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## COMPARATIVE ANALYSIS OF MARKETING PERFORMANCE INDICATORS

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**Key words:**marketing effectiveness, marketing activity,  
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Analysis and evaluation of the effectiveness of marketing at enterprises, as well as performance monitoring, is an essential process for understanding the feasibility of a marketing strategy, its perspectives and shortcomings. Nevertheless, the question of evaluating the of marketing performance is still open, and scientists do not have a single classification of indicators and a universal integral indicator, that allows us to conclude if marketing activities of the enterprise are effective.

The main approaches and methods for measuring the effectiveness of marketing activities of an enterprise are analysed in this article, as well as their advantages and disadvantages. The constituent elements of marketing effectiveness were investigated and the groups of external and internal indicators, as well as indicators of marketing profitability, were characterized. Assessment of the marketing effectiveness should take into account external and internal factors, current and final indicators affecting the enterprise, marketing strategies and tactical measures. It was established, that calculation of accurate indicators allows to make the right decisions to increase the effectiveness and quality of marketing activities in the organization. The classification of internal and external indicators of marketing effectiveness has been clarified. The features of using financial and marketing indicators for performance analysis are considered. An integral indicator of marketing effectiveness assessment is proposed.

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## ПОРІВНЯЛЬНИЙ АНАЛІЗ ПОКАЗНИКІВ МАРКЕТИНГОВОЇ ЕФЕКТИВНОСТІ

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Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**маркетингова ефективність, маркетингова  
діяльність, класифікація показників  
ефективності.

Аналіз та оцінка ефективності маркетингової діяльності підприємств, а також контроль результативності є невід'ємним процесом для розуміння доцільності маркетингової стратегії, її перспективності та недоліків. Тим не менш, питання оцінки ефективності маркетингу досі залишається відкритим, адже в науковців не існує єдиного універсального підходу щодо вибору критеріїв класифікації та об'єктів, які необхідно брати до уваги під час оцінювання ефективності маркетингової діяльності.

Проаналізовано основні підходи та методи вимірювання ефективності маркетингової діяльності підприємства, їх переваги та недоліки. Оцінка ефективності маркетингу повинна враховувати зовнішні та внутрішні фактори, поточні та кінцеві результати, що впливають на підприємство, маркетингові стратегічні й тактичні заходи. Тому автори дослідили складові елементи ефективності маркетингу, якісні та кількісні показники, а також показники прибутковості маркетингу та основні складові маркетингової орієнтації підприємства. Згруповано внутрішні та зовнішні показники ефективності маркетингу та уточнено їхню класифікацію.

Розглянуто особливості використання фінансових і маркетингових показників для аналізу ефективності. Кожен із цих показників відіграє важливу роль у переході компанії на більш високий рівень ефективності та рентабельності маркетингу. З'ясовано, що розрахунок точних показників дозволяє приймати вірні рішення щодо збільшення ефективності та якості маркетингової діяльності організації. Оскільки ці показники тісно пов'язані, максимальної ефективності компанія може досягти лише за умови їх збалансованості. Більшість методів оцінки ефективності не охоплюють маркетингової діяльності загалом, а досліджують ефективність її окремих складових. Тому автори пропонують інтегральний показник оцінки маркетингової ефективності, що включає основні показники та об'єднує їх у єдину систему. Такий підхід дозволить більш точно коригувати маркетингову стратегію та порівнювати результати з конкуруючими компаніями.

### **Statement of the problem**

Analysis and evaluation of the effectiveness of marketing at enterprises, as well as performance monitoring, is an essential process for understanding the feasibility of a marketing strategy, its perspectives and shortcomings. The basis for such control is a set of indicators that reflects economic, market and competitive conditions of the enterprise over a period of time and need to be systematized according to certain criteria of the marketing effectiveness evaluation. Development of the set of indicators is the foundation for performance analysis, which allows to evaluate the strategy implementation at every phase and helps to find answers to the executives' questions regarding further company's actions in the competitive environment.

