

Marketing efficiency measurement

Tukikon Oy Case Study

Kristina Kuzminskaia

Bachelor's Thesis

Field of Study Social Sciences, Business and Administration			
Degree Programme Degree Programme in International Business			
Author(s) Kristina Kuzminskaia			
Title of Thesis Marketing efficiency measurement			
Date		Pages/Appendices	59
Supervisor(s) Jari-Pekka Jääskeläinen, Minna Tarvainen			
Client Organisation/Partners TUKIKON Oy			
<p>The strategic role of marketing is widely known in the modern business world. Marketing is considered as crucial factor for an enterprise's overall success on a market. Major companies incorporate marketing into their activities to ensure better productivity and profitability. Therefore, a question of measuring the effectiveness of marketing arises.</p> <p>Principles and the importance of marketing for the companies are demonstrated in this paper, along with the means of measurement of marketing efficiency. However, evaluation of marketing efficiency is sophisticated, since no general model for assessment was designed. The main metrics and methods of measurement were presented and analyzed in this paper, in order to develop an evaluation method for assessing the effectiveness of marketing of the case company.</p> <p>TUKIKON Oy's marketing activities were studied in order to detect possible flaws in the marketing performance and improve them. Based on the conducted analysis, the marketing of the case company was found professional, and the low response rate on the marketing campaigns was justified by the complex current political and economic situation in Europe and Russia. The following recommendations, based on the investigation, have been given to the case company: implement marketing researches regularly to respond to changes in the environments; organize marketing strategies; reinforce sales promotion by participating in conferences and exhibitions to enhance brand-awareness; and maintain the employees' qualifications and provide staff with training sessions if needed to assure the high quality of the services provided.</p>			
Keywords Marketing, marketing efficiency measurement, Kotler, promotional mix			

CONTENTS

1	INTRODUCTION	5
1.1	Relevance of the research.....	6
1.2	Goals of the research.....	7
2	MARKETING SIGNIFICANCE AND FUNCTIONS IN AN ENTERPRISE'S ACTIVITY....	8
2.1	Marketing and enterprise activity	8
2.2	Tasks, goals and functions of the marketing	12
2.3	Influences on the buying decision.....	14
2.4	Marketing activity.....	16
2.5	Marketing principles and methods.....	18
2.6	Marketing structure and coordination with other departments	19
2.7	Marketing organization	21
3	MARKETING EFFECTIVENESS EVALUATION METHODS	29
3.1	Methods description	29
3.2	Three distinct levels for measuring marketing effectiveness	32
3.3	Marketing Metrics.....	34
4	ANALYSIS OF THE MARKETING ACTIVITY EFFICIENCY IN TUKIKON OY	36
4.1	Company description	36
4.2	Competition analysis and evaluation	37
4.3	Pricing policy of the company	38
4.4	Promotional mix.....	40
4.5	Organization's structure	45
5	OUTCOME OF ANALYSIS	46
5.1	Promotional Mix Analysis.....	46
5.2	Metrics Analysis	47
5.3	Recommendations.....	50
6	CONCLUSION	51
7	DISCUSSION	53
	REFERENCES.....	56

1 INTRODUCTION

It is widely and undoubtedly known that marketing is an inherent and significant part of business. Not only corporations, but also small and medium enterprises consider marketing crucial in their daily operations. Most of the companies create departments specializing on marketing researches, in order to stay competitive on the market. Marketing departments aim at assisting in promotion of a firm's products or services. Marketing service is a system of various kinds of activities that are related to each other and include planning, pricing, selling and delivering of a company's products and services, demanded by consumers.

In the modern world a single company can not successfully operate under the market economy conditions without incorporated marketing service. The utility of marketing is constantly increasing because the needs of people are limitless while the companies' recourses are finite. Every person has its own specific needs not always well-satisfied. Therefore, a special approach to customers is needed, and under new market circumstances the only companies maintaining this approach will survive.

Lately, a significant attention has been paid to the marketing management and the marketing activities. Observing this questions, it is essential to consider the difference between the marketing idea and its specifications in implementation which depend on the type of product satisfying a particular need of consumers. To work prosperously, all the organization functions must be coordinated and focused on the assigned goals achievement. Every function influences a customer's satisfaction in the successful organization.

Customers are always aiming to get maximum satisfaction from the products or services that they buy. Winning in today's marketplace entails the need to build customer relationship and not just building the products; building customer relationship means delivering superior value over competitors to the target customers (Kotler 2002, 391.)

Marketing process is versatile and starts with the satisfaction of customers' specific needs by organizing the manufacture of a product, and then continues with placing a product on the market in the most prosperous and profitable way. Success of product and service's manufacturing and selling is a resumptive indicator of a company's sustainability, its ability to use the financial, productive and labour potentials effectively. To possess the competitive advantage, a company must learn to surpass rivals by offering a unique product.

The term of marketing originated at the turn of 19-20 centuries. The basis of the marketing concept consists of idea of customer satisfaction. With the emergence of market economy, marketing is being considered as the leading management function, determining the marketing and manufacturing strategies of companies, based on the demand knowledge. Nowadays marketing is an organization system of all the enterprise's activities, including development, manufacturing and selling products in order to obtain high profits.

Marketing aims at finding the most effective combination of traditional and brand new products and stands as a basis for decision making on expanding or shrinking the production capacity, product's modernizing or removing from the production facilities. Marketing contributes to a company's development plans. Systematic and effective marketing enhances the professionalism of entrepreneurial activity, allows firms to effectively associate their resources with objectives, and their objectives with the customers' needs.

Marketing managers must ensure that their marketing dollars are being well spent. In the past, many marketers spent freely on big, expensive marketing programs, often without thinking carefully about the financial returns on their spending. But all that has changed rapidly. "Marketing accountability"—measuring and managing return on marketing investments—has now become an important part of strategic marketing decision making. (Kotler & Armstrong 2012, 18.)

1.1 Relevance of the research

Significant number of executive managers still consider marketing as the additional tool for market research and advertisement, and assign the marketing department managers with the executive roles, adjusting their functions under the existing production and financial opportunities. However, the process must be processed vice versa – marketing should be the fundamental principal of the long-term and short-term strategies' development, since the major management principle of a competitive company is the profit orientation through the best customer satisfaction, and marketing is the only possible way to reach this satisfaction.

In order to improve the marketing activity of commercial enterprises, their market orientation, and opportunities to attract additional investments, it is essential to evaluate

the marketing effectiveness and manage it. The level of efficiency of marketing management can be measured by the marketing audit.

Therefore, the question on the choice of the most effective tool of the marketing system's assessment arises. This tool should permit fast determination of the internal possibilities of the marketing activity, its advantages and disadvantages, evaluation of quality of the documentation flow between the departments and marketing service, and detection of the hidden resources of an organization's development in order to increase the effectiveness of its commercial activity.

1.2 Goals of the research

The main aim of the research is to develop the theoretical and methodical approaches to the marketing activity evaluation and development of the practical recommendations on the marketing services improvements. The marketing activity of the TUKIKON Oy will be evaluated subsequently, in order to give recommendations on the marketing system improvement. The expected effect of the given recommendations will allow the marketing department of the company thoroughly implement its functions and develop perspective programs.

Based on the aim, the following goals have been determined:

- Conduct a comparative analysis of different scientific approaches for the marketing potential studies.
- Classify the types of marketing potential of a commercial enterprise on the main classification features.
- Formulate the main steps of organizational model of evaluation of marketing system condition.
- Develop the evaluation method of the efficiency of the marketing activity for the TUKIKON Oy company.
- Evaluate the practical value of the suggested methodical aspects on the marketing activity evaluation on the TUKIKON Oy case study.

2 MARKETING SIGNIFICANCE AND FUNCTIONS IN AN ENTERPRISE'S ACTIVITY

Marketing is defined as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. (Kotler & Armstrong 2012, 5).

This chapter demonstrates the marketing importance in a company's performance, marketing's main principles and goals. Overview of the marketing structure, its tasks and organization are presented as well.

2.1 Marketing and enterprise activity

Today's successful companies have one thing in common: like Zappos, they are strongly customer focused and heavily committed to marketing. These companies share a passion for understanding and satisfying customer needs in well-defined target markets. They motivate everyone in the organization to help build lasting customer relationships based on creating value. Customer relationships and value are especially important today. As the nation's economy has recovered following the worst downturn since the Great Depression, more frugal consumers are spending more carefully and reassessing their relationships with brands. In turn, it's more important than ever to build strong customer relationships based on real and enduring value. (Kotler & Armstrong 2012, 4.)

Marketing programs aim at improving a product or range of products, studying the customer sector, competition and potential rivals on the market, and pricing policy. Marketing department's functions include demand creation, sales promotion, advertisement campaigns, technical service organization and service or product range expansion. As a market economy generation, marketing might be considered as a production philosophy, subordinated by market requirements and conditions, existing in a constant dynamic development under the wide range of economic, political, scientific and social factors. A successful business is judged by its profits. Business owners/managers would be smart to realize that marketing and advertising should be done by the professionals. (Donckers 2015.) Manufacturers and exporters observe marketing as a tool for goals accomplishment on a certain market's segments with the highest economic efficiency. However, it becomes possible only when the manufacturer possesses the ability to adjust its technological, production and selling plans according to market changes; and manage its tangible and intellectual resources in order to

provide the needed flexibility in decision-making, based on the marketing researches results.

Under these circumstances, marketing becomes a fundamental approach for the long-term planning, export programmes design, technological, investment and selling program design. Hence, the marketing management is considered as integral element in enterprise management contributing to a company's overall success.

According to Joshi (2012, 9), marketing plays a tremendous role in the society, because:

- It is a connecting link between the consumer and the producer. Marketing process brings new items to retail shops, from where the consumers can buy them.
- It helps in increasing the living standard of people. Because of large-scale production, prices of goods come down. Thus, reduction in price will result in a higher standard of living.
- It helps to increase the nation's income. Efficient system of marketing reduces the cost to the minimum, this in turn lowers the prices and the consumer's purchasing power increases. This will increase the national income.
- It increases employment opportunities. For continuous production, continuous marketing is needed. Thus, increased activity provides more job opportunities to many people.
- It helps in selling surplus goods to other countries where there is demand for such goods.

Therefore, the marketing activity must provide a company with: reliable, authentic and well-timed information on market, demand dynamics, customer's needs and wants, in other words, the information on external conditions; a product or range of products design, which satisfy the market demands better than competitors' goods; and the needed influence on customers, demand and market, ensuring the maximum control of the field of activity.

In the market economy, according to the logics of economic principles, an enterprise must provide itself with a certain level of revenues. Therefore, an enterprise can only exist if it is constantly evolving and keeping pace with the progress. Hence, a company should guarantee financial means accumulation, which allow maintaining itself, implementing upgrade and development of the production facilities and conducting the increased production. This accumulation can be accomplished only with the successful market position and product realization. Modern market is very volatile in the meantime. If a company would choose the passive approach, the position of the company on the

market would be left unattended, and this situation is not favorable for an enterprise. To influence the sales of the product consciously, ensuring the income provision, a company must undertake an active position towards the market. In other words, marketing is the realization of this approach.

Every enterprise possesses a certain range of resources, including economic, production, human, etc. These resources should be directed in the most profitable way of using the existing market potential. In the meantime, a company must sort markets and focus on the markets with good potential for the desired sales capacity and profits.

Enterprises, incorporated marketing into their activities, should consider the following:

- Actions, taken for the best usage of the market potential must be of ambiguous nature. On the one hand, the company must provide customers with the products, satisfying consumers' needs and wants at a price they are willing to pay. On the other hand, the enterprise must implement elaborated campaigns, to influence the customers to buy the products. The latter was considered as the main objective of the sales services beyond the marketing. Along with the development of marketing, it became evident, that sales policy can be successful and, respectively, the consumers can be "caught" only when the products meet the customers' needs and the prices are affordable, therefore these objectives relates to all the departments of a company.
- The financial effect should be the main criteria of the decision-making. Sales capacity, provided with the correct direction on the customers' needs satisfaction, are the main goal. The final objective of marketing is to implement the satisfying financial effect, permitting the financial means accumulation opportunity.

Motto of the companies undertaking the marketing concept is to manufacture only the products demanded by the market and consumer. The foundation of the marketing idea are the people's needs and wants. Therefore, the nature of marketing can be briefly described as the following: it only makes sense to produce the products that can be sold, and not trying to enforce customer to buy a product not demanded by the market.

Methods of the marketing activity focus on the marketing environment analysis. A company's marketing environment consists of the actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers (Figure 1). More than any other group in the company, marketers

must be environmental trend trackers and opportunity seekers. Although every manager in an organization should watch the outside environment, marketers have two special aptitudes. They have disciplined methods—marketing research and marketing intelligence—for collecting information about the marketing environment. They also spend more time in customer and competitor environments. By carefully studying the environment, marketers can adapt their strategies to meet new marketplace challenges and opportunities. (Kotler 2002, 136.)

