. Sudnik, Paul U. Ferris, C. Fleischer. A range of domestic scientists also took part in the definition of systems of indicators of evaluation of the effectiveness of marketing activities: O.Yu. Bochko, V.P. Zaliznyuk, O.V. Kendiukhov, A. Savchuk, T.M.

Serdyuk, O.O. Radko O.O. Romanov and others. However, the ambiguity of approaches to the development of systems of indicators for evaluating marketing activities prompts further scientific research.

Generation of article goals. The purpose of the article is to justify the methodological approaches to determining the effectiveness of marketing activities of enterprises in the context of increasing costs for marketing activities and increasing competition among producers and enterprises that sell products using all possible channels.

Presentation of the main material. Marketing activity contains not only a creative but also a financial component which involves a number of costs associated with the retention of personnel and other operational activities. The set of techniques that motivate a client to buy includes advertising in the media, on boards, in the Internet, the production and distribution of booklets and flyers, the creation of personal Internet sites, the organization of promotions, fairs, product tests, and more. Of course, there is a necessity to determine the effectiveness of these marketing activities.

Different systems of indicators of evaluation of marketing activities are considered in the scientific literature. However, there is no single approach to determining the economic efficiency of individual marketing activities or a coherent strategy.

Bochko O.Yu., referring to Kotler F., gives the following system of indicators for evaluation of the effectiveness of marketing activities:

- amount of turnover and number of clients;
- volume of orders received and number of clients;
- amount of received orders and number of clients;
- turnover and amount of available orders;
- turnover and goods in stock;
- turnover and amount of received orders;
- turnover and number of claims;
- amount of received and available orders;
- turnover and number of sales personnel;
- turnover and number of sellers;
- advertising costs and turnover;
- advertising costs and company profits.

Kalishenko V.M. prefers creation of indicators for assessment of marketing activities effectiveness based on different approaches: from the

point of view of a marketing management concept, in accordance with a horizon of management activities, taking into account an internal state and an external situation.

The first set of indicators combines four components:

1. Improvement of production – usage of production capacities, reduction of production costs, production volume, cost of goods;
2. Intensification of commercial activity – sales volume, market coverage;
3. Marketing itself – consumer needs, consumer satisfaction, consumer loyalty, product quality, price, service;
4. Socio-ethical marketing – welfare of society; consumer satisfaction; efficiency of usage of personnel, natural, raw materials, energy resources; profitability of the company.

The second group involves creation of indicators for time factors:

1. Operational – revenue, profit, expenses for marketing communications;
2. Tactical – sales, efficiency of marketing communications, crater of sales;
3. Strategic – market share, brand image, customer lifetime value.

The third group is divided into internal and external features:

1. Internal, which are also divided into current ones (lack of goods, untimely shipment, receivables, stock rotation) and final ones (net profit / income, sales profitability, margin per production unit, return on assets, asset rotation).
2. External. Current: consumer satisfaction, product quality, loyalty, product awareness. Ultimate: market share, customer retention, comparative sales of new products, revenues per customer, market growth.

Volkova O.A. proposes to create a system of indicators for assessment of marketing activities effectiveness based on a rating assessment which is based on the usage of a balanced system of indicators. The proposed system contains four groups of selected indicators: financial, client, internal processes, training and growth.

The group of financial indicators includes an increase of:

- market shares,
- profit,
- profitability of sales,
- increasing marketing costs effectiveness.

Client indicators include:

- growth of customer number,
- growth of customers number who prefer the ratio of "price-quality"
- growth of customer loyalty and profitability of advertising.

Indicators that reflect internal processes include:

- decrease of average cost of goods,
- maximum production capacity,
- decrease of marketing spending,
- improvement of product quality,
- optimization of assortment and price offer.

The indicators that focused on education and growth are:

- growth of sales staff efficiency,
- advanced training of a marketing department staff,
- provision of faster growth of productivity in comparison to wage growth,
- decrease in personnel turnover,
- growth of staff awareness about enterprise objectives.

Zalizniuk V.P. has somewhat different view on methodical approaches to determining marketing activities effectiveness. Evaluating the effectiveness of marketing activities, it was proposed to combine quantitative and qualitative indicators into two groups: effectiveness of product flow management and effectiveness of business units.

The first group includes the following indicators: profitability of sales, coefficient of foraging on finished products, coefficient of advertising efficiency and means of sales stimulation, coefficient of capacity utilization, sales (market share), profitability of marketing investments.