### **Analysis of recent studies and publications**

The publications of many prominent Ukrainian and foreign authors are devoted to the issues of the marketing strategy effectiveness evaluation. L. Balabanova suggested internal and external components of marketing effectiveness and sales management efficiency in her monograph. She focused her research on matrix and points-based systems of effectiveness evaluation [1, p. 27]. E. Grove found a connection between the marketing effectiveness and the performance of marketing staff [2, p.173]. M. McDonald proposed to assess the marketing effectiveness by such parameters as the attitude of company management to marketing, organization of the marketing process at the enterprise, the level of coordination and information exchange between units, effectiveness of marketing tools usage [3, p.15]. J. Grant considered it relevant to study qualitative indicators, whereas P. Ferris, N. Bendl, F. Pfeifer, D. Reibstein, and F. Kotler measured marketing effectiveness only through quantitative ones [4, 48]. T. Serdyuk established that the economic efficiency of marketing management of commodity flows should be evaluated on the basis of an extensive system of indicators, which helps to assess the achievement of the objective [5, p.185]. However, the

issue of marketing effectiveness evaluation still remains open, because scientists do not have a universal approach to measurement of the effectiveness of marketing activities at the enterprise.

### **Objectives of the article**

The objective of the research is the comparative study of the main performance indicators and development of an integral indicator of the marketing activities.

### **The main material of the research**

Efficiency, in its broad sense, is the productivity of manufacturing, the ratio between the results of economic activity and the cost of labour. In a certain sense, efficiency can also be identified as profitability. The solution is the most effective, when the goals are fully achieved and the cost of their implementation is minimal.

There are several definitions of the concept of marketing effectiveness. Firstly, it is a relative result at every stage of marketing strategy that meets the ultimate and intermediate goals of marketing activities. Also, it is the ratio of the effect of marketing activities to all costs that accompany this process. In addition, the effectiveness of marketing is considered as the return on costs related to marketing activities, which can be estimated as the ratio of the result in natural, intangible or material form to the cost of all required resources to implement the marketing strategy [6, 94].

The analysis has shown that there is no consensus on the choice of classification criteria and objects to consider for evaluating marketing performance.

Therefore, some scholars believe that marketing effectiveness is characterized by five main components of marketing orientation: customer orientation, marketing integration, adequacy of marketing information, strategic orientation, operational efficiency (Fig. 1). The disadvantage of this structure is the subjective opinion of the reviewers, because there is no system for estimating these parameters and an algorithm for calculating efficiency [7].



Fig. 1. The main components of marketing orientation

Many practitioners claim that the main purpose of marketing is to increase sales and profit. However, many other components of the enterprise's potential influence on the final results, besides marketing, that is why this kind of assessment is too simplified.

A more complete assessment of the effectiveness of marketing activities, focused on the long-term success of the enterprise involves analysing the level of deviation between the planned and actual figures, finding a correlation between the results of the activity and the expenditures.

Evaluation can include quantitative indicators, which characterize the total volumes and rates of sales of goods and services, profit, expenses on main directions of marketing activity. Qualitative indicators demonstrate the conditions of the enterprise development, its efficiency – intensive use of resources, maximal results, needs,

opportunities for their covering, profitability, efficiency of investments use [8].

Internal indicators are important for the evaluating the unit of production cost, asset turnover, employee productivity, return on investment and overall profitability calculation. But in order to properly measure marketing effectiveness, it is necessary to consider not only financial indicators, such as revenue, net profit, profitability of sales, share of market value in sales volume. They do not represent a full picture of the company's activity. It is impossible to conclude how it functioned with regard to external criteria – market growth, price competitiveness, quality of competitors' products and services, as well as the satisfaction and retention of customer (Fig. 2). They do not influence directly, but they are highly correlated with profit [9]

