

Opportunities to Increase the Effectiveness of Marketing Activities in the Enterprise

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ABSTRACT

In this article, the concept of marketing effectiveness is considered as a very relevant topic in a highly competitive environment. Marketing efficiency can be described as a function of improving the process of entering the market in order to optimize its own marketing resources spent to achieve better results for short- and long-term strategic goals of marketing. In addition, improved marketing effectiveness not only helps businesses prioritize their efforts, but also increases the quality and accuracy of marketing resources required by consumers.

KEYWORDS: *Marketing effectiveness, marketing performance indicators, efficiency, internal and external marketing indicators, marketing strategies.*

Introduction

Any business entity competing in the market conditions concentrates all its goals for the development of its activities and monitors their implementation. The control evaluates the effectiveness of each department. In this way, the results of the department's activities reflect the views of the company's management. The role and importance of the marketing department in the company's activities is also invaluable. Because, first of all, the study of consumers and the identification of their needs, thereby creating and selling goods and services, the promotion is carried out only by the marketing department. Therefore, evaluating the activities of the marketing department, determining its efficiency and profitability, finding the shortcomings of the department will lay the foundation for the further development of the enterprise.

Efficiency is characterized by two aspects:

- 1) efficiency – this means the general final characteristic of any activity or the performance of individual functions of the activity. Accordingly, the higher the level of achievement of the goal and the lower the cost of its implementation, the more effective the solution will be;
- 2) efficiency – means to understand the funds received as a result of any activity without correlation with the results obtained. Action efficiency is the degree to which action outcomes are consistent with the objectives of achieving planned outcomes.

Literature review

We begin by highlighting the concepts of marketing effectiveness and profitability to further increase business efficiency.

A number of economists, VV Zhivetin, VL Samoxvalov, NP Chernov, I.A. Feraponova believe that marketing effectiveness is the result of improving production and sales in the following key areas: optimal use of market potential, including for new products; increase the reliability of forecast estimates; search for a market segment for a particular product; increase the correct version of the analysis of market equilibrium (equality of supply and demand), etc. [1].

M.Tugan-Baranovsky, LVBalabanov propose to evaluate the effectiveness of marketing in the following areas: customers, marketing integration, data adequacy, strategic directions, operational performance indicators [2].

Marketing scientists NK Moiseeva, MV Konysheva reveal indicators of marketing activity by functions (market research, commodity policy, trade, communication) and generalization (profitability, strategic activity) [3].

In our opinion, marketing effectiveness is the integration of the results of key indicators of marketing activities (market share, sales volume, marketing costs and profits, consumer opinion, brand position, real and potential market capacity) over a period of a particular marketing strategy. is an opportunity to cite and evaluate [4].

There are several benefits to using this financial indicator for marketers, including:

- justification of marketing costs;
- determining what works best;
- comparing marketing effectiveness with competitors;
- Key performance indicators of the marketing department.

The effectiveness of the marketing activities of the enterprise is assessed during the strategic period. Evaluating the effectiveness of marketing activities should be done using sophisticated methods based on quality assessment. Current indicators are indicators of an enterprise's economic and marketing performance that reflect how much efficiency or profitability an enterprise has achieved. A description of a specific set of indicators is applied to each component of marketing activities. Based on the obtained data, the level of efficiency and profitability of marketing activities is determined.

Research methodology

In writing the article, an attempt was made to reveal the problem using methods such as scientific observation, abstract-logical thinking, analysis, synthesis. The information required for the study was obtained mainly from foreign literature, statistical and regulatory databases.

Analysis and results

In the practice of business analysis, it is often necessary to determine the degree of interaction of the factors sought. One of the indicators used for this purpose is the effectiveness and profitability of marketing activities.

In this topic, the issue of determining the efficiency and profitability of the enterprise on the basis of quantitative assessment of the interrelationship of two categories of indicators of marketing activities is considered in practice.

Accordingly, the issue of determining the effectiveness and profitability of marketing activities by comparing and evaluating the parameters of the range of activities of JSC "Jomboy don mahsulotlari" will be considered.

It is one of the industrial enterprises operating in the Uzbek market for 50 years, processing grain products and producing flour and mixed fodder products. At the beginning of each year, the company reorganizes operations for business development, wider market penetration, and develops programs to reduce unit production costs, manage additional costs, and better manage assets. These programs also include programs and plans related to marketing activities. They help to develop marketing activities. The results of these development programs will be identified and implemented by

evaluating the effectiveness of marketing activities. Table 1 below shows the economic performance of the company.

