# The Impact of Marketing Mix (4Ps) on Marketing Audit and Performance in Iranian SMEs

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## Abstract
*The marketing audit is the comprehensive assessment of all angles of marketing operation in an organization. This work needs systematic evaluation of plans, objectives, strategies, activities and organizational structure as well as marketing staff. The criteria to assess and audit the marketing in this study are marketing mix as product, price, place, and promotion. These four elements employed as independent variables of the study to recognize the impact of each marketing mix elements on marketing audit at the level of Iranian SMEs. The research is based on survey method and two structured questionnaire has been used. The sample fast was 100 while the Cronbach's Alpha is 91 out of 100. Marketing / sales managers, marketing experts were the universe of the study at Iranian SMEs. The results extracted from statistical analysis showed that there are impacts on marketing audit and performance through evaluation of each marketing mix elements.*

**Keywords:** Marketing Audit, Marketing Mix, SMEs, Iran

## *Introduction*
The Auditing of marketing is the comprehensive assessment of all angles of marketing operation in an organization. This work needs systematic evaluation of plans, objectives, strategies, activities and organizational structure as well as marketing staff. This technique as a tool of strategic control has a long record for management and marketing planning. In this research, researchers try to review and control of mixed marketing strategies for small and medium enterprises (SMEs) to make understandable criteria to apply such strategy for marketing managers. Of course, the stress of this research is not only on the Past Performance but also emphasis is on present and future capabilities. The Performance of marketing managers to make use of mixed marketing is considered. In fact, the traditional aspects of marketing have been used in Iranian SMEs so far, and still did not enter into modern marketing era. Some of IT firms go through the online marketing operations which are not in large numbers. Merely, selecting mixed marketing strategies is needed to discover viewpoint of marketing and sales managers of SMEs which to what extent is emanated from total strategy of the enterprises. Other function of marketing audit is understanding of success or failure of SMEs in process of whole marketing. The proper marketing process shapes with selecting the proper strategy with due to increase the efficiency of firms and businesses. This is why the majority of the Iranian SMEs faced problem with regard to recent worlds' economical crisis. So they are come cross not to sell their product and it has become a very serious problem for them so far. According to the researchers' viewpoints, the selection of improper mixed marketing strategies the crucial reason here. The reason behind is they are not obey the total strategy of their enterprises.

## *Review of Literature*
Prior to 1980, studies of marketing organization focused largely on its role in implementation of the marketing paradigm. Offered 4ps as marketing mix and introduced that to the scientific centers. He introduced four main factors as effective factors in the marketing of products. These factors were product, price, place and promotion. According to his point of view, all activities in the field of product and service marketing can perform in the frame of four main factors (Mc carthy and others, 2003). The above perspective did not consider vary of activities in different businesses, and offering same alternative for all marketing dimensions (Bennett, A.R, 2000). The marketing audit concept is firmly anchored in the managerial marketing literature that began to emerge in the mid 1950s. Following the lead of management consultants who had been using marketing audit techniques for some time, marketing scholars began to document the strategic value organizations could realize by evaluating and improving their marketing activities on a periodic basis (Reynolds 1959) the tasks marketing managers must undertake:

Modem marketing management is inclued to meet its major problems and make its plans on the basis of analysis rather than being guided by experience and insight alone. The marketing executive may be visualized as operating on the basis of a sort of road map. There are boundaries or limits making off the class of customers he is trying to reach or the trade channels through which he is willing to sell. There are routes over which he can move in attaining his objectives which experience or investigation has indicated are better than other routes. This map may have to be brought up to date by a validation or a revision of operating assumptions before a new plan of action can be devised (pp. 418-419). The components of a marketing audit and specific questions to guide its implementation have been most comprehensively identified by Kotler, Gregor, and Rodgers (1977), Naylor and Wood (1978), and Wilson (1982). According to Kotler, Gregor, and Rodgers, the marketing audit has six major semiautonomous components--the marketing environment, marketing strategy, marketing organization, marketing systems, marketing productivity, and marketing function. Naylor and Wood (1978) propose seven categories, four of which relate to the marketing mix elements of product, price, promotion, and distribution. Wilson (1982) identifies 24 distinct audit components such as marketing information, export marketing, non-personal promotion, and competitive climate, pricing, and industry contacts.