The marketing activity incorporates the following activities:

- Analysis of the macroenvironment. According to Kotler (2012), macroenvironment consists of the six broad forces and they include demographic, economic, natural, technological, political, cultural factors. Those aspects that are external can be further split into those that are completely outside the control or direct influence of the firm, laws, economics, social and technological changes for example and those that are substantively outside the control of the firm; their suppliers, unions, local community and other stakeholders. Note the firm may be able to influence these but it cannot control them. (Whalley 2010, 51.) Analysis aids in finding the factors contributing to the success of the enterprise or, on the contrary, preventing this success.
- Analysis of the microenvironment. The microenvironment includes all the actors close to the company that affect, positively or negatively, its ability to create value for and relationships with its customers. (Kotler & Armstrong 2012, 66.) Marketers must work in harmony with other company departments to create customer value and relationships. In creating value for customers, marketers must collaborate with other firms in the company's value delivery network. For example, Lexus cannot create high-quality ownership experience for its customers, unless its suppliers provide quality parts and its dealers provide high sales and service quality. Customers are the most important actors in the company's microenvironment. The aim of the entire value delivery system is to serve target customers and create strong relationships with them. Research aims at providing the information on the potential customers' features, tastes, and needs. The graph, presenting the micro- and macro- environment's parties is shown below (Figure 1).
- Products studies. Marketing activity contains the study of the existing products on the market in order to design the concept of new ones or modernize and develop the existing products. Outdated products not profitable for the

companies are eliminated from the production facilities and replaced with the new ones.

- Provision of the demand stimulating via combinations of the sales promotions, personal selling, public relations and other incentives directed on the consumers, agents and sellers.
- Provision of the pricing policy, consisting of level of prices planned for the products, and determining the policy of credits, discounts, etc.
- Marketing management as a system, i.e. planning, implementation and control of the marketing program and individual responsibilities of every party of an enterprise, risks and profit assessment, and marketing decisions effectiveness evaluation.
- Compliance with the technological and social standards in the particular area of product selling, to ensure the safe product usage and environment protection, and compliance with ethical standards.

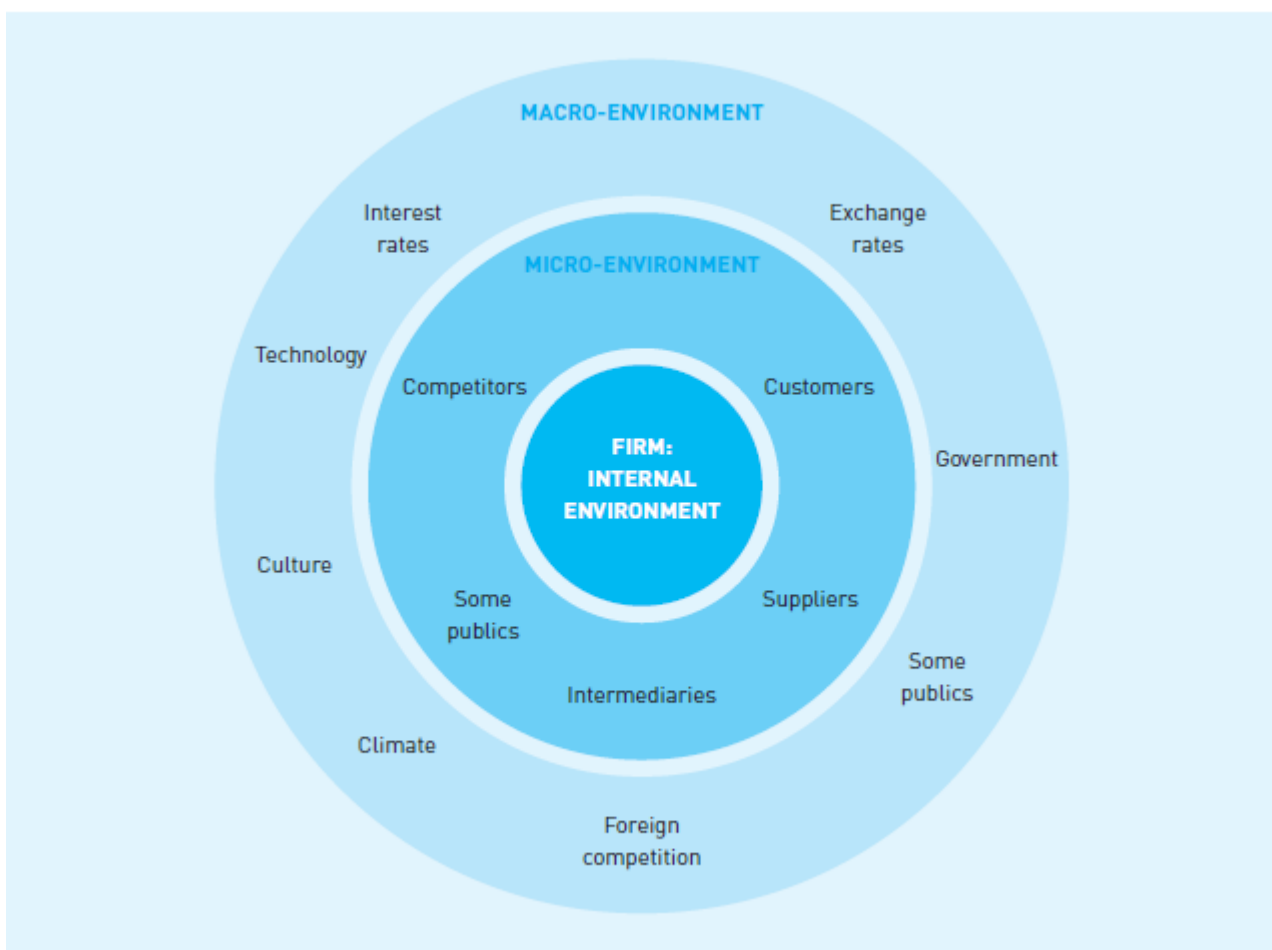


FIGURE 1. Micro- and macro-environmental forces. (Blythe 2005, 27).

2.2 Tasks, goals and functions of the marketing

According to Kotler (2002), there are five main goals of the marketing activity.

- 1) The highest possible demand accomplishment. It is supposed, that the marketing objective is to facilitate and stimulate the highest demand, and the demand creates conditions for the enterprise maximum growth and profit. That implies that the more people buy and consume the happier they become. However, it is doubtful, that after a relatively high level of wealth being achieved, the consumption of the material wealth will bring more happiness.
- 2) The maximum customer satisfaction achievement. The customer satisfaction underlines not the provision with the level of consumptions, but the actual satisfaction of customers with the products offered on the market. However, it must be mentioned, that the level of customer satisfaction is complicated to measure. No one single economist has ever designed a tool to measure the full satisfaction with a particular product or marketing activity. Moreover, the immediate satisfaction of customers with a certain material wealth does not consider the mischief of a product, for instance a harm for the environment. The general level of satisfaction depends on the amount of people possessing a particular product. Therefore, it is very difficult to evaluate the marketing system via the indicators of satisfaction.
- 3) Providing market with the widest possible range of products to let the consumer choose among the products. The marketing system should allow customers buying the products meeting their tastes. Consumers always aspire to improve their lifestyle and gain the best satisfaction. An enterprise must consider this fact, but the maximum range of products expansion requires financial expenses. The expenses relate to the production and maintaining the product range when needed. If the prices are to be increased, the demand scope will lower. In addition, growth of the products diversity will require customer to spend more time and efforts on the new products evaluation, and higher amount of products on the market cannot ensure the widen possibilities of the real choice of product. Finally, consumers are not always greet the wide range of products offered. It is known that some people feel nervous while facing a great number of similar products to choose from.
- 4) The aim of the maximum standard of living increase. Higher sales for a business that employs successful marketing strategies translate into expansion, job creation, higher tax revenue for governments and, eventually, overall economic growth. In addition, the marketing industry itself creates jobs and wealth as businesses seek new and innovative ways to promote themselves and their products. Consumer demand for marketing in new venues, such as cell phones,

creates new branches of the marketing industry and furthers growth. (Hartman, 2014.) The following factors to be considered when observing the “standard of living” term:

- Quality, amount, range, affordability and accessibility of products.
- Physical environment quality.
- Cultural environment quality.

This goal proves that the marketing system should be evaluated not only by the provided customer satisfaction, but also by its influence on the quality of physical and cultural environments.

- 5) The highest possible profit is the main objective an enterprise is designed for. Under the “highest possible profit” term, we understand the income gained through the complete use of all the production and human resources. Income is directly proportional to its productivity, hence, the maximum productivity and complete utilization of all the production resources will assure the maximum profit accomplishment.

2.3 Influences on the buying decision

The main influences on the buying decision consist of three types:

1. Personal factors are features of the consumer that affect the decision process;
2. Psychological factors are elements of the consumer’s mental processes; and
3. Social factors are those influences from friends and family that influence decision-making.

Involvement can be a major factor in consumer decision-making. Consumers often form emotional attachments to products, and most people would be familiar with the feeling of having fallen in love with a product – even when the product itself is hopelessly impractical. Involvement can also operate at a cognitive level, though; the outcome of the purchase may have important practical consequences for the consumer. For example, a rock climber may feel highly involved in the purchase of a climbing-rope, since the consequences of an error could be fatal. Whether this is a manifestation of a logical thought process regarding the risk to life and limb, or whether it is an emotional process regarding a feeling of confidence about the product, would be hard to determine. People also become involved with companies and become champions for them. People are often swayed by their relationship with the people who work for the firm: research shows that the relationship with the dealer is more important than the price when buying a new car. (Blythe 2005, 53.)

The Table 1 below represents the personal factors influencing the buying behaviour and their explanations.

TABLE 1. Personal factors in the buying decision. (Blythe 2005, 54).

Personal factor	Explanation
Demographic factors	Individual characteristics such as age, gender, ethnic origin, income, family life cycle and occupation. These are often used as the bases for segmentation (see Chapter 4).
Situational factors	Changes in the consumer's circumstances. For example, a pay rise might lead the consumer to think about buying a new car; conversely, being made redundant might cause the consumer to cancel an order for a new kitchen.
Level of involvement	Involvement concerns the degree of importance the consumer attaches to the product and purchasing decision. For example, one consumer may feel that buying the right brand of coffee is absolutely essential to the success of a dinner-party, where another consumer might not feel that this matters at all. Involvement is about the emotional attachment the consumer has for the product.

Psychological factors influencing customers' decisions are shown in the Table 2 below.

TABLE 2. Psychological factors in the buying decision. (Blythe 2005, 55).

Psychological factor	Explanation
Perception	This is the way people build up a view of the world. Essentially, this process of selection or analysis means that each person has an incomplete picture of the world; the brain therefore fills in the gaps by a process of synthesis using hearsay, previous experience, imagination, etc. Marketers are able to fill some of the gaps through the communication process, but will come up against the problem of breaking through the selection and analysis process.
Motives	The internal force that encourages the consumer towards a particular course of action. Motivation is a vector; it has both intensity and direction.
Ability and knowledge	A consumer who is, for example, a beginner at playing the violin is unlikely to spend thousands of pounds on a Stradivarius. Ability therefore affects some buying decisions. Likewise, pre-existing knowledge of a product category or brand will also affect the way the consumer approaches the decision. Pre-existing knowledge is difficult for a marketer to break down; it is much better to try to add to the consumer's knowledge wherever possible.
Attitude	Attitude has three components: cognition , which is to do with the conscious thought processes; affect , which is about the consumer's emotional attachment to the product; and conation , which is about planned courses of behaviour. For example, 'I love my Volkswagen (affect) because it's never let me down (cognition). I'll definitely buy another (conation)'. Conations are only intended actions – they do not always lead to action, since other factors might interrupt the process.
Personality	The traits and behaviours that make each person unique. Personalities change very slowly, if at all, and can be regarded as constant for the purposes of marketing. Typically marketers aim for specific personality types, such as the gregarious, the competitive, the outgoing or the sporty.

Social factors influence consumers through:

- 1) Normative compliance – the pressure exerted on the individual to conform and comply;
- 2) Value-expressive influence – the need for psychological association with a particular group; and
- 3) Informational influence – the need to seek information from a group about the product category being considered. (Blythe 2005, 56.)

Thus, by meticulously studying the factors, influencing the buying patterns and purchasing activity of customers, it is possible to influence consumers to buy a certain product. Knowing the levers of pressure is crucial for marketing manager, as it allows improving profits of an enterprise and, consequently, the company's growth.

2.4 Marketing activity

We define sales force management as analysing, planning, implementing, and controlling sales force activities. It includes designing sales force strategy and structure and recruiting, selecting, training, compensating, supervising, and evaluating the firm's salespeople. (Kotler & Armstrong 2012, 468.)

The main content of the analysing marketing function is to implement widespread marketing research. These researches comprehend three main directions:

- Complex market research, containing the analyses of market, consumer studies, segmentation, consumer characteristics of a product and purchasing view on a product, analysis of the market structure and evaluation of the competitors' strategic positions.
- Analysis of the production and selling opportunities – audit of the range of products, production capacities, technical and human resources, financial capabilities, etc. SWOT analysis is implemented on basis of the gathered information (evaluation of the company's strong and weak sides, opportunities and threats).
- Strategy design.

Result of the analytical marketing function is a basis for establishing targets and strategies to achieve these targets. For instance, a company might choose a diversification strategy, skimming strategy or strategy of penetration, depending on the market specifications. A strategy choice is determined by a firm's capabilities, current situation on the market and objectives assigned by a company.

Planning function of the marketing can be implemented if a company's system of information gathering and processing is extensive and effective. Usually constant market observation is combined with the purposeful researches. The majority of companies commit this work to a specific department or researches institutes.

The planning stage includes two steps:

- 1) Pricing, selling, communication, human resources and product policies are elaborated.
- 2) Marketing program is designed on the basis of the first step. This document's implementation defines the effective activity of the company in the future.