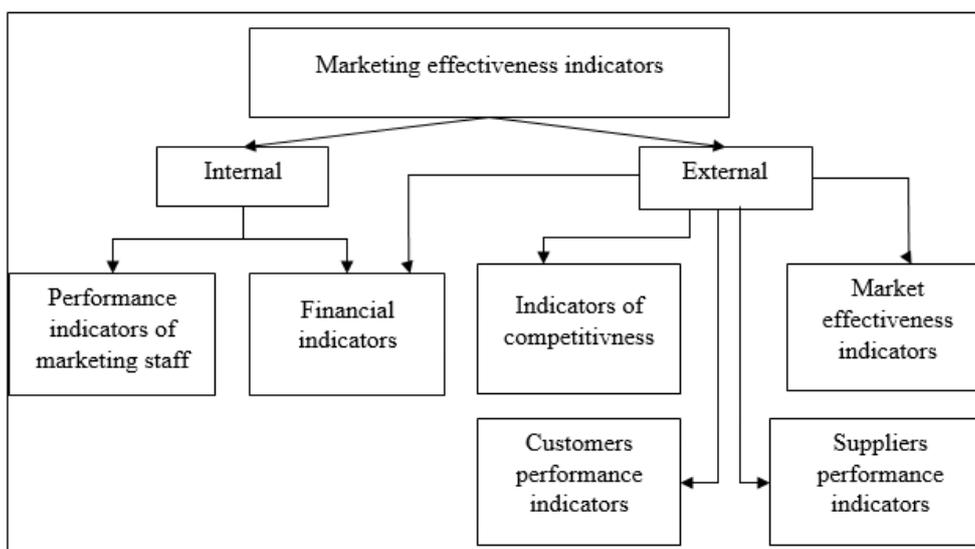


Fig. 2. Groups of marketing effectiveness indicators  
Source: made by author, based on [9]

The main external categories of marketing performance metrics are:

1. Market effectiveness indicators. These indicators estimate the external market conditions and the attractiveness of the markets, assess the market in terms of profitability and current results. These include growth rates, market share, market attractiveness, industry attractiveness and market demand potential. These indicators help to find new opportunities for the company to grow in new or emerging markets. Also, market potential is important, as it indicates the maximum number of our potential customers.

2. Customers performance indicators. These external indicators characterize the effectiveness of customer engagement and evaluate a company or product from a customer perspective. These include satisfaction rating, customer retention and engagement level, loyalty, customer awareness and consumer value. The volume of consumer purchases is also important, as well as the cost, consumer intentions and the possibility that consumers will prefer competitors' goods.

3. Indicators of competitiveness. These external indicators demonstrate the competitiveness of the company's products. These include the efficiency of the firm's activities in terms of offering competitive prices, quality products and services, brand and expenditure. It is also important to evaluate the strengths and weaknesses of each competitor or strategic group, calculate the relative market share, analyse the characteristics and reasons for the success of the most important competitors, strategies for competitors positioning and the level of interest in maintaining existing positions.

The issue of competitiveness and success of a particular brand is quite complicated. After identifying what is the measure of success, it is possible to prioritize the creation and promotion of the brand. The success of the brand can be calculated as the ratio of the obtained result to the resources expended.

To evaluate the brand success rate, a set of parameters has to be considered:

- the level of loyalty;
- the level of brand awareness;
- brand profitability;
- resources spent on the brand creation;
- dynamics of the brand indicator [10].

4. With regard to suppliers, it is advisable to use such indicators as the effectiveness of supplier relationships, the suppliers' interest in cooperation with the company, the importance of company's sales for suppliers, the cost

and probability of choosing other customers, the precision of fulfilment of cooperation conditions, the level of quality of the supply [3].

5. Key Performance Indicators (KPIs) are widely used to evaluate the performance of enterprise marketing staff. This system of financial and non-financial values measures the effectiveness of a particular activity and of the actual results obtained. Actual performance indicators are compared to ideal ones. For every company, these criteria must be individual and achievable, depending on its goals and market position.

In addition to traditional financial indicators, marketing efficiency can be calculated by using marketing profitability metrics. The main metric is the return on investment, which measures the influence of marketing investments or costs associated with a sales organization on profit. It is calculated as the ratio of the effectiveness of marketing activities to marketing and sales costs. As it is expressed in a percentage, its value for any business unit, region or product line is comparable to that of other business units in the region or competitors.

Marketing and Sales Expenses (MSE) include all costs associated with marketing management, product launch and support: advertising, sales, product development, technical support and service costs. This metric helps to understand more clearly how much the company invests in marketing each year to provide a certain level of sales and gross profit margins.

Another very important metric for evaluating company's marketing performance is Net Marketing Contribution. It indicates the amount of gross profit that resulted from the effective marketing strategy, excluding the cost of marketing. This indicator shows how the strategy affects revenue.

Net Marketing Contribution = Sales revenue × Gross profit - Marketing expenses.

Each of these metrics plays an important role in improving the company's marketing effectiveness and profitability. Indicators of market activity are equally significant to provide an external assessment of the effectiveness of a business. With both sets of effectiveness metrics, managers, as well as financial analysts and shareholders will be in a much better position to evaluate the marketing effectiveness and performance of the company as a whole [9].

For a more complete assessment of marketing performance, it is necessary to combine and use all types of metrics. In our opinion, there is a direct link between them (Fig. 3).