The marketing audit is regarded as having four major characteristics (Kotler, Gregor and Rodgers 1977): It should be comprehensive and broad in focus covering the entire marketing environment of the company. It should be an objective exercise and independent of the managers directly involved in making the marketing decisions. It should be a systematic and orderly sequence of diagnostic steps as compared to an unstructured and random investigation and also should be carried out periodically. The marketing audit should be undertaken on a regular basis and not only when major problems arise. Considering these characteristics, Kotler et al (1977, p 29) formulated a definition for the marketing audit that, after 20 years still remains current. “A marketing audit is a comprehensive, systematic, independent, and periodic examination of a company’s - or business unit’s – marketing environment, objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the company’s marketing performance”.

Although the more current literature extends the application of marketing audits beyond the marketing department, overall the similarities in conceptualization are more striking than the differences. Most scholars agree with Shuchman (1959) that marketing audits are (1) programmed appraisals, (2) critical evaluations of the assumptions that underlie objectives and policies, (3) prognostic as well as diagnostic, (4) designed to identify opportunities and weaknesses, and (5) preventive as well as curative medicine.The appearance of the marketing audit in the marketing literature dates back to 1959 (Rothe, Harvey, and Jackson, 1997). The publication of “Analyzing and Improving Marketing Performance, “Marketing Audits” in Theory and Practice” (AMA, 1959), provided a definition and some practical guidelines for marketing auditing (Shuchman, in AMA, 1959).Mokwa (1986) acknowledge, a marketing audit is a systematic, critical, and impartial review. However, whereas Shuchman's (1959) definition focuses on the "marketing operation," Mokwa (1986) indicates that the marketing audit has an organization-wide scope. Mokwa's definition explicitly acknowledges the valuable role marketing plays in organizational adaptation and is more in line with the contemporary strategic market planning literature (e.g., Day 1986; Wind and Robertson 1983).

## *Methodology:*

The research is based on survey method and in this way, Two types of data (information) is needed the first is secondary dada which has found from several sources as, each and every related documents the second type of data used to active the objectives of the study is Primary data in the process of gathering Primary data the researchers embarked upon to make use of questionnaire technique which formulated by the researchers. Additionally, the test of validity and reliability has made to make sure of the results. So the result of Cronbach's Alpha is 91 out of 100. The marketing audit literature deals with theoretical and conceptual aspects without empirical validation. The only published empirical study available dates back to 1978 in the USA (Capella and Sekely, 1978). This study used a sample of 134 respondents, 38 of whom (28 percent) claimed to have used the marketing audit. This study was limited in scope and concentrated on processes and implementation issues of marketing auditing rather than the outcomes. Since then, contributions by many authors have concentrated on providing advice on the logical and anecdotal usefulness of the marketing audit (McGlinchey, 1996), to mention only a selection. The universe of the research is all of the Marketing / sales Managers and experts in the industrial zone in Iran with reference to SMEs. The cluster random method used for sampling and finally 120 SMEs selected to distribute the questionnaire as a sample. After distributing only 100 Questionnaire returns out of 120 which were the base of data tabulation, Processing and analyzing the hypothesis of research.

### *Research Hypotheses*

According to the Introduction and objectives of the study, Researchers have made following hypotheses:

1- The study of product function is one of the important factors in Auditing of Marketing Managers' Performance in Iranian SMEs.
2- The study of price function is one of the important factors in Auditing of Marketing Managers' performance in Iranian SMEs.
3- The study of Selected Marketing channel by SMEs is one of the important factor in Auditing of Marketing Managers' performance in Iranian SMEs.
4- The study of Promotion function is one of the important factors in Auditing of Marketing Managers' performance in Iranian SMEs.
5- There are not equal impacts between above 4Ps for Auditing of Marketing Managers' Preferment in Iranian SMEs.