Implementing function assumes the implementation of plans in the following directions:

- Product policy (production of the particular range of products, development of new products, after-sale goods maintenance, machinery update)
- Pricing policy (defining the price level for a unit of product, depending on a product life-cycle; establishing a ratio of the company's prices with the competitors' prices for similar products)
- Selling policy (distribution channel design, deciding on the moment of launching product on the market, provision of the flow of goods)
- Communication policy (product's promotion on the market, advertising campaigns, employees stimulation, participation in exhibitions)
- Human resource policy (recruiting, employee training and retraining, events aimed at enhancing the employee motivation)

Controlling activity of marketing is implemented during the process of marketing programs realization. Constant control of the planned marketing events realization allows correcting the marketing activity during the process, and that contributes to the effectiveness of the conducted events in the field of selling and production. Moreover, along with the controlling function effectuation, manager decides on what version of the marketing program to choose for the implementation, as the external and internal environments factors are changing constantly. This permits a manager to adjust the existing strategy to the market changes.

According to Russian Marketing department supervisor, scientist, Igor Lipsits (2007), the potential capabilities of the marketing system are as follows:

- Provision of an enterprise with a stable sales growth.

- Product differentiation via brand, i.e. influence on the customer to prefer and buy products of a particular brand.
- Marketing must provide a company with effective advertisements, especially because it is quite expensive event.
- Ensure the maximum profit from sales.
- Accurate forecasting the future sales volumes.

2.5 Marketing principles and methods

According to Kotler (2012), the following principles are considered fundamental for the marketing:

- 1) R&D and production activities to be market-oriented. Market consists of consumers of various needs and wants, willing to exchange values to satisfy their desires. Customers' needs identification is crucial in marketing. Potential products should be examined taking into account a value these products have for the consumers.
- 2) Differentiated market approach is essential. When studying various markets in majority of industrialized countries it has been discovered, that ordinarily demand is not homogeneous. More widespread model of market contains a significant number of purchasing groups with different demands. Marketing orientation is fundamental for marketing, but it cannot be congeneric. In most cases, consumers must be divided into groups incorporating similar features. Segmentation allows a company adjusting to specific needs of the purchasing groups and developing own marketing strategies.
- 3) An enterprise must be innovative and innovation-oriented. Since customers' demands are constantly evolving and changing, a successful business must adapt to changes and satisfy emerging needs by creating brand new products or modernizing the existing ones. Range of products updates and advertisements are the important means used to surpass the competitors and gain customers attention. Foremost, innovation implies product development and improvement on a constant basis, brand new products design, research and development, etc. Moreover, the innovations policy includes methods of new markets entry, novelties to demand stimulation and advertisements, new distribution channels development, in other words, all the work directions to the innovations in production and selling activity of an enterprise.
- 4) Flexible response to the market requirements change. Nowadays companies should keep the active adjustment strategy to hold their competitive positions on

the market. Marketing is based on the flexible reaction of production and selling functions to the existing and potential demand, i.e. it is supposed that marketing is mobile and easy adaptive to the market requirements. It is also essential to influence the consumers in order to create the favorable company and product impression and motivate customers to buy. The following means are commonly used by businesses to effect on the customer: advertisements, personal selling, public relations, and sales promotion. Research and development, production, and selling efforts concentration on the crucial directions of the marketing activity.

- 5) Constant and purposeful market influence. This principle incorporates the time idea of the marketing, namely the long-term orientation. As opposed to the traditional commercial efforts concept, where the short-term financial goals have been pursued, the marketing requires a longer periods of time to plan and realize the marketing events. The market analysis is implemented firstly, and a product creation and its market entry are following. Sometimes years pass between the product idea emerged and the actual product was launched. Thereby, one of the main marketing objectives is a long-time market retention by the means of medium- and long-time oriented activities, such as product development, distribution channel creation.
- 6) Long-term orientation. This principle does not conflict with the flexible reaction, on the contrary, these principles are bound and complement each other. Long-term strategies implementation, combined with the strategic management methods provide business with the opportunity of a company development in the conditions of unstable macroenvironment. A special attention require forecast researches, because the products modernization and development are made based on such researches in order to ensure the high-profitable market activity.
- 7) Effective management and need of a creative, innovative management approach. Manager is crucial for the company's prosperity. Supervisor should establish strong relations with employees to motivate them and enhance the company's productivity.
- 8) Focus on the achievement of the final practical result of the supply-side activity. Effective product placement on the market in the desired amount means that a company owns a certain share of the market according to the long-term goal.

2.6 Marketing structure and coordination with other departments

As the marketing concept has evolved from production orientation to customer orientation, the role marketing occupies relative to other business functions has also

evolved. Under a production-orientated regime, marketing usually occupies a departmental role; the marketing role is contained within a marketing department which carries out the communications functions of the firm.

The picture below represents the marketing's role among the departments and business functions. According to Blythe, there are five approaches on how to consider marketing's role. Marketing as an equal function (a), is observed along with production, finance and personnel departments and is supposed to be of the same significance for an enterprise development and success. This approach implies marketing working in cooperation with all the other departments on the equal basis. Marketing as a more important function (b) approach examines marketing's part in a company to be crucial and influencing on the other departments through various marketing researches and strategies. Marketing as the major function (c) approach studies marketing as a core function of business determining the production, personnel and finance functions. This method insinuate marketing to be the major part of business, that is to allocate the possessed resources among the departments in the most profitable and productive way. The customer as a controlling function (d) observes consumers as the driving power of a business growth.

According to Fader (2013), being customer centric means looking at a customer's lifetime value and focusing marketing efforts squarely on that real world, high-value customer segment to drive profit. The last model reviews the customer as the controlling function and marketing as the integrative function (e). Consumers and marketing as supposed to be the essentials of the effective resource distribution and decision-making, where customers are the defining factor the company must adjust to, and the marketing serves as a communicator of the information and changes to the other departments.

Thereby, as presented on the picture, the marketing role among the business departments is considered as at least of equal significance. The graphs clearly demonstrate an enterprise dependence on marketing, as in most of the approaches marketing is examined as a prevailing business function, determining the other departments' operations.

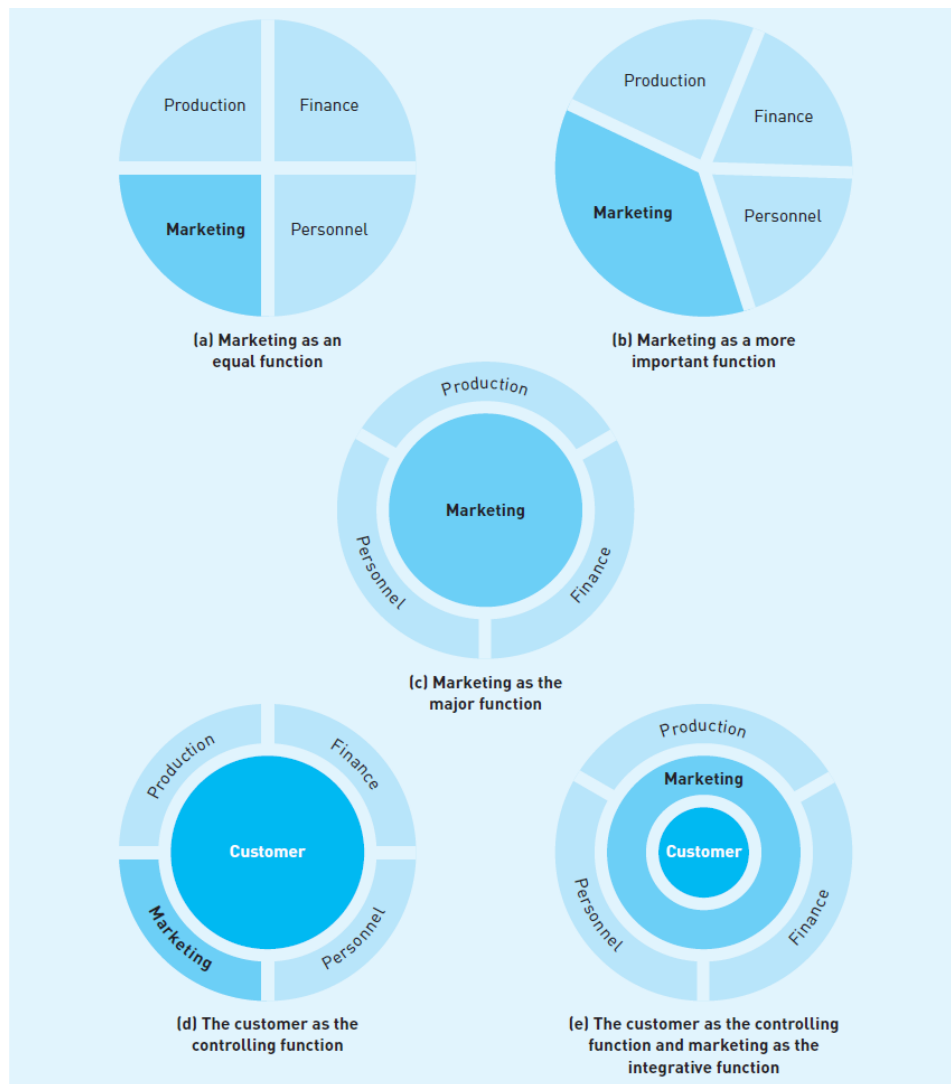


FIGURE 2. Evolution of marketing's role. (Blythe 2005, 8).

2.7 Marketing organization

In addition to updating their marketing plans, companies often need to restructure business and marketing practices in response to major environmental changes such as globalization, deregulation, computer and telecommunications advances, and market fragmentation. Against this dynamic backdrop, the role of marketing in the organization must change as well. Now that the enterprise is fully networked, every functional area can interact directly with customers. This means that marketing no longer has sole ownership of customer interactions; rather, marketing needs to integrate all the customer-facing processes so that customers see a single face and hear a single voice when they interact with the firm. To accomplish this requires careful structuring of the marketing organization.

Modern marketing departments take numerous forms. The marketing department may be organized according to function, geographic area, products, or customer markets. Global organization is another consideration for firms that market goods or services in other countries. (Kotler 2002, 52.)

Marketing organization consists of establishing marketing organizational structure, recruiting marketing specialists of an appropriate qualification; tasks, rights and liabilities distribution in the marketing management system; maintaining the favorable atmosphere and conditions at a workplace; and organization of effective communication systems with other departments.

There is no uniform organizational structure existing and the implementation of a certain system may vary from one enterprise to another. It should be mentioned, that small companies, operating in changing external environment usually use flexible organization structures. On the contrary, large corporations, acting on big stable markets, frequently choose centralized systems in order to provide significant integration. Marketing organizational structures flexibility implies an ability to fast and opportunely respond to changes, and this factor is a crucial requirement of adaptation to new environments and sometimes can be considered as a reaction to uncertainty.

Characteristics of several principles of marketing organizational structures are described below. Organizational structure can be based on these factors: functions, geographic area of activity, products and markets. On this basis, the following principles are to explain: functional organization, geographic organization, product and marketing organization. Combinations of these structures are used frequently and the net structures are to meet quite rarely.

- Functional Organization

The most common form of marketing organization consists of functional specialists (such as the sales manager and marketing research manager) who report to a marketing vice president, who coordinates their activities. The main advantage of a functional marketing organization is its administrative simplicity. However, this form loses effectiveness as products and markets increase. First, a functional organization often leads to inadequate planning for specific products and markets because products that are not favored by anyone are neglected. Second, each functional group competes with the other functions for budget and status. Therefore, the marketing vice president

constantly has to weigh the claims of competing functional specialists and faces a difficult coordination problem. (Kotler 2002, 52.)

Functional organization is characterized by weak strategy flexibility, as it is aimed at current effect achievement and innovations' incorporation is not the priority. This kind of organizational structure does not contribute to dynamism and innovation, and more often is a basis for other marketing organizational structures.

Graph illustrating the example of a functional organization is presented below.

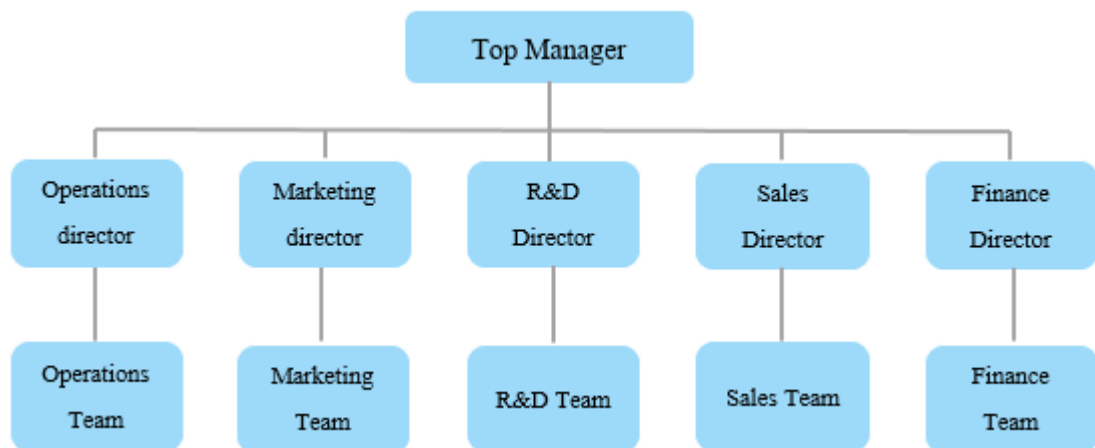


FIGURE 3. Functional marketing organization. (Kotler, 2012).

- Geographic Organization

A company selling in a national market often organizes its sales force (and sometimes other functions, including marketing) along geographic lines. The national sales manager may supervise four regional sales managers, who each supervise six zone managers, who in turn supervise eight district sales managers, who supervise 10 sales people. Several companies are now adding area market specialists (regional or local marketing managers) to support the sales efforts in high-volume, distinctive markets. (Kotler 2002, 53.)

