

# MARKETING AUDIT OUTLINE<sup>1</sup>

## Part I. Marketing Strategy, Organization, and Environment Audit (~ 8 pages)

### A. Business Mission, Marketing Objectives and Goals

Is the business mission clearly stated in market-oriented terms? Is it feasible? Are the company and marketing objectives and goals stated clearly enough to guide marketing planning and performance measurement? Are the marketing objectives appropriate, given the company's competitive position, resources, and opportunities?

### B. Strategic Planning Process & Marketing Information System

Has the management articulated a clear marketing strategy for achieving its marketing objectives? Is the strategy convincing? Is the marketing planning system well conceived and effectively used? Does the planning system result in acceptable sales targets and quotas? Are marketing resources allocated optimally to the major elements of the marketing mix? Are enough resources or too many resources budgeted to accomplish the marketing objectives? Is the marketing information system producing accurate, sufficient, and timely information about marketplace developments with respect to customers, prospects, distributors and dealers, competitors, suppliers, and various publics? Are company decision makers asking for enough marketing research, and are they using the results? Is the company employing the best methods for market measurement and sales forecasting? Do marketers have decision support systems available?

### C. Marketing Organization

Does the marketing vice president or CMO have adequate authority and responsibility for company activities that affect customers' satisfaction? Are the marketing activities optimally structured along functional, product, segment, end user, and geographical lines? Are there good communication and working relations between marketing and sales?

### D. Marketing Environment

#### *Economy, Markets, and Competitors*

What major developments in income, prices, savings, and credit will affect the company? What actions have the company been taking in response to these developments and trends? What is happening to market size, growth, geographical distribution, and profits? Who are the major competitors? What are their objectives, strategies, strengths, weaknesses, sizes, and market shares? What trends will affect future competition and substitutes for the company's products?

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<sup>1</sup> Adaptation from Kotler and Keller (2012), *Marketing Management*, 14<sup>th</sup> ed.

### ***Demographics, Culture, and Politics***

What major demographic developments and trends pose opportunities or threats to this company? What actions have the company taken in response to these developments and trends? What is the public's attitude toward business and toward the company's products? What changes in customer lifestyles and values might affect the company? What changes in laws and regulations might affect marketing strategy and tactics? What is happening in the areas of pollution control, equal employment opportunity, product safety, advertising, price control, and so forth that affects marketing strategy?

### ***Technology & Ecology***

What major changes are occurring in product and process technology? What is the company's position in these technologies? What major generic substitutes might replace this product? What is the outlook for the cost and availability of natural resources and energy needed by the company? What concerns have been expressed about the company's role in pollution and conservation, and what steps have the company taken?

## **Part II. Marketing Function Audits: Product and Price (~ 7 pages)**

### **A. Marketing Segmentation, Targeting, and Positioning**

What are the major market segments? What are the customers' needs and buying processes? How do customers and prospects rate the company and its competitors on reputation, product quality, service, sales force, and price? How do different customer segments make their buying decisions? Is the company using the best basis for market segmentation? Does it have clear criteria for rating the segments and choosing the best ones? Has it developed accurate profiles of each target segment? Has the company developed an effective positioning and marketing mix for each target segment?

### **B. Products**

What are the company's product line objectives? Are they sound? Is the current product line meeting the objectives? Should the product line be stretched or contracted upward, downward, or both ways? Which products should be phased out? Which products should be added? What are the buyers' knowledge and attitudes toward the company's and competitors' product quality, features, styling, brand names, and so on? What areas of product and brand strategy need improvement? Is the company well organized to gather, generate, and screen new-product ideas? Does the company do adequate concept research and business analysis before investing in new ideas? Does the company carry out adequate product and market testing before launching new products? Is the strategy appropriate to the stage of the product life cycle, competitors' strategies, and the state of the economy?

### **C. Price**

What are the company's pricing objectives, policies, strategies, and procedures? To what extent are prices set on cost, demand, and competitive criteria? Do the customers see the company's prices as being in line with the value of its offer? What does management know about the price elasticity of demand, experience-curve effects, and competitors' prices and pricing policies? To what extent are price policies compatible with the needs of distributors and dealers, suppliers, and government regulation?

## **Part III. Marketing Function Audits: Distribution, Promotion (~ 7 pages)**

### **A. Distribution**

What are the company's distribution objectives and strategies? Is there adequate market coverage and service? How effective are distributors, dealers, manufacturers' representatives, brokers, agents, and others? Should the company consider changing its distribution channels? What are the main trade channels for bringing products to customers? What are the efficiency levels and growth potentials of the different trade channels? What is the outlook for the availability of key resources used in production? What trends are occurring among suppliers? What is the cost and availability outlook for transportation services, warehousing facilities, and financial resources? How effective are the company's advertising agencies and marketing research firms?

### **B. Marketing Communications & Sales Force**

What are the organization's advertising objectives? Are they sound? Is the right amount being spent on advertising? Are the ad themes and copy effective? What do customers and the public think about the advertising? Are the advertising media well chosen? Is the internal advertising staff adequate? Is the public relations staff competent and creative? Is the sales promotion budget adequate? Is there effective and sufficient use of sales promotion tools such as samples, coupons, displays, and sales contests? Is the company making enough use of direct, online, and database marketing? What are the sales force's objectives? Is the sales force large enough to accomplish the company's objectives? Is the sales force organized along the proper principles of specialization (territory, market, product)? Are there enough (or too many) sales managers to guide the field sales representatives? Do the sales compensation level and structure provide adequate incentive and reward? Does the sales force show high morale, ability, and effort? Are the procedures adequate for setting quotas and evaluating performance? How does the company's sales force compare to competitors' sales forces? Which publics represent particular PR opportunities or problems for the company? What PR steps has the company taken to deal effectively with each public?

### C. Profitability and Cost-Effectiveness Analysis

What is the profitability of the company's different products, markets, territories, and channels of distribution? Should the company enter, expand, contract, or withdraw from any business segments? Do any marketing activities seem to have excessive costs? Can cost-reducing steps be taken? Are the control procedures adequate to ensure that the annual-plan objectives are being achieved? Does management periodically analyze the profitability of products, markets, territories, and channels of distribution? Are marketing costs and productivity periodically examined?

#### **Instructions:**

- You should have a cover page with the following information: group # (1, 2, 3, etc.), and group members' names. The cover page should not be numbered.
- The main text should be typewritten and double-spaced with 1" margins and 12-point Times New Roman font. Bullet points are allowed and encouraged to make your analysis more concise and precise.
- You should put page numbers on the main text, starting with "1" for the first page. Main text of each audit part should be about the number of pages as indicated above.
- Any information, exhibit, graph, table, etc., that will support your arguments should go into Appendices. When you refer to the Appendix content from within the main text, please use appropriate markers, e.g., Figure 1, Table 2, Exhibit 3, etc. This section does not count toward the page targets of the main text of each part.
- Once you have compiled all the sections, put the hat of a tough editor and try to reshape the document so that it meets the aforementioned criteria overall in a balanced fashion without exceeding the page limits.
- Marketing audits are to be submitted online from the link provided on the Moodle website. Only one submission per group is necessary. No late submissions will be accepted.