### *Data analysis*

To analyze the information (data) t-student statistics used to test of hypotheses also for recognition of impact and importance of each one of the independent variables, Friedman test has applied to rank them.
In case, for understanding of correlation between bio-data factors asked in the A-section of the questionnaire, researchers employed Multiple Regression to make sure that, success and failure of the firms are related to the factors such as:

- Education
- Background
- Gender,
- Academic degree
- Position
- And experience

### *Testing of the hypotheses*

#### *First hypotheses test*

H0: The study of product function is not one of the important factors in Auditing of Marketing Managers' Performance in Iranian SMEs!
H1: The study of product function is one of the important factors in Auditing of Marketing Managers' Performance in Iranian SMEs!As it seen in table 1, According to the amount of P-value which is less than 5 Percent, it means that the null hypothesis is rejected at the level of alpha 5%, and the equal assumption of Practical Average with the amount of zero is rejected.So we state that the observed mean which is 3.32 has significant difference in compare with theoretical mean which is 3.As a Result, the study of product function is one of the important factors in Audit Marketing Managers' Performance in Iranian SMEs.

**Second hypothesis Test**

H0: The study of price function is not one of the important factors in Auditing of Marketing Managers' Performance in Iranian SMEs.
H1: The study of Price function is one of the important factors in Auditing of Marketing Managers' Performance in Iranian SMEs.As it shows in table No. 1, According to the amount of P-value which is less than 5 Percent, it means that the null hypothesis is rejected at the level of alpha 5%, and the equal assumption of Practical Average with the amount of zero is rejected.So we state that the observed mean which is 3.18 has sig. difference in compare with theoretical mean which is 3. As a result, the study of product function is one of the important factors in Audit Marketing Managers' Performance in Iranian SMEs.

**Table No.1**

| Descriptive / Hypotheses | N | Observed Mean | Std Devi | t | df | P-value | Results |
|---|---|---|---|---|---|---|---|
| First Hypothesis | 100 | 3.32 | 0.40 | 8.06 | 99 | 0.00 | Accepted |
| Second Hypothesis | 100 | 3.18 | 0.43 | 4.21 | 99 | 0.00 | Accepted |
| Third Hypothesis | 100 | 3.16 | 0.67 | 2.42 | 99 | 0.017 | Accepted |
| Fourth Hypothesis | 100 | 3.13 | 0.46 | 2.98 | 99 | 0.004 | Accepted |

#### *Third Hypothesis Test*

H0: The study of selected Marketing channel is not one of the important factors for Auditing of Marketing Managers' Performance in Iranian SMEs.
H1: The study of selected Marketing channel is one of the important factors for Auditing of Marketing Managers' Performance in Iranian SMEs.

As it has seen in table No. 1, According to the amount of P-value which is less than 5 Percent, it means that the null hypothesis is rejected at the level of alpha 5%, and the equal assumption of Practical Average with the amount of 0.017 is rejected. so we state that the observed mean which is 3.16 has sig. difference in compare with theoretical mean which is 3.As a Result, the study of selected Marketing channel is one of the important factors to Audit Marketing Managers' Performance in Iranian SMEs.

***Fourth Hypothesis Test***

H0: The study of Promotional functions is not one of the important factors for Auditing of Marketing Managers' Performance in Iranian SMEs.

H1: The study of Promotional functions is one of the important factors for Auditing of Marketing Managers' at the Iranian SMEs. As it seen in table No. 1, According to the amount of P-value which is less than 5 Percent, it means that the null hypothesis is rejected at the level of alpha (α=5%), and the equal assumption of Practical Average with the amount of 0.004 is rejected.So we state that the observed mean which is 3.13, has sig. difference in compare with theoretical mean which is 3.

As a result, the study of Promotional functions is one of the important factors to Audit Marketing Managers' Performance in Iranian SMEs.

***Fifth Hypothesis Test***

The Friedman test of Ranking used to Rank and determine importance degree of each and every dependent and independent variables. It used when the statistical data at least are ordinal or can justify it as ordinal concept to tank them mutually. This test states that is there any factor which is more important than other factors or the impact of all factors are same and equal.