Geographic organization allows deeper understanding of customers' needs, depending on the geographic region. The difference is caused by political, national, demographic and other distinctions and is implemented in a product's particularization, price, sales promotions, considering the regional specifications. This kind of structure is frequently met at the large corporations operating in broad markets that can be divided into precise geographical regions.

The geographic organizational structure is the most convenient for international companies, but the possible disadvantages are doubled activities implemented during operations, and cross-functional networks problems. Figure 4 represents the geographic organization structure.

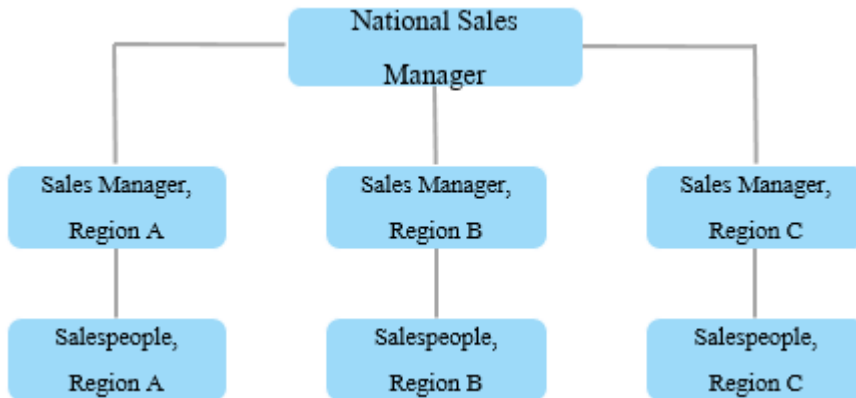


FIGURE 4. Geographic marketing organization. (Kotler, 2012).

- Product- or Brand-Management Organization

Companies that produce a variety of products and brands often establish a product- (or brand-) management organization as another layer of management within the marketing function. A product manager supervises product category managers, who in turn supervise specific product and brand managers. A product-management organization makes sense if the firm's products are quite different, or if the sheer number of products is beyond the ability of a functional marketing organization to handle.

In both consumer and industrial markets, product and brand managers are responsible for product planning and strategy; preparing annual marketing plans and sales forecasts; working with advertising and merchandising agencies to create programs and campaigns; stimulating support among sales reps and distributors; ongoing research into product performance; customer and dealer attitudes, opportunities and threats; and initiating product improvements to meet changing market needs. (Kotler 2002, 53.)

The entity of the product organization, presented on the Figure 5, lies in the fact that every product or a product line is assigned a marketing manager, supervising advertisement specialists, sales promotion staff, etc. Advantage of this system is in the opportunity of studying the needs specifications and major consumers of that product or a product line. Disadvantage of this system is based on the wide range of responsibilities of a single employee, because that obstructs the qualification enhancement and entails doubled activities.

This type of structure is more expensive than functional, because of the payroll expenditures for the increased number of employees. Thereby, the product management organization is widespread in large organizations, where the capacity of the sales is high enough to justify the doubled activities occurring during the work.

Product management organization has the most effective impact, when the requirements for the advertisements, sales promotions, packaging are different for every product.

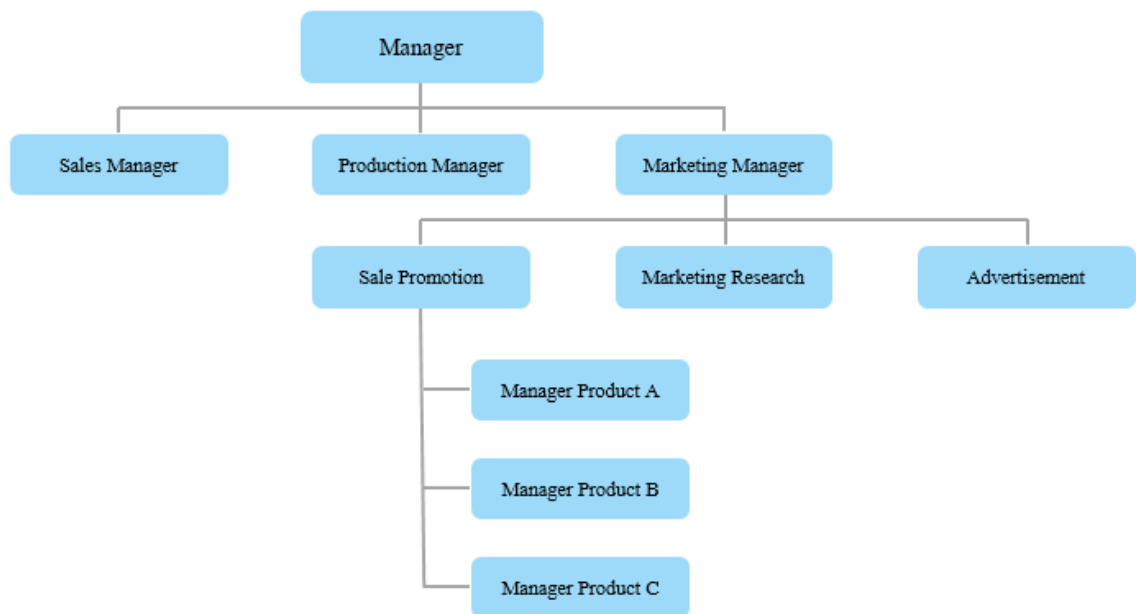


FIGURE 5. Product- or brand-management marketing organization. (Kotler, 2012).

- Market-Management Organization

Many companies sell their products to a diverse set of markets. When customers fall into different user groups with distinct buying preferences and practices, a market management organization is desirable. A markets manager supervises several market managers (also called market-development managers, market specialists, or industry specialists). The market managers draw upon functional services as needed or may even have functional specialists reporting to them. Market managers are staff (not line) people, with duties similar to those of product managers. This system has variety of the same advantages and disadvantages of product management systems. Its strongest advantage is that the marketing activity is organized to meet the needs of distinct customer groups. Figure 6 presents the market-management organization structure. (Kotler 2002, 53.)

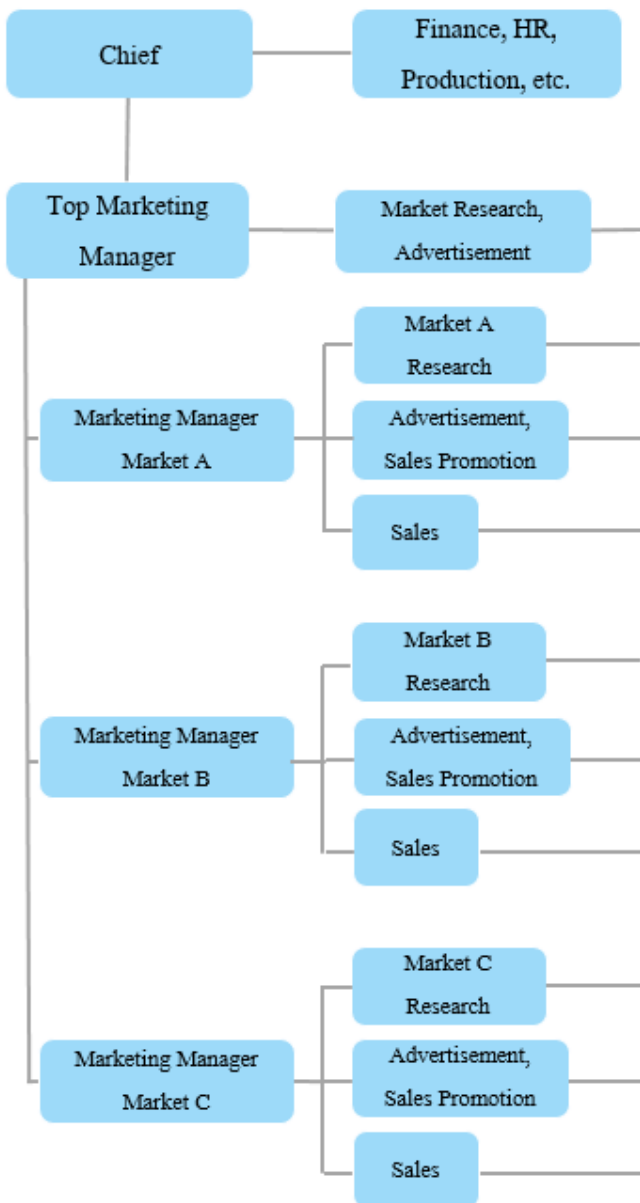


FIGURE 6. Market management marketing organization. (Kotler, 2012).

Despite the listed above marketing organization structure, its cooperation with the other departments is essential and determined by the level of development of the marketing itself. The indicator of measurement of the marketing cooperation with other functions can be represented by marketing information system, enabling to advance the decision-making process in the constantly changing environment conditions and enhance the productivity.

Marketing department coordination and provision are vital in order to avoid the situation of not dealing with orders because of unexpected shortage of raw materials or details. This condition may occur in the case marketing department has not informed suppliers of the prospective plans and arrangements. On the contrary, excessive supplies of

materials due to inaccurate forecasts or not informing purchase department of shrinking the material needs led to asset freezing.

Marketing and financial departments are directly related to each other through the expenditures calculating and costs estimation. Marketing managers are not liable to know all the finance methods financial account managers possess, but they must know the basics. Marketing managers should deal with the method of each product costs calculation and estimation.

Legal department must provide marketing with fast and high-qualified legal consultation. There are laws, related to different aspects of commercial activity, e.g. new product development, pricing, packaging, selling conditions, etc. There are also laws on patent affairs, trademark registration, license agreements, and customer complaints. Specific legislative acts control trade, monopolistic agreements, payments by installments, and many others.

Human resource department consult marketing department on detecting and attracting high-qualified specialists. Marketing department should maintain strong relations with the human resource department to gain the needed information and aid in finding marketing specialists, highly educated in the marketing field. Human recourse managers must be aware of the needed requirements for the positions in the marketing department and award and motivate prospective specialists currently working in the company. Marketing department must provide comprehensive information on the job responsibilities for every position in the department and the requirements to meet at every job. Managers must consult on the way of recruitment, the ad to place and the content of this advertisement. The two departments should also develop new employees training jointly, in order to prepare the employee for the job requirements.

According to Wind (1981, 244), the R&D effort of any firm should be closely related to the firm's marketing and new product development efforts. Ignoring the R&D-marketing interface has resulted in many technologies oriented firms developing products that are the engineer's and scientist's dream and the marketer's nightmare; since they meet no latent or over consumer needs. To avoid an R&D effort, which is, detached from relevant marketing input, it is essential to understand the interrelationship between the two. The marketing-R&D interface should recognize the potential contribution of each. Marketing research can rarely discover innovative new product ideas. It can, however, provide insight into consumers' unsolved problems and needs, assess their reaction to product concepts, and help the engineers and scientists in the generation and evaluation of new

product ideas. Realistic expectations and an organizational climate, which encourages the interface between the two functions and stimulated innovation, are essential ingredients for successful new product development efforts.

Marketing chefs and leading experts are to meet the general requirements, claimed to the personnel. Besides, they are to fulfill the specific requirements, defined by the marketing field features. The basic requirements are the following:

- Intelligence, erudition and vision. Marketing manager must possess the latest information on different subjects, including commerce, production, etc.
- Sociability. Marketing manager should have excellent communication skills to find a common language with people of different views, habits, natures, regardless of their living place and activities.
- Dynamism and aspiration to newness. Modern marketing processes are rapidly developing and marketing managers are to pursue the opportunities quickly.
- Diplomatic and conflict avoidance skills. As widely known, people are frequently annoyed by something completely new. Being a carrier of new, marketing managers often enforce the governance to incorporate innovations, and that entails the opposition. A high-qualified marketing manager must have the skill of conviction and conflict resolution skills to maintain a positive atmosphere.
- Foreign language knowledge is especially crucial for companies, operating internationally.

3 MARKETING EFFECTIVENESS EVALUATION METHODS

The marketing measurements metrics' types and approaches are introduced in this chapter, along with the metrics' categorizations.

3.1 Methods description

Marketing efficiency is considered as a sophisticated and very difficult to measure, since it is not always possible to express the outcome of an event in quantitative units. Marketing has a tendency to be more activity based – focusing on the number of campaigns it runs or how many people it needs to employ, rather than justifying the impact of marketing on the bottom-line and cash flow. One of the reasons for this attitude is the relative lack of hard measurement that demonstrates the contribution of Marketing to revenue and corporate strategy. (McDonald 2012, 2.)

However, there are various approaches to marketing efficiency evaluation, and scientists have not agreed on one single method yet. The main approaches on the measuring the effectiveness of marketing activity are presented and described below.

- Quantitative marketing measurement metrics – evaluates tangible assets and can be more easily expressed in monetary value, count, percentage. Such metrics are: customer count, sales, gross margins, profitability, market share, penetration, net profit, economic profit (EVA), net present value (NPV), payback, internal rate of return (IRR), impressions, cost per click (CPC), net reach, baseline sales, promotion lift, customer lifetime value (CLV), etc. (Salkovska, 2014). Majority of scientists consider the marketing efficiency to be reflected in higher sales and turnover. According to Assael, the effectiveness of marketing expenses is to be examined in order to achieve the information about the marketing efficiency. However, this method does not take into account the impact of other company's potentiality components, for instance management, human resources, and production capacities (facilities and technology). Moreover, when observing the expenses only, the actual marketing activity is not reviewed. (Salkovska 2014, 94.)