Table 1. Economic indicators of JSC “Jomboy don mahsulotlari” for the period 2015-2020

| <i>Economic indicators</i> | <i>2015</i> | <i>2016</i> | <i>2017</i> | <i>2018</i> | <i>2019</i> | <i>2020</i> |
|----------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Sales volume, bln. sum | 254 | 293 | 318 | 387 | 431 | 454 |
| Cost of goods sold, bln. sum | 183 | 210 | 230 | 283 | 314 | 331 |
| Gross income, bln. sum | 71 | 83 | 88 | 104 | 117 | 123 |
| Marketing and sales costs, bln. sum | 18 | 23 | 24 | 26 | 27 | 28 |
| Other current expenditures, bln. sum | 37 | 38 | 38 | 41 | 40 | 40 |
| Net profit (excluding taxes), bln. sum | 16 | 22 | 26 | 37 | 50 | 55 |
| Total taxes, bln. sum | 9,7 | 14,5 | 17,8 | 27,4 | 38,4 | 42,9 |
| Revenue from sales, % | 6,3 | 7,5 | 8,2 | 9,6 | 11,6 | 12,1 |
| Assets, bln. sum | 141 | 162 | 167 | 194 | 205 | 206 |
| Return on assets, % | 11,3 | 13,6 | 15,6 | 19,1 | 24,4 | 26,7 |

Source: Based on information from JSC “Jomboy don mahsulotlari”.

Using the data in the table above, we can conclude at a glance that the company has achieved positive results over the last 5 years, but this is not the case.

We need to determine how effective marketing is in relation to financial results against external criteria such as market growth, competitive prices, quality of competitors ‘products and services, and customer satisfaction and retention levels.

Using traditional performance appraisal methods, most of us can conclude that “Jomboy don mahsulotlari” JSC is a real success. Nevertheless, in real life, despite all the efforts made, we can mention some results on the total loss and cash flow of the enterprise and its shareholders over a period of 5 years. These results are mainly aimed at assessing the market position of the enterprise, as well as the choice of the strategic direction of the enterprise and the evaluation of the effectiveness of traditional economic indicators.

Effectiveness of marketing activities

In addition to internal indicators of economic results, any firm needs external indicators to evaluate market and marketing activities [5]. Table 2 shows the indicators of economic efficiency of JSC “Jomboy don mahsulotlari” for the last 5 years.

Table 2. Indicators of economic efficiency of JSC “Jomboy don mahsulotlari”

| <i>Effectiveness indicators</i> | <i>2015</i> | <i>2016</i> | <i>2017</i> | <i>2018</i> | <i>2019</i> | <i>2020</i> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Market growth, % | 18,3 | 18,3 | 18,3 | 18,3 | 18,3 | 18,3 |
| Sales growth, % | 12,8 | 17,8 | 13,3 | 24,9 | 18,2 | 7,7 |
| Market share, % | 20,3 | 18,3 | 17,5 | 16,2 | 14,4 | 13,0 |
| Customer retention, % | 88,2 | 87,1 | 85,0 | 82,2 | 80,9 | 80,0 |
| New customers, % | 11,7 | 12,9 | 14,9 | 24,1 | 22,5 | 29,2 |
| Uncomfortable customers, % | 13,6 | 14,3 | 16,1 | 17,3 | 18,9 | 19,6 |
| Relative product quality* | 119 | 120 | 117 | 120 | 109 | 107 |

| | | | | | | |
|-----------------------------------------|-----|-----|-----|----|----|----|
| Relative quality of services* | 100 | 100 | 95 | 93 | 89 | 87 |
| Yangi mahsulotlarning nisbiy sotilishi* | 108 | 108 | 103 | 99 | 95 | 93 |

* By comparison, 100 competitors are equal here, more than 100 are ahead of their competitors, less than 100 are lagging behind in competition.

Source: Based on information from JSC "Jomboy don mahsulotlari".

The table above shows that the company has several strategic shortcomings in its market position. Trade growth is synchronous, but not as strong as market growth. Analyzes show that the market share has been declining over the last 5 years. Compared to competitors, sales of new products, product and service quality are negatively impacted.

With deteriorating quality and declining sales of new products, it is becoming increasingly difficult to retain customers as customer satisfaction remains the main goal of today's marketing. As a result, the company is facing a decline in market efficiency, high customer turnover and a steady decline in market share. [6].

In the current state of the enterprise, it is clear that market-based management has the potential to generate significant revenue. The basis of market performance is adherence to indicators that track marketing effectiveness and profitability.

The situation with the enterprise demonstrates the importance of market indicators. Most business systems are designed to account for revenue, expenses, production costs, receivables, operating expenses, and profits. Nevertheless, the company's customers are its most important asset and the only important source of positive cash flow. Their departure during the growth period means that the firm needs to work harder and increase marketing costs to replace each lost customer with a new one.

Marketing activities effectiveness indicators

Marketing performance indicators fully reflect traditional economic indicators. They enable marketing professionals to understand, control, and manage marketing effectiveness through marketing strategies [7]. Figure 1 shows three categories of marketing performance indicators:

1. Market efficiency indicators. These indicators measure external market conditions and the attractiveness of markets. These include growth rates, market share, market attractiveness, industrial attractiveness, and market demand potential.