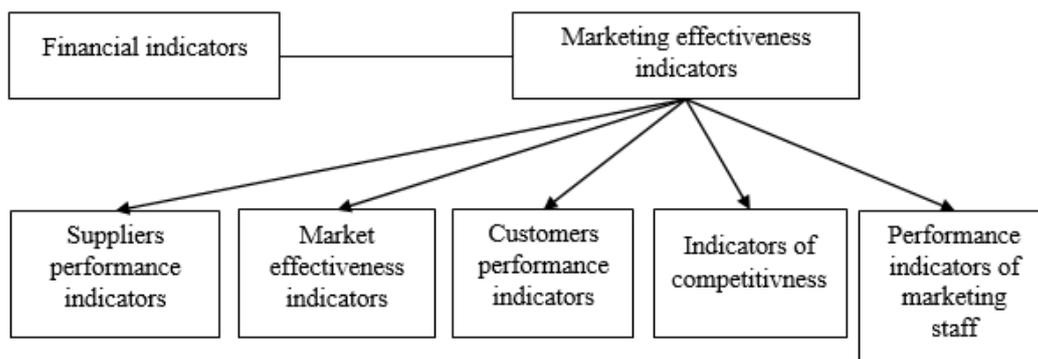


Fig. 3. The link between different types of marketing performance metrics

Source: made by author, based on [9]

As these indicators have a close link, the company can only maximize its performance if they are balanced. It is advisable to use an integral indicator to combine metrics into a single system.

An integral indicator of marketing effectiveness:

$$E = \sum_{i=1}^n a_i \cdot b_i,$$

where

$b_i$  – weight coefficient, determined by the expert,  $b \in [0;1]$ ;

$a_1$  – market growth rate;

$a_2$  – market share.

$a_3$  – relative price competitiveness indicator:

$$a_3 = \frac{P_1}{P_2} = \frac{C_{p1} + C_{o1}}{C_{p2} + C_{o2}}$$

$P_1$  – the price of consumption of the product that is evaluated;

$P_2$  – the price of consumption of the product of the nearest competitor.

When it is impossible to select out one competitor, calculate the arithmetic average of several competitors. Consumption price can be calculated as the sum of the cost of products ( $C_p$ ) and operating costs ( $C_o$ ) [11];

$a_4$  – relative quality indicator, calculated by the formula:

$$a_4 = \frac{P_i}{P_{ib}},$$

$P_i$  – the indicator of quality of the product that is evaluated;

$P_{ib}$  – the indicator of the quality of the base model [8]. Quality is evaluated by a point system based on peer review.

$a_5$  – customer retention indicator, calculated as the ratio of the number of customers who repeat purchase in the period to the total number of customers who made a purchase in the previous period;

$a_6$  – the percentage of orders delivered by suppliers on time is the ratio of the products delivered on time to the total quantity of products in the order [10];

$a_7$  – return on marketing investment, calculated by the formula:

$$a_7 = \frac{\text{Net Marketing Contribution}}{\text{Marketing Cost}} \times 100\% [4];$$

$a_8$  – the performance of marketing staff is an average measure of the effectiveness of all marketing staff, which is determined by the point system based on the desirable targets.

It is necessary to reduce the differences in the variation of metrics that are included to the integral indicator of marketing effectiveness. It is proposed to use the method "minimum-maximum", according to which the index  $a_i$  is calculated by the formula:

$$\bar{a}_i = \frac{a_i - a_{min}}{a_{max} - a_{min}},$$

$a_i$  – quantitative indicator of the i-th factor, that takes values between 0 and 1;

$a_{max}$  – the maximum value of the quantitative indicator of the i-th factor;

$a_{min}$  – the minimum value of the quantitative indicator of the i-th factor.

This approach allows to adjust marketing strategy more accurately and compare results with competing companies. For example, if the indicator of marketing effectiveness is high, then deeper market penetration is possible. If the indicator is at middle level, the strategy of product development, and improvement of its quality, would be more appropriate. If the effectiveness of marketing activities is below the satisfactory level, each component of the marketing activity should be analysed. This allows to find out weaknesses and improve these metrics. Moreover, the company can diversify production and find new markets where its operation will be more efficient.

### Conclusions

In conclusion, the calculation of precise indicators allows to make the right decisions to increase the efficiency and quality of the marketing activities of the organization. Most methods of effectiveness evaluation do not cover marketing in general, but examine the effectiveness of its separate components. Evaluation of the effectiveness of marketing activities must take into account external and internal factors, current and final indicators that affect the company, marketing strategic and tactical measures. That is why, we have developed an integral indicator that includes the main metrics mentioned above and unite them into the system.

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