Although return on investment is supposed to be a logical and straight way to evaluate the effectiveness of an activity, aiming at promotion, profits increase and customers' attraction, linking marketing to financial performance is not now — nor has it ever really been — solely about return on investment (ROI).

Quantifying the return achieved by marketing activities is a necessary step in the process of connecting marketing to finance, but is not, in itself, sufficient for understanding how marketing helps to achieve business objectives or how its contribution can be improved. It is important to note that financial results are not realized in spreadsheets and presentations, but in the field where actual interactions with customer happen. Some of the most important steps in marketing effectiveness relate to execution against the chosen strategies and tactics. (Wyner 2008, 4.) Other scientists, arguing against the quantitative measuring only in assessing the effectiveness of marketing activities, were Binet and Field, who stated that when marketers do focus on business measures, they focus on the wrong ones: sales rather than market share, and volume rather than value. Successful marketing managers are to understand the connection between the marketing and shareholders' value in order to provide a marketing of a high quality, and not to focus on achieving certain numbers in the income statement.

- Qualitative marketing measurement metrics – evaluates intangible assets, which over the last 40 years have become more significant as drivers of market value (Ocean Tomo, LLC, 2011). These metrics indirectly derive at value; value is not always about money, instead, it is also focused around consumer reactions. Such metrics are: loyalty, awareness, likeability, satisfaction, word of mouth (WOM), willingness to search, willingness to recommend, perceived quality, etc. (Salkovska 2014, 94.)

According to McDonald (2012), empirical approach surpasses the quantitative in considering all the possible factors influencing marketing and a company. The analysis of quantitative method includes not solely ROI, but the major internals and externals, including relationships between management and marketing in the company, role and importance of marketing in a particular firm, and marketing functions. Marketing activity organization is considered as crucial, as it defines the quality of marketing provided. Coordination level and information exchange among the departments are assigned the essential role, along with the implementation, including research, planning and new products development. McDonald mentioned three main goals of marketing to maintain its efficiency and success, the factors are as follows: information system's constant development; efficiency measuring and monitoring; and investments to training for the personnel. As the scientist believes, these aspects are decisive in efficient marketing implementation.

According to Wyner (2008, 1), improving marketing effectiveness requires clarifying the strategic intent of all the marketing investments an organization makes, aligning the organization to deliver, and measuring the degree to which those objectives are met. By their nature, many of these business issues don't fit neatly into the framework of ROI, but the process of examining them still calls out for as much rigor as possible. This isn't merely a semantic issue. Understanding the difference between measuring ROI and optimizing marketing effectiveness is as important as distinguishing between a tool and a tool kit, a process and an outcome, an analytical technique and a business solution. Critical decisions such as what to offer, who to target, and how to address the target audience need to be grounded in an overall business strategy. Achieving the desired ROI for a particular activity will be a hollow victory if the overall marketing goals are not met.

Both McDonald and Wyner in their writings agree in the fact, that branding and creating shareholders' value are vital in the marketing success. Consider fundamental marketing tasks like creating brand awareness and presence in the market, achieving a place in the customer's consideration set, and positioning the brand with specific benefits relative to the competition. All of these require significant investment before the dollars of return can start pouring in. Several marketing processes have to unfold, on various timeframes, in order for these intermediate outcomes to lead to customer choice, revenue, and profit.

Some would argue that, because it has no direct financial outcome, an intermediate step such as awareness generation is worthless for assessing business performance. But we believe it's critical to understand these intervening processes. Large budgets might be spent against the wrong customer target, the wrong objective, or the wrong touch point. An ROI analysis that focuses only on the end result would report a financial failure, but would not shed light on why it happened. (Wyner 2008, 3.)

Along with the other metrics to evaluate and consider in the marketing, mentioned above, McDonald suggests observing risks relative to the marketing strategy. Scientist proposes measuring internal assets linked to the risks associated with strategies to embrace all the factors evolved in the marketing process.

3.2 Three distinct levels for measuring marketing effectiveness

McDonald suggests a method of three levels in order to measure the efficiency of the marketing activity. Picture below presents the level of measurement graphically.

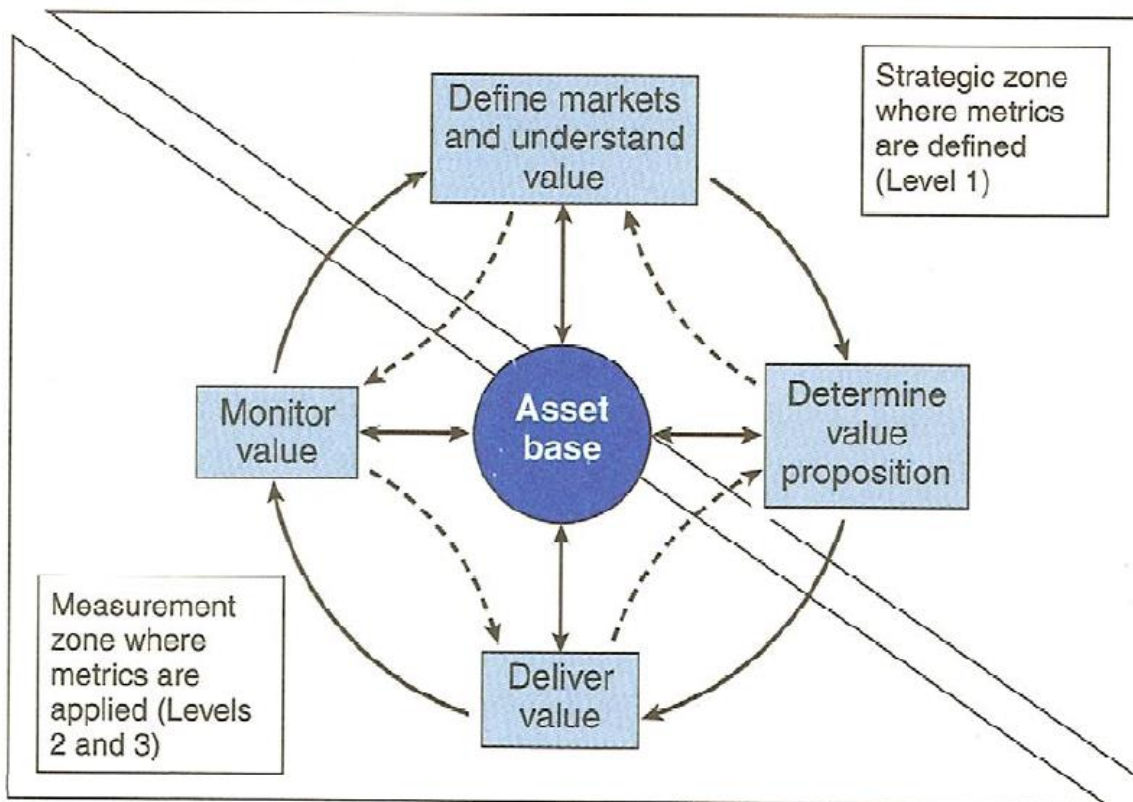


FIGURE 7. A three-level marketing accountability framework. (McDonald 2009, 5).

- Level 1. Shareholder Value Added

The first level represents how to assess whether marketing strategies create or destroy value using a technique developed by the Cranfield School Marketing Value Added Research Club. (McDonald 2009, 5). The first level is examined critical, because it defines whether the long-term marketing strategy create or destroy shareholder value added, considering the risks, time-money value and the cost of capital. If managing assets strategically, the shareholder value is created; however, this asset is intangible and its evaluation is quite problematic. Risks evaluation is essential at that stage, as it defines what threats can impede the shareholder value creation.

A Company's share price, the shareholder value created and the cost of capital are all heavily influenced by one factor: risk. Investors constantly seek to estimate the likelihood of a business plan delivering its promises, whilst the boards try to demonstrate the strength of their strategy. (McDonald 2009, 11.) In other words, if a company delivers a shareholders value successfully, the price per share is increased, i.e. the share prices reflects how decently a company manages the shareholder value.

The marketing Due Diligence is suggested in order to assess the risks of creating or destroying the shareholder value. The risks are divided into three categories: market risk, strategy risk and implementation risk. Market risk consists of all the factors, threatening a company on the market, including product category risk, segment existence risk, sales volumes risk, and forecast and pricing risks. Strategy risks imply the threats on the target market risk, proposition risk, SWOT risk, uniqueness and future risk. The last category contain profit pool risks, competitor impact risk, and internal gross margin risk, profit sources and other costs risks. By understanding the components of business risks, a business can secure itself and prevent the shareholder value from demolition. Marketing Due Diligence approach implies careful and precise business plan evaluation. By using the formula, presented below, the output number presents a tangible measure of the risks associated with a chosen strategy.

- Level 2. Linking activities and attitudes to outcomes

The second-level model from the Cranfield Research Club links all expenditure relating to products, marketing and customers to corporate revenue and profit objectives. It demonstrates what should be measured, why, when, and how frequently. (McDonald 2009, 6). One of the possible methods to implement this process is Ansoff Matrix, presented below.

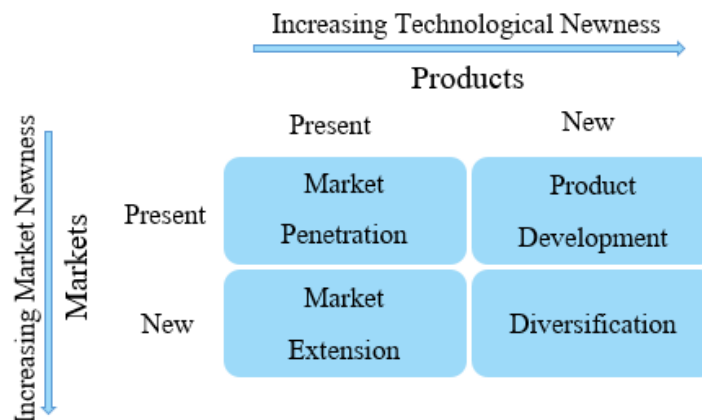


FIGURE 8. Ansoff Matrix. (McDonald, 2009).

The chart represents various strategies applicable depending on the markets and products. The starting point is called Critical Success Factors (SFCs) and implies factors critical to success in each product for segment, which will be weighted according to their relative importance to the customers in the segment. (McDonald 2012, 16.) The other factors' categories are Hygiene Factors (HF) – standards to be accomplished by any rival on the market, and Productivity Factors (PF) – factors influencing a business'

performance. Hence, this method allows recognizing the relationship between costs of improving CSFs and marketing objectives. Each of the strategies presented implies different metrics on achievement of factor to required level.

- Level 3. Micro Measurement

The third level is significant in evaluating the promotional expenditures. The problem is, that although the expenditures evaluation is seemed to manager quite easy, assessment in terms of sales or profits lose sight of the other vital factors having an impact on the final revenues of a company. Sales force, packaging, price, competitors, advertising, etc. can affect sales. There is a cause and effect link and many factors are playing a tremendous role.

3.3 Marketing Metrics

A metric is measuring system that quantifies a trend, dynamic, or characteristic. Marketers require marketing metrics in order to justify in numeric terms the financial risks, benefits of decisions, to evaluate plans, explain variances, judge performance, and identify leverage points for improvement. (Farris 2010, 1.)

It is supposed that a well-defined and precise strategy will contribute to business success. Thus, strategic metrics are used to indicate future and current market cash flows, and assist in business development. With the ability to measure, marketing can have an accounting value (McDermott, 2013). The metrics suggested scientists are of various groups and categories, and there are no one agreed and uniform method or metrics to use in every situation. Table 3 comprises of metrics proposed by scientists and researchers.

As seen from the table below, the metrics categories vary from one researcher to another. However, some of the doubled metrics mentioned by almost every researcher are as follows: awareness, product quality, customer satisfaction, brand knowledge, loyalty and sales. Metrics differ in terms of tools, channels and the ways they must be used. Therefore, both quantitative and qualitative methods are to be implemented by business to gain the most comprehensive and correct information on the marketing activity effectiveness. Depending on a business type and environment circumstances, a business must choose among the suggested metrics to be incorporated in the marketing measurement system. Corporate marketing can influence the definition of the relevant marketing metrics at each of the five levels of business (products, brands, channels, customers, markets) and ensure that each division and country tracks, collects, and

reports the appropriate metrics using a common methodology so that executives can compare data across the firm” (Kumar, 2004.)

TABLE 3. Metrics categorization by competent researchers. (Salkovska 2014, 95).