2. Competitive performance indicators. These external indicators reflect the competitiveness of the company's products. These include the firm's competitive pricing, quality of goods and services, brand and price offer indicators.

3. Customer performance indicators. These external indicators characterize the effectiveness of cooperation with consumers. These include satisfaction, retention, loyalty, customer awareness of goods and services, and customer value assessment.

Each of these indicators plays an important role in raising and evaluating the marketing efficiency and profitability of the enterprise. In order to succeed in a developed market economy, every business needs both internal and external efficiency indicators [8].

The relevant internal indicators in Figure 1 are important for the overall calculation of unit cost, costs, asset turnover, labor productivity, capital efficiency, and profitability. Marketing performance indicators are very important to provide an external assessment of the effectiveness of a particular business.

| Economic indicators | Marketing activities effectiveness indicators |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Cost Indicators:</i> <ul style="list-style-type: none"> • average unit price; • marketing and sales costs; • current expenses. | <i>Market indicators:</i> <ul style="list-style-type: none"> • market growth rate; • market share; • potential market demand. |
| <i>Production figures:</i> <ul style="list-style-type: none"> • turnover; • sales volume per employee; • Accounts receivable. | <i>Competitiveness indicators:</i> <ul style="list-style-type: none"> • relative quality of the product; • relative quality of service; • price and value relativity. |
| <i>Profitability indicators:</i> <ul style="list-style-type: none"> • profitability of sales; • return on assets; • return on investment. | <i>Customer performance:</i> <ul style="list-style-type: none"> • customer satisfaction; • customer retention; • Customer loyalty. |

Figure 1: Comparison of economic performance with marketing performance indicators.

We can assess the capabilities of the enterprise by comparing the current indicators with the final indicators of the effectiveness of marketing activities. The main purpose of using marketing performance indicators is to provide a current assessment of its effectiveness. And because many of its indicators are ahead of the financial outcome, they allow you to implement the strategy and achieve that outcome directly. However, not all marketing metrics are leading indicators of business efficiency. There are current and final marketing indicators, both of which are important. Especially the first, because they are the leading indicators of the company's performance.

Product awareness, willingness to buy, test usage, and customer satisfaction, as well as consumer perceptions of comparable product quality, service quality, and customer value, are all current marketing indicators. Changes in each category, positive or negative, usually precede actual changes in consumer purchasing behavior. As a result, these modern indicators of customer thinking and desire are important indicators of future purchasing behavior, and therefore efficiency and profitability.

For example, buyers who buy goods are satisfied, but their perception of the value of your product is declining compared to the capabilities of competitors. Your efforts may not be the cause of this process, but the combination of their accepted benefits and costs will lead to an increase in the value of customers offered by competitors.

Conclusions

Market indicators are necessary to understand the effectiveness of external activities, but overall success is influenced by other important factors in addition to them: the management of the company, its growth, profit and growth of authorized capital.

To evaluate the effectiveness of a marketing activity, we need to look at its elements in detail and determine which one is affected by the marketing function. To do this, we need to methodically separate the elements of efficiency and marketing strategies and study their interactions.

According to Table 3, external final marketing indicators include market share, customer retention, customer revenue, and more. These indicators are presented at the end of a certain period of financial activity, we evaluate these indicators and determine whether it is possible to increase marketing efficiency.

The analysis shows that sales are increasing and exceeding the forecast parameters. Most companies

are happy with this situation. But marketing results show that the company is losing market share, and if customers are not retained enough, it will have to implement ways to increase new customers.

Table 3. Indicators of the effectiveness of marketing activities in space and time

| <i>Spatial prospects</i> | <i>Prospects of the period</i> | |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <i>Current indicators</i> | <i>Final indicators</i> |
| Internal (within the enterprise) | <ul style="list-style-type: none"> ➤ product defects; ➤ late delivery; ➤ calculation errors; ➤ accounts receivable; ➤ inventory turnover. | <ul style="list-style-type: none"> ➤ net profit / income; ➤ income from sales; ➤ unit product margin; ➤ return on assets; ➤ asset turnover. |
| External (within the market) | <ul style="list-style-type: none"> ➤ level of customer satisfaction; ➤ comparative quality of the product; ➤ comparative quality of service; ➤ purchase intent; ➤ product awareness. | <ul style="list-style-type: none"> ➤ market share; ➤ customer retention; ➤ comparative sales of new products; ➤ income per customer; ➤ market growth rate. |

In conclusion, as each enterprise struggles in a competitive market environment, it needs to evaluate the results of internal and external activities and determine efficiency. This will help to develop forecast parameters in the future, increase consumer satisfaction and increase the brand image of the enterprise. For this reason, it is very important to increase the efficiency of marketing activities in the enterprise. In order to overcome internal and external barriers to efficiency, it is important to properly organize marketing activities and positively implement marketing activities.

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