In the second group, the following indicators are combined: product profitability, labor productivity, profit, return on assets, unit costs, coefficient of new equipment development, coefficient of new products development.

A slightly different approach is proposed by Savchuk A. The following division of indicators for the trading companies is proposed: results of marketing activities and effectiveness of marketing activities.

The results indicators include: market share of an enterprise, relative market share of an enterprise, coefficient of change in sales, dynamics of a number of customers, dynamics of a number of loyal customers, ratio of demand, the coefficient of purchases completeness.

The group of indicators of marketing activities effectiveness includes: effectiveness of the sales, profitability of marketing investments, profitability of trade turnover, efficiency of retail space usage and size of an average check.

V. Sudnik reduces analysis of marketing management efficiency at the enterprise to calculation of dynamics of the following indicators: share of profit from a commercial activity of the enterprise, volume of shipped products, volume of products demand (market capacity), costs of a marketing service, competitiveness factor of the enterprise.

Paul U. Ferris with co-authors tend to identify financial and economic indicators that reflect current and long-term activity of marketing services. They give the following advantages:

- net profit;
- profitability of sales - ROS;
- return on investment - ROI;
- economic profit - EVA;
- payback;
- net present value - NPV;
- internal returns - IRR;
- return on investment in marketing - ROMI.

Return on investment (ROI) and economic profit (EVA) are indicators that show current situation while net present value (NPV) and internal rate of return (IRR) reflect development of long-term projects.

The ROI is considered by the authors as important since in their view investments in marketing are risky but related to the further development of a company. Therefore, it is considered that the costs are justified if this indicator is positive. Together with the ROMI indicator the following indicators are calculated:

- ratio of profitability of additional marketing costs;
- income attributed to a marketing account;
- ratio of profitability of a total marketing budget;
- profitability of additional investment in marketing (ROIMI).

Despite the importance of calculating marketing activities effectiveness, there are some difficulties in selection of actual data which is connected with growth of volumes of sales under influence of marketing techniques and, as a consequence, an increase of incomes and profits of enterprises and trade organizations.

It should be kept in mind that running costs may have sometimes a prolonged effect and affect sales volumes in the future.

The authors of the balanced system of indicators believe that the growth of corporate incomes is possible only through a growth strategy that can be reflected by the following indicators:

- target customers due to which profitable growth will occur;
- consumer value propositions that will encourage clients to expand business with the company with increased profits;
- innovative projects (products, services, processes);
- investing in people and systems to increase efficiency of processes and create differentiated value propositions.

As we see, the authors, in addition to financially-economic indicators, which are certainly very important, consider it appropriate to focus on indicators aimed at creation of a qualitatively different internal and external environment, which is extremely necessary in a violent competitive confrontation. That marketing activity plays a crucial role in shaping a new strategy and therefore costs associated with implementation of plans and objectives of marketing services should be evaluated in terms of their effectiveness.

In developing the above approach to assessing the effectiveness of marketing activities, it is proposed to assess marketing activity as a separate strategic organizational unit which should be considered from the point of view of steady growth within the entire enterprise or organization. To evaluate the effectiveness of marketing activities as a separate functioning unit, it is necessary to do with the help of following indicators:

- additional investment and working capital for each additional monetary unit of sale;
- additional investments in support of existing capital assets for each additional monetary unit of sale;
- additional investment in new capital assets for each monetary unit of sale;
- net profit;

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- percentage of amortization calculated on sales;
- tax rate;
- level of payment of dividends;
- additional debt growth for each additional monetary unit of the received income.

There are some differences in assessment of marketing activities effectiveness with involvement of the Internet. Ravikovich I.E. offers the following indicators:

- cost of purchasing and installing Internet marketing tools (Internet technologies);
- costs for updating and supporting existing marketing activities with involvement of the Internet;
- cost of conducting communication lines and related software;
- expenses for training or advanced training of personnel in the marketing department;
- salary for employees of the marketing department;
- payment for hosting and domain;
- unpredictable costs (standby costs);
- cost of auxiliary tools and materials;
- amortization deductions;
- additional costs for involvement of third-party services in implementation of the Internet marketing tools (product promotion).

As you can see, the author offers only an expense part of indicators without taking into account an additional sales volume from usage of the Internet marketing, therefore without the revenue part of the system of indicators.

Conclusions. Summarizing existing approaches to assessing marketing activities effectiveness, it is necessary to provide methodological approaches that will be based on analyzes, industry, scope of analysis, field of application, strategic orientation. It should be noted that there is no single approach for conducting such an analysis and a single system of indicators that could be used in any case was not created.

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