Researchers	Metrics categories	Main marketing metrics
T. Ambler, D. Riley (2000)	1. Consumer intermediate	1. Awareness; perceived quality; consumer satisfaction; relevance to consumer; perceived differentiation; brand/product knowledge.
	2. Consumer behaviour	2. Number of new customers; loyalty/retention; conversions.
	3. Trade consumer	3. Customer satisfaction; number of complaints.
	4. Relative to competitor	4. Relative consumer satisfaction; perceived quality.
	5. Innovation	5. Number of new products; revenue of new products; margin of new products.
	6. Financial	6. Sales; gross margins; profitability.
N. Kumar (2004)	1. Products	1. Relative product quality; perceived product quality; percentage of sales from new products; product profitability.
	2. Brands	2. Brand awareness; brand esteem; brand loyalty; brand profitability.
	3. Channels	3. Channel penetration; channel trust; channel efficiency; market share in each channel; channel profitability; shelf space.
	4. Customers, segments	4. Customer satisfaction; average transaction size; customer complaints; customer acquisition costs; customer retention rate; customer profitability.
	5. Markets	5. Market penetration; market share; sales growth; market profitability.
P. W. Farris et al. (2010)	1. Share of hearts, minds and markets	1. Awareness; knowledge; hierarchy of effects; loyalty; willingness to recommend; market share; brand penetration, etc.
	2. Margins and profits	2. Unit margin; channel margins; contribution per unit; target volume; break-even sales, etc.
	3. Product portfolio management	3. Repeat volume; penetration; cannibalization rate; brand equity; conjoint utilities; volume projections, etc.
	4. Customer profitability	4. Customers; retention rate; customer lifetime value, etc.
	5. Sales force and channel management	5. Sales; sales pipeline; markdowns; workload; compensation; sales force effectiveness; total distribution, etc.
	6. Pricing strategy	6. Price premium; reservation price; percent good value, etc.
	7. Promotion	7. Baseline sales; incremental sales; promotion lift; redemption rates, etc.
	8. Advertising media and web metrics	8. Impressions; cost per click; click-through rate; net reach; average frequency; cost per 1000 impressions, etc.
	9. Marketing and finance	9. Net profit; return on investment (ROI); economic profit (EVA); net present value (NPV); return on marketing investment (ROMI), etc.
M. Jeffrey (2010)	-	Brand awareness; test-drive; churn; customer satisfaction; take rate; profit; net present value (NPV); internal rate of return (IRR); payback; customer lifetime value (CLV); cost per click (CPC); transaction conversion rate (TCR); return on advertising money spent (ROA); bounce rate; word of mouth (WOM).

4 ANALYSIS OF THE MARKETING ACTIVITY EFFICIENCY IN TUKIKON OY

This chapter represents general analysis of the case company, including competitors, pricing, marketing communication mix and the company's structure analysis.

4.1 Company description

TUKIKON Oy is a consulting company located in Kuopio, Finland. The company specializes in consulting services oriented on Russian and Finnish enterprises in the sphere of international trade and collaboration. TUKIKON Oy assists companies in the spheres of woodworking, engineering and papermaking industries. The company has been operating since 1996 year and has established a wide networks and contacts system. The company aids in finding the appropriate and reliable partners or subcontractors. According to the Finnish and Russian partners' orders, TUKIKON Oy organizes the visits, negotiations, marketing business trips and provides translation services.

The company organizes training seminars and corporate tourism as for the Russian and Finnish clients. As the company is working on the Russian market as well, it offers the service of entrance visas documentations. Since 2011, TUKIKON Oy has included consulting and translation services for the Finnish enterprises and public companies via the company's representative in Petrozavodsk, Russia. The company's representative in Russia is Nord-West Service, providing services of Finnish companies' registration on the Russian territory and maintenance services of the commercial activities.

The company provides a wide range of services. Besides the official translation services, including documents and simultaneous interpretation, TUKIKON Oy offers visas registration, hunting and fishing tours, transportation for Russian tourists, and advertising and graphic design. Although the company covers a broad range of services offered, it mainly focuses on providing consulting and translation services. TUKIKON Oy's market position in this field is to be observed, in order to review the marketing effectiveness and develop recommendations on enhancing the productivity and achieving the goals assigned.

Loyal customers, collaborating with TUKIKON Oy on a constant basis are as follows: Municipality of Kuopio city, Chamber of Commerce, Regional Association of Entrepreneurs, Regional State Administrative Agency for Eastern Finland, travel agencies of Kuopio town, Finnish Orthodox Church museum, individuals on Finnish and

Russian territory, and enterprises located in Kuopio. Thus, the most customers, composing the company's client database, are located in Finland.

The major goals of the company are improving the production efficiency, retaining the current market position and expansion. The following events have been conducted for these purposes: conferences, exhibitions, and advertising activity.

4.2 Competition analysis and evaluation

Since the company operates in different fields of activity and is unique in providing wide services range, it is quite challenging to implement precise competitor analysis. Most of the companies specializes on the one particular field. However, as the main field of work of the company is providing translations, the translations companies in Kuopio have been analysed in order to attain the insight of the competition. The full list of all the translation companies operating in Kuopio were found on the official web site of city of Kuopio. TUKIKON Oy is oriented on the Russian-Finnish and Finnish-Russian translations, hence the rival companies were firstly sorted by the languages offered.

The translation companies, located in Kuopio and providing Russian-Finnish translations are the following: Blinker, Finnish Orient Expert, and Alfa.

Among the competitors, Blinker is the only company having a web-site with stated services and prices. Other companies are relatively hard to find, prices, services and contact persons are not mentioned on the Internet, the only way to reach the companies is phone. The table below represents the comparison of TUKIKON with its rivals, including services provided and prices charged for these services.

As seen from the Table 4, TUKIKON Oy provides wider range of services rather than its competitors do. The pricing policy of the case company differs from that of the rivals, as the TUKIKON charges for every line of the translation, while all the other companies have fixed prices for every page of A4 size. This type of pricing per line can be more convenient for people, demanding a small text to translate.

The company's competitive advantage is that TUKIKON Oy employs several employees to be ready for any upcoming job offer, while the major rival companies were founded by single persons being a translator. Therefore, when providing stable services, able to provide interpretations and translations at any day, the company has earned a good reputation on the market.

TABLE 4. Comparison of TUKIKON Oy with competitors.

Name of the company	TUKIKON Oy	BLINKER	Alfa Vs Ky
Services Provided			
Simultaneous interpretation	+	-	+
Legal translator services	+	+	+
Trainings and exhibitions	+	-	-
Consultations	+	-	-
Document verification with apostile	+	-	-
Proofreading, spelling and grammar check	-	+	-
	€		
Price per line	2,00	-	-
		€	€
Price per A4 page	-	40,00	50,00
	€	€	
Price per hour	60,00	40,00	-
	€	€	
Price per 4 hours (half-day)	240,00	140,00	-

4.3 Pricing policy of the company

According to Jobber (2009, 26), pricing decisions encompass a variety of decision areas. Pricing objectives must be determined, price levels set, decisions made as to credit and discount policies and a procedure established for making price changes.

The most significant inputs to pricing decisions are as follows: company objectives, marketing objectives, demand considerations, cost considerations, and competitors' considerations.

Company objectives: in making pricing decisions, a company must first determine what objectives it wishes its pricing to achieve within the context of overall company financial and marketing objectives. For example, company objectives may specify a target rate of return on capital employed. Pricing levels for individual products should reflect this objective. Alternatively, or additionally, a company may couch its financial objectives in terms of early cash recovery or a specified payback period for the investment. During the case study, it has been found that the major goals of the company are retaining the current market in the critical circumstances of the modern political situation between Europe and Russia (since TUKIKON Oy's operations are oriented on Russia and Finland), and increasing the market share and profits when possible.

Marketing objectives may shape the pricing decision. For example, a company may determine that the most appropriate marketing strategy for a new product that it has

developed is to aim for a substantial market share as quickly as possible. Such a strategy is termed a market penetration strategy. It is based on stimulating and capturing demand backed by low prices and heavy promotion. Whatever the financial and marketing objectives set, these determine the framework within which pricing decisions are made. Such objectives should be communicated to sales management and to individual members of the sales team. The marketing strategy of TUKIKON Oy in the very beginning of operations in 1996 was related to the market penetration strategy, as it was a brand new company entering the services market in Kuopio. The current strategy can be referred to as a retention strategy in general.

Demand considerations: in most markets the upper limit to the prices a company can charge is determined by demand. Put simply, one is able to charge only what the market will bear. This tends to oversimplify the complexities of demand analysis and its relationship to pricing decisions. However, these complexities should not deter pricing decision-makers from considering demand in their deliberations. Demand is considered in the TUKIKON Oy's operations through the long experience accomplished.

Cost considerations: if demand determines the upper threshold for price, then costs determine the lower one. In a profit-making organisation, in the long run, prices charged need to cover the total costs of production and marketing, with some satisfactory residue for profit. In fact, companies often begin the process of making decisions on price by considering their costs. Some techniques of pricing go further with prices being determined solely on the basis of costs; for example, total costs per unit are calculated, a percentage added for profit and a final price computed. Such cost-plus approaches to pricing, although straightforward, have a tendency to neglect some of the more subtle and important aspects of the cost input. As with demand, cost considerations can be quite complex. One of the important distinctions that a cost-plus approach often neglects is the distinction between the fixed and variable costs of producing a product. Fixed costs are those which do not vary – up to the limit of plant capacity – regardless of the level of output, e.g. rent and rates. Variable costs do differ with the level of output – as it increases, so too do total variable costs, and vice versa as production is decreased, e.g. direct labour costs, raw materials, etc. Besides the factors, mentioned above, the case company also considers time costs.

Competitor considerations: few companies are in the position of being able to make pricing decisions without considering the possible actions of competitors. Pricing decisions, particularly short-term tactical price changes, are often made as a direct response to the actions of competitors. Care should be taken in using this tactic,

particularly when the movement of price is downwards. Once lowered, price can be very difficult to raise and, where possible, a company should consider responses other than price reduction to combat competition. (Jobber 2009, 29.)

Higher prices of the company's services in comparison to competitors, are justified with the longest market presence, experience gained through these years, and high-qualified experts always ready to accept an order.

4.4 Promotional mix

Under the modern market conditions, it is not allowed to cease keeping abreast of the customers. Marketing requires more than just creating a good product or service, price it attractively and make it affordable for the target market. Companies are to keep communication with their clients.

Regular and purposeful influence on consumers and constant information gathering on the customers' respond to this influence are the obligatory elements of a company's activities.

The marketing communications mix consists of a set of tools (disciplines) that can be used in various combinations and different degrees of intensity in order to communicate with a target audience. In addition to these tools or methods of communication, there are the media, or the means by which marketing communications messages are conveyed. Tools and media should not be confused, as they have different characteristics and seek to achieve different goals.

There are five principal marketing communications tools: advertising, sales promotion, public relations, direct marketing and personal selling (Figure 9).

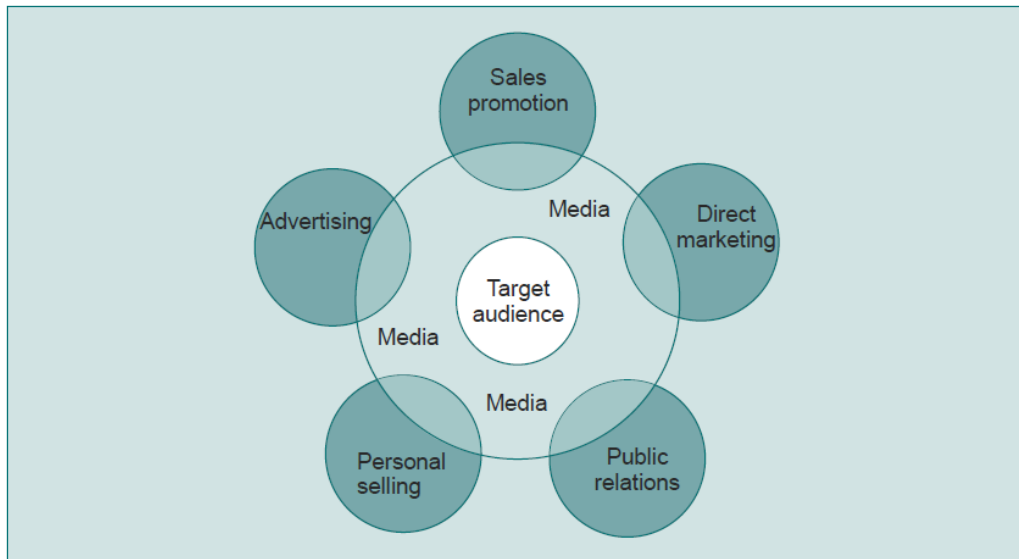


FIGURE 9. The tools and position of the marketing communications mix. (Fill & Jamieson 2011, 9).

However, there have been some major changes in the environment and in the way organisations communicate with their target audiences. New technology has given rise to a raft of different media, while people have developed a variety of ways to spend their leisure time. This is referred to as media and audience fragmentation, and organisations have developed fresh combinations of the promotional mix in order to reach their audiences effectively. For example, there has been a dramatic rise in the use of direct-response media as direct marketing becomes adopted as part of the marketing plan for many products. The Internet and digital technologies have made possible new interactive forms of communication, where the receivers have greater responsibility for their part in the communication process. An increasing number of organisations are using public relations to communicate both messages about themselves (corporate public relations) and also messages about their brands (marketing public relations).

What has happened therefore is that the promotional mix has developed such that the original emphasis on heavyweight mass communication (above-the-line) campaigns has given way to more direct and highly targeted promotional activities using direct marketing and the other tools of the mix. Using the jargon, through-the-line and below-the-line communications are used much more these days. Figure 10 brings these elements together. (Fill & Jamieson 2011, 13.)

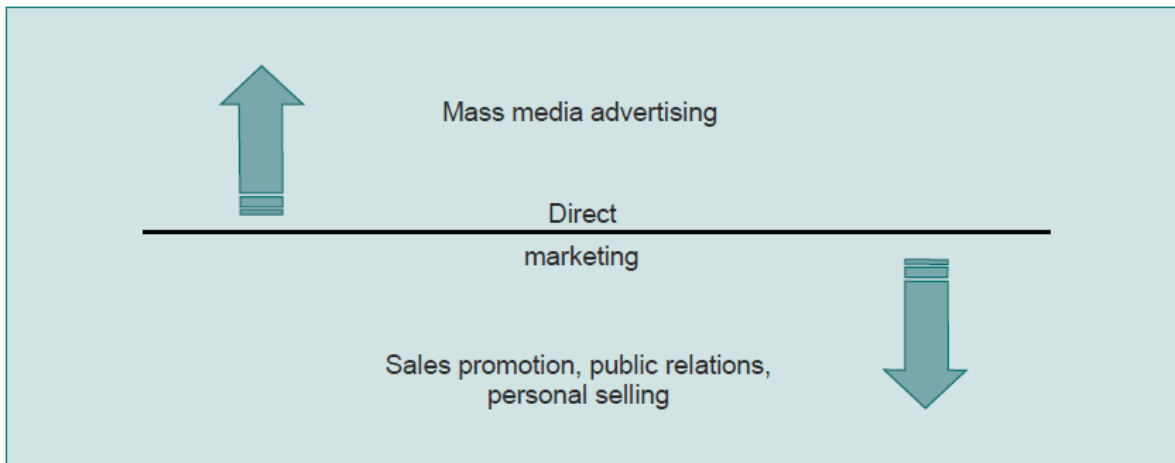


FIGURE 10. Above-the-line and below-the-line communications. (Fill & Jamieson 2011, 14).

Advertisements are of great importance for any business activity as they attract people to use the particular service. Most of the businessmen are using various different means of communication to reach people around the world and turn them into leads that can be further turned into potent customers. There are various ways of putting up an advertisement as per the audience to be addressed. Most people use to look for these advertisements very carefully observing carefully the specifications and efficiency of the featured product. However, it's impossible for someone to get the reality check through these advertisements, so in order to get clearer idea about a particular service one must go for people's feedback about a particular product or service and these feedbacks must also be genuine as some of them maybe done for fake publicity. (Taylor, 2013.)

According to Business Dictionary web site, advertisement is paid, non-personal, public communication about causes, goods and services, ideas, organizations, people, and places, through means such as direct mail, telephone, print, radio, television, and internet. An integral part of marketing, advertisements are public notices designed to inform and motivate. Their objective is to change the thinking pattern (or buying behaviour) of the recipient, so that he or she is persuaded to take the action desired by the advertiser. When aired on radio or television, an advertisement is called a commercial.

Observation of the case company's marketing activities has entailed the following results regarding the advertisements: The advertisements, used by the company are conducted through the newspapers, hand-outs, magazines and brochures. Namely, besides the newspapers commercials, the ads have been placed in the Holiday Info Kuopio magazine (Autumn 2014-Winter 2015), issued by the city of Kuopio and available at the Kuopio Info, shopping centres and customs house. The magazine is presented in

Russian language, thus the tourists are to become aware about the company's operations and services. The company is also maintaining social networks advertising in Facebook and VK.com. VK is a very claimed and popular Russian social network. Social networks advertising allows not only placing an ad about a company, but also enables a customer to contact the company if there are any questions arising.

Sales promotion comprises various marketing techniques that are often used tactically to provide added value to an offering, with the aim of accelerating sales and gathering marketing information. Like advertising, sales promotion is a non-personal form of communication, but it has a greater capability to be targeted at smaller audiences. It is controllable, and although it has to be paid for, the associated costs can be much lower than those of advertising. As a generalisation, the credibility of sales promotion is not very high, as the sponsor is – or should be – easily identifiable. However, the ability to add value and to bring forward future sales is strong and complements a macroeconomic need that focuses on short-term financial performance. (Fill & Jamieson 2011, 14)

Sales promotion consists of short-term incentives to encourage the purchase or sales of a product or service. Whereas advertising offers reasons to buy a product or service, sales promotion offers reasons to buy now. (Kotler & Armstrong 2012, 481.) Sales promotions are divided into different categories, and in general include a wide range of tools to persuade a customer to try this product. The tools consist of coupons, samples, cash refunds, discounts, etc. However, this type of sales stimulation is not fully applicable to the translation company's case, as there is no possible sample to offer and orders are generally represented in small volumes, (like several pages of a document to translate) thus discounts are considered as senseless in terms of profit. The only tools of sales promotion possible for the company to participate in are exhibitions and discounts. TUKIKON Oy is presented in the annual touristic exhibitions. The company is offering discounts for the clients, depending on the occupation (discounts for unemployed and retired people) and volumes of orders (for the loyal clients, organization and companies in the case of high volumes of work).

Personal selling is traditionally perceived as an interpersonal communication tool that involves face-to-face activities undertaken by individuals, often representing an organisation, in order to inform, persuade or remind an individual or group to take appropriate action, as required by the sponsor's representative. A salesperson engages in communication on a one-to-one basis where instantaneous feedback is possible. The costs associated with interpersonal communication are normally very large.

The people who do the selling go by many names, including salespeople, sales representatives, agents, district managers, account executives, sales consultants, and sales engineers. They create loyalty and customers because people trust them and want to work with them. It's a matter of putting the client's interests first, which is the antithesis of how most people view salespeople. (Kotler & Armstrong 2012, 465.) If the product offered is of a high value and demonstration is required to sell it, personal selling is the needed event. However, personal selling is not suitable in the field of services TUKIKON Oy offers to the customers.

Public relations is 'the art and social science of analysing trends, predicting their consequences, counselling organisations' leadership, and implementing planned programmes of action which will serve both the organisation's and the public interest' (Mexican Statement, 1978). Public relations aim at gaining and maintaining two-way customer communication based on trust and awareness. Conflicts and misunderstandings are to be avoided and respect to the clients' desires is formed. Public relations also imply attracting qualified employees and creating a company's own positive image.

The increasing use of public relations and publicity in particular, reflects the high credibility attached to this form of communication. Publicity involves the dissemination of messages through third-party media such as magazines, newspapers or news programmes. There is no charge for the media space or time, but there are costs incurred in the production of the material. (There is no such thing as a free lunch or free promotion.) There is a wide range of other tools used by public relations, such as event management, sponsorship and lobbying. It is difficult to control a message once it is placed in the channels, but the endorsement offered by a third party can be very influential and have a far greater impact on the target audience than any of the other tools in the promotional mix. TUKIKON Oy supports winter activity events and contributes to charity. One of the last company references' is made in a brochure dedicated to the dogs competitions organized by Suomen Poliisikoiria Ry and held this year in Kajaani 19-20 February. The company is mentioned as sponsor that is creating a prestige and a good company's perception. However, the public opinion study via surveys and questionnaires is considered ineffective in the case of translation companies, as private persons are hardly contacting such agencies more than twice a year and thus they are unlikely to be willing to participate in this kind of research.

Direct marketing seeks to target individual customers with the intention of delivering personalised messages and building a relationship with them based upon their responses to the direct communications. In contrast to conventional approaches, direct marketing attempts to build a one-to-one relationship – a partnership with each customer – by communicating with the customers on a direct and personal basis. If an organisation chooses to use direct marketing then it has to incorporate the approach within a marketing plan. (Fill & Jamieson 2011, 16.)

TUKIKON Oy uses direct marketing in its activities. Primarily the firm is concerned about contacting the newly emerged companies in the Kuopio area, which can potentially collaborate with TUKIKON Oy or be in need for the translations. The new companies are tracked through the Kuopio Yrittajat and Savon Yrittajat magazines, where the newly registered companies in the Kuopio or Pohjois-Savo region are represented. The companies are sorted according to their eligibility and concern to the company operations, and then contacted by the case company. For instance, the latest firms connected by TUKIKON are public organizations operating in the field of entrepreneurship support.

According to the information on finances, provided by TUKIKON Oy, the promotional-mix expenses have been cut in the last year. The total marketing costs accounted for the €2700 in 2013 and €1729 in the year 2014. Cost reduction is caused by the refuse from the search services on the Internet.

4.5 Organization's structure

The field of translations services is characterized by small companies. Quite frequently, this type of organizations is organized by a single translator, willing to apply the skills and knowledge into business. Majority of translators are working "from home", not having an office, as normally that type of work does not require office space.

TUKIKON Oy's organization structure comprises of two permanent workers – the owner of the organization and, concurrently, translator; and a secretary that can perform the interpretation functions as well. Currently one temporary employee is hired, that is responsible for the marketing of the company (advertising, web-site maintaining, social networks advertising maintaining), and media services, such as development of logos, business cards and other.

5 OUTCOME OF ANALYSIS

Chapter 5 demonstrates specific analysis of the marketing promotional mix and chosen appropriate for the case company metrics, along with the recommendations on improving the current marketing activities system. Based on the information, gained during the marketing efficiency measurement study, the following steps of evaluation have been formulated:

- 1) Promotional mix analysis – define the critical marketing tools appropriate for the company, depending on the field of work and analyse the quality of the marketing activities undertaken.
- 2) Metrics analysis – choose metrics, applicable in the case of analysed company (depends on the operating field) and analyse marketing according to these metrics.
- 3) Consider business environment circumstances at the moment of marketing activities implementation and information gathering with regards to the results.

5.1 Promotional Mix Analysis

In order to track the effectiveness of the marketing activities undertaken by a company, a marketing audit is performed. The case company has never implemented this type of marketing effectiveness measurement, therefore this paper will demonstrate the analysis of the quality and performance of the marketing promotional mix in order to find the ways of improvement and give recommendations to the case company.

Marketing promotional mix implementation has been analysed in order to gain full understanding of the marketing activities performed. The Table 5 below represents a brief result of the marketing promotional mix used by the company.

TABLE 5. Promotional Mix Analysis

Promotional Mix	Advertising	Sales Promotion	Direct Marketing	Public Relations	Personal Selling
Means of implementation	Newspapers, magazines, handouts, social networks advertising	Participating in the exhibitions; discounts	Potential client companies in the Pohjois-Savo region are contacted regularly	Winter activity and charity events sponsorship, charity contributions	-

Most of the possible promotional mix tools are incorporated into the company's activities. However, during interview with the managing director of TUKIKON Oy, Artur Kurikka, it was mentioned, that there is no significant response on the used methods and no considerable increase in profit has been noticed.

Personal selling is not considered appropriate in the case of the company, as personal selling is quite expensive way of promotion, requiring a certain number of workers that are to present the product or service directly to the customer, focusing on short-term relationship and conviction to purchase a product or service offered. Moreover, the field of consulting and translation services is demanded at a customer's request, e.g. it is not possible to persuade a customer to take advantage of a interpreter services without need in them.

Regarding the other promotion mix aspects, the company is trying to cover all the possible areas of promotion. A part-time employee is maintaining the advertisements in the social networks and regularly tracking the new companies registered in the Kuopio area and Pohjois-Savo region to contact them directly. Newspapers and magazines advertisements are used; moreover, as the company is oriented on Russian market as well, the ads are printed in the tourists' magazines available at the Russian-Finnish customs.

To keep the prestige and reputation of the company, TUKIKON Oy contributes annually to the charity funds and sponsors winter activities and charity events. The name and contact of the company are mentioned among the sponsors of the events on the brochures and handouts of the events.

5.2 Metrics Analysis

Metrics analysis implies assessing business activities by various factors influencing a business' effectiveness and success. Main metrics suggested by different researchers and scientists are presented and described in Chapter 3. When analyzing and comparing the metrics represented, I have distinguished several metrics to apply to my analysis, along with the promotional mix analysis. The factors I am going to analyze are the following: quality, customer satisfaction, brand awareness, loyalty/retention, sales and complaints. These metrics are to aid me in examining the effectiveness of the marketing activities and preparing recommendations for the company to improve its productivity.

Product/service quality is considered essential when analyzing a company's success, as this factor influences the company's reputation, reviews and opinions on the company that build a strong prerequisites to success and profitability. The services offered by TUKIKON are of an excellent quality. The company is operating on the Finnish market since 1996; therefore, the experience gained during these years is tremendous. The company's staff comprises of several entrepreneurs to be able to satisfy as much customers as it is possible. As opposed to many rival companies, founded by a single translator and able to undertake only one interpreter order at one time, TUKIKON Oy possess the capability to correspond to multiply orders. High-qualified specialists along with the competitive advantage over the rivals provide the company with the high service quality and perceived quality for the customers.

Loyalty and retention are supposed to be vital in the company's productivity as permanent clients determine a company's professionalism and competence in the field of work. Among the case company's constantly collaborating institutions, the following were mentioned by the managing director: Municipality of Kuopio city, Chamber of Commerce, Regional Association of Entrepreneurs, Regional State Administrative Agency for Eastern Finland, travel agencies of Kuopio town, and Finnish Orthodox Church museum. The company is cooperating with public institutions on a constant basis for quite a long time, and this factor indicates the professionalism and high level of services offered by the case company. Keeping loyal customers in the field of consulting and translation services is quite challenging, as services of this type usually are not demanded very often by a certain person. However, the company must have proved its competence when collaborating with government institutions.

Satisfaction is an inherent part to take into consideration, as it also influences other factors, such as loyalty and complaints. According to online blog ClientHeartBeat, customer satisfaction is important because it provides marketers and business owners with a metric that they can use to manage and improve their businesses. If satisfied with the products or services provided, the customers are intended to repurchase the product or service. When meeting the customers' requirements and satisfying them, a company ensure a good reputation, loyalty, customer lifetime value, and, eventually, profitability. Customers' satisfaction indicates the company's progress and productivity. Tracking satisfaction is also crucial in the case when the customers are dissatisfied, since when the company's managers are aware of the weaknesses and flaws in the company's operations, it is easier to improve the quality and return the customers' regard. Most of the TUKIKON Oy customers have been highly satisfied with the services offered and

provided, as the short work execution periods and the quality of translations have met the customers' expectations and requirements.

Brand awareness is another vital factor and is defined in the educational portal Management Study Guide as the probability that consumers are familiar about the life and availability of the product. It is the degree to which consumers precisely associate the brand with the specific product. Measuring the brand awareness is complicated, as the comprehensive campaigns and surveys are needed to detect the level of brand awareness among certain population of people. However, the endeavors on spreading the brand name can be investigated to reveal the company's attempts to promote its brand. As explained in the chapters above, TUKIKON Oy is working on the increasing its brand awareness through various marketing promotion mix tools. Ads in newspapers, brochures and magazines are used; references on the company's name are made among the sponsors of the charity and winter activities; the company is presented on exhibitions, internet advertising is used, including social networks. Although the brand awareness was not measured as part of the case company's marketing effectiveness measurement, the substantial efforts have been made to make the brand name well-known.

Complaints have been considered an important metric in the recommendations of many researches, as this factor indicates the flaws in the services provided and allow improving services before serious changes in the business profitability have occurred. When measuring this metric in regard to the case company, no complaints on the company's operations have been detected.

Sales and ROI are the substantial metrics, providing the final result of the marketing activities efficiency, but not revealing the hidden levers, affecting these results. According to the managing director of TUKIKON Oy company, the performed marketing activities have not yielded a significant increase in the sales and profitability. However, this could occur due to the current economic and political circumstances affecting the international market. Firstly, the exchange rate of euro to Russian ruble has drastically changed over the latest period of time, preventing Russian customers from using Finnish services due to highly increased prices. Political situation between Russia and Europe has also affected the number of tourists and people travelling from Russia to Finland and vice versa. Therefore, the target market of Russian people moving or visiting Finland, demanding translation or visa services has shrunk.

5.3 Recommendations

Based on the promotional mix and metrics analyses the following result has been gained: the overall performance of the company's marketing activities is good. All the possible promotional mix tools are used by the company in order to provide professional marketing efficiency. TUKIKON Oy is characterized by high-qualified employees - experts in translation services, long-term market existence since 1996 and loyal customers, including the higher governmental agencies and institutions.

However, as previously mentioned, the company's executive director has noticed small response on the marketing activities. After market circumstances investigation it has been found, that the political and economical factors are not very favorable nowadays and that could entail the low response rate on the marketing performance.

Therefore, according to the findings, the following recommendations have been formulated for the case company: continue the current marketing promotional mix activities, reinforcing them when possible; undertake marketing researches and control regularly in order to track the marketing environments changes and respond timely; plan marketing strategies in order to achieve highest profits; ensure qualification of the employees and provide them with trainings to enhance level of services and improve productivity; participate in exhibitions, conferences and events that could contribute to the company's brand-awareness and reputation.

6 CONCLUSION

In the modern business world, any organization's performance is inconceivable without incorporated marketing activities. Skillful and proficient managers, governing the marketing tools can allow any company to use its competitive potential fully and occupy the leading niche on the appropriate market.

The main advantages the marketing provide a company with are:

- Marketing provides constant research, study and form of the new customers' needs and means of satisfaction;
- Contributes to the innovative processes implementation in spheres of technologies, production and products market placement;
- Marketing is the essential condition of an enterprises' successful functioning in the market economy circumstances;
- Marketing establishes informational base of the company's performance and its strategy.

Marketing management includes analysis, planning, implementation and control of all the events suggested to establish, strengthen and maintain profitable trades with potential customers to accomplish certain company's goals. Marketing manager is to understand, control and form the demand.

Practical marketing activity influences customers. Among the objectives pursued by marketing, the following can be mentioned: the highest possible demand achievement, maximum customer satisfaction gain, provision consumers with the widest range to choose from and standard of living enhancement. Many people consider the main marketing goal to be standard of living increase, when the social marketing implementation would serve as a mean to reach the goal assigned.

As a global function of a company's management, marketing provide entrepreneur with broad variations of gaining the positive commercial result. Governance of the organizations, understanding the importance of the marketing in the modern business, have prepared marketing specialists and are working more effectively in the current business circumstances. However, the problem of marketing efficiency measurement arises.

During the thesis project implementation, the marketing measurement system for the TUKIKON Oy company has been developed. The marketing environment has been

analyzed, current marketing activities of the company studied and the appropriate recommendations for the marketing improvement have been formulated.

The company's marketing is operated on a quite high level, since corresponding promotional mix activities are integrated, including sales promotion, direct marketing, public relations and advertising. TUKIKON Oy uses social media advertising through the social networks and maintains its own web-site. The overall marketing mix performance of the case company has shown excellent results. Suitable metrics of assessment were analyzed further, in order to gain the comprehensive information on the company's marketing capacity.

The main method of the thesis research referred to as desk research, i.e. gathering and analyzing data already available in public. Benchmarking was used in order to conduct analysis and comparison of the partner company and its competitors; the information on the rivals was gathered thorough their web-sites and social media. Bibliographic study was undertaken by the means of reading and studying books and articles related to the sphere of research.

7 DISCUSSION

The goal of optimizing marketing effectiveness cannot be achieved through one single approach. Success depends on the integration of multiple methodologies and disciplines, all based on a common understanding of the marketing process. The importance of the financial opportunities and problems at different stages can be quite variable. For some companies, the best way to improve marketing effectiveness is through segmentation and product development improvements, while for others, mix modeling will help them optimize the allocation of marketing spend. The key is to correctly define the problems before attempting to solve them (Wyner 2008, 4.)

Marketing principles, structures and methods have been observed in this paper in order to provide reader with the comprehensive knowledge on the marketing performance. The metrics, applied for the marketing performance measurement have been studied as well to find the most suitable program of assessing the marketing of the case company.

The research of the metrics, used to determine the marketing effectiveness has shown, that the best results are gained when using metrics jointly with the financial metrics. While financial metrics derive the information on the sales, volumes and the overall economic efficiency of a company, the marketing metrics indicate the opportunities, problems and forecast future performance. The metrics presented in this thesis are combined from the works of different researches, as no single method on the measuring marketing efficiency level exists.

The process of the thesis work was quite challenging in terms of analyzing studies of various researchers, whose approaches in measuring marketing effectiveness differed. As there is no certain approved method of marketing assessment, the design of appropriate technique was one of the goals assigned. However, this study appeared interesting and prospective, since correctly adjusted marketing measurement approach will contribute to a company's profitability, by defining flaws in the marketing system that are preventing company from the higher economical growth.

In order to measure the effectiveness of the marketing in the TUKIKON Oy company, the promotional mix along with the metrics have been analyzed. The research has revealed that the company is using its potential quite well; however, the response on the marketing efforts is not substantial.

The company is undertaking the promotional mix activities, namely advertising, sales promotion, direct marketing and public relations. Personal selling is considered inapplicable in the case of consulting services and translations, since personal selling implies offering samples or trials to the potential customers in order to persuade customer to purchase the product or service.

Metrics examined in order to measure the efficiency of marketing efforts related to the quality, customer satisfaction, brand awareness, loyalty, sales and complaints. The results showed that the case company is performing good in term of the factors assessed.

The high quality of the services offered is ensured with the firm's long presence on the market (since 1996), experience accumulated during this time, high-qualified professional working in the company (certified official translators) and aspiration of the company to provide customers with excellent services. Customer satisfaction can be measured though the consumers review and the correlation of the offered services and the real implementation. Since the company has not implemented marketing audit, the services and implementation have been studied. According to the results, the time execution of the written translation services offered is short, what contribute to the customer satisfaction; the oral interpretation is represented by experienced and professional specialists, therefore the customer satisfaction must be of a high level.

Brand awareness is challenging to measure, but the case company takes attempts to make the brand name well-known using the marketing promotional mix, namely advertising and sales promotion and public relations (participating in exhibitions, sponsoring sport activities and charity, spreading advertising though the journals, newspapers and social networks).

Loyalty is determined by constant clients repurchasing product from the same company or brand. Although consulting and translating services are not related to that type of business, there are many partners collaborating with TUKIKON Oy on a constant basis, including government institutions.

Complaints expressed by customers is an indicator of dissatisfaction and weaknesses of a company to improve. However, the company does not receive any complaints from the clients and customers, therefore it can be assumed that most of the consumers of TUKIKON Oy have not been disappointed about the services offered and the company is moving the correct direction.

Sales metric research has shown that although the company is operating profitable, but the mentioned marketing efforts have not yielded the desired and significant increase in the profitability. However, this situation can be justified by the current political and economic circumstances on the market of international trade.

Based on the analysis, the recommendations for the marketing activity improvement have been developed and presented.

For the future researches in the field of marketing evaluation methods, I would strongly recommend studying not only the metrics proposed by researchers, but also all the external and internal factors influencing the marketing effectiveness. Concerning the research, presented in this thesis, although the promotional mix and metrics examination showed high results and the company is exploiting its possible marketing opportunities, the outcome is not substantial because of the current external environments' circumstances. Thus, analyzing and understanding all the factors influencing business are the keys to success.

REFERENCES

Ambler, T. & Riley, D. 2000. *Marketing and the Bottom Line: The New Metrics of Corporate Wealth*. London: FT Prentice Hall

Assael H., Reed P. & Patton M. 1995. *Marketing: Principles and Strategy*. Sydney: Harcourt Brace.

Beard, R. 2014. *Why Customer Satisfaction Is Important (6 Reasons)*. [Online blog]. 20 January 2014. [accessed 25.02.2015]. Available from: <http://blog.clientheartbeat.com/why-customer-satisfaction-is-important/>

Blythe, J. 2005. *Essentials of Marketing*. 3rd Edition. Edinburgh: Pearson Education Limited.

Business Dictionary. [Web-site]. [accessed 8.02.2015]. Available from: <http://www.businessdictionary.com/definition/advertisement-ad.html>

Donckers, R. 2015. *The Reason Why Every Business Needs a Real Marketing Specialist*. [Web-page]. [accessed 12.02.2015]. Available from: <http://marketing-specialist.net/>

Fader, P. 2013. *What Does It Mean to Be Customer Centric?* Web-page. [reference made 14.02.2015]. Available from: <http://content.monetate.com/h/i/12311808-what-does-it-mean-to-be-customer-centric>

Farris, P. W., Bendle, N. T., Pfeifer, P. E. & Reibstein, D. J. 2010. *Marketing Metrics: 50+ Metrics Every Executive Should Master*. 2nd Edition. New Jersey: Pearson Education, Inc.

Fill. C. & Jamieson, B. 2011. *Marketing Communications*. Edinburgh Business School.

Hartman, D. *The Value of Marketing to Society*. 2014. [Web-page]. [accessed 10.02.2015]. Available from: <http://smallbusiness.chron.com/value-marketing-society-21508.html>

Jeffrey, M. 2010. *Data-Driven Marketing: The 15 Metrics Everyone in Marketing Should Know*. New Jersey: Wiley & Sons, Hoboken.

Jobber, D. & Lancaster, G. *Selling and Sales Management*. 8th Edition. 2009. Edinburgh: Pearson Education Limited.

Joshi, M. 2012. *Essentials of Marketing*. [e-book]. [accessed 25.02.2015]. Available from: <http://bookboon.com/en/essentials-of-marketing-ebook>

Kotler, P. 2002. *Marketing Management, Millenium Edition*. New Jersey: Pearson Education Inc.

Kotler, P. & Armstrong, G. 2012. *Principles of marketing*. 14th Edition. New Jersey: Pearson Education Inc.

Kumar, N. 2004. *Marketing as Strategy: Understanding the CEO's Agenda for Driving Growth and Innovation*. Boston: Harvard Business School Press.

Kurikka, A. 2015. Executive director of TUKIKON Oy. [interview].

Lipsits, I. 2007. *Marketing for top-managers*. Moscow: EKSMO Education

Management Study Guide. *What is Brand Awareness?* [Online educational portal]. [accessed 25.02.2015]. Available from: <http://www.managementstudyguide.com/brand-awareness.htm>

McDermott, M. J. 2013. Actionable Analytics: Reexamining Metrics for Better Data-Driven Decisions. *ANA Magazine*. [accessed 25.02.2015]. Autumn 2013. Available from: <http://www.ana.net/miccontent/show/id/ana-magazine-2013-fall-actionable-analytics>

McDonald, M. 2012. *A Brief Review of Marketing Accountability, and a Research Agenda By Emeritus Professor Malcolm McDonald*. [electronic article]. February 2012. [accessed 26.02.2015]. Available from: <http://isbm.smeal.psu.edu/resources/articles-use/a-brief-review-of-marketing-accountability>

Mexican Statement. 1978. *The Place of Public Relations in Management Education*. Public Relations Education Trust, June.

Ocean Tomo, LLC. 2011. *Intangible Asset Market Value*. [Web-page]. [accessed 20.02.2015]. Available from: <http://www.oceantomo.com/productsandservices/investments/intangible-market-value>

Šalkovska J. & Ogsta E. 2014. *Quantitative and Qualitative Measurement Methods of Companies' Marketing Efficiency*. University of Latvia, Faculty of Economics and Management. Article. [accessed 20.02.2015]. Available from: http://vddb.library.lt/fedora/get/LT-eLABa-0001:J.04~2014~ISSN_2335-8750.N_70.PG_91-105/DS.002.1.01.ARTIC

Taylor, R. 2013. *Importance of Advertisement in today's world*. [Web-page]. [reference made 8.2.2015]. Available from: <http://www.selfgrowth.com/articles/importance-of-advertisements-in-today-s-world>

Whalley, A. 2010. *Strategic Marketing*. [e-book]. [accessed 18.02.2015]. Available from: <http://bookboon.com/en/strategic-marketing-ebook>

Wind, Y. 1981. *Marketing and the other business functions*. JAI Press Inc.

Wyner, G. 2008. *Marketing Effectiveness: It's More Than Just ROI*. [Article]. February 2008. [accessed 20.02.2015]. Available from: https://www.cips.org/Documents/Membership/MillwardBrown_MarketingEffects_Feb08.pdf