H0: There are equal impacts between four independent Variables for Auditing Marketing Managers' Performance at Iranian SMEs.

H1: There are not equal impacts between four independent variables for Auditing Marketing Managers' Performance at Iranian SMEs. The result of analysis illustrates in Table No. 2 as follow:

**Table No.2**

| Number of samples | Amount of statistical Test | d.f | P-Value | Final Result |
|---|---|---|---|---|
| 100 | 19.272 | 3 | 0.000 | H0 Rejected |

As it has seen, The H0 is 5% at the sig. level. So the assumption of being equal impact between independent variables at the sig. level of 5% is rejected. So those four variables have no equal importance for auditing of marketing managers' performance at Iranian SMEs. The Ranking of variables are Placed in table No. 3 as follow.

**Table No.3**

| Independent variables | Mean Rank |
|---|---|
| Product | 2:47 |
| Price | 2.41 |
| Place | 2.41 |
| Promotion | 2.21 |

According to the above Results, Product Function is the most important variables to Audit and then Price, Place and Promotion. Indention, The Place and Promotion has equal importance for Auditing.

## *Regression analysis*

The descriptive indicators show in table, No.4. In this research, we are following to find the proper regression correlation between 4 independent variables Product, Price, Place, Promotions and dependent variable which is marketing audit of marketing managers in Iranian SMEs.

**Table No.4: Descriptive Indicators**

| | | Descriptive indictor | | |
|---|---|---|---|---|
| variables | | n | mean | Std.deviation |
| Dependent(marketing audit) | | 100 | 3.1848 | 0.4015 |
| Independent | product | 100 | 3.3329 | 0.4006 |
| | price | 100 | 3.1810 | 0.4298 |
| | place | 100 | 3.1633 | 0.6734 |
| | promotion | 100 | 3.1358 | 0.4561 |

**The correlation coefficient between dependent and independent variables has shown in table, No.5 as follow:**

Table No.5

| | product | price | place | promotion |
|---|---|---|---|---|
| Correlation coefficient | 0.556 | 0.663 | 0.832 | 0.593 |
| P-value | 0 | 0 | 0 | 0 |

As it is shown in table No.5, there are linear relations between both dependent and independent variables all relations are significant at the level of 5% error. Also according to the quantities we can say that, place variable has more effect white the product variable has lees effect on dependent variable.We suggest best multiple linear regressions for the variables:The stepwise method used to find best regression model in this study. To apply this method, the variables which have the most effect on dependent variable were enter to regression model respectively which are: Place, price, promotion and product.

**The analysis of variance showed in table No.6**

Table No.6

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 14.267 | 4 | 3.567 | 200.179 | 0 |
| Residual | 1.693 | 95 | 0.018 | | |
| Total | 15.96 | 99 | | | |

**As it has shown in table No.6, sig=0 and we accept the regression model. Also the correlation coefficient and adjusted do for this model is available in table No.7**

Table No .7

| R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|
| 0.945 | 0.894 | 0.889 | 0.1335 |

According to the adjusted R-squre=0.889, we state that the selected model was sufficient enough for the sample of the study.

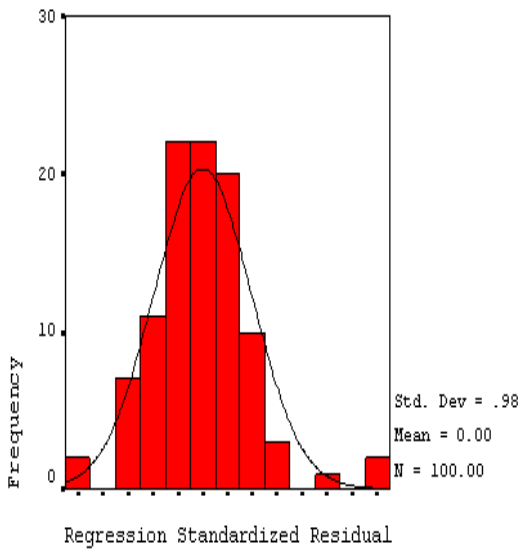
**The significant test alongside the quantities of model coefficient illustrated in table No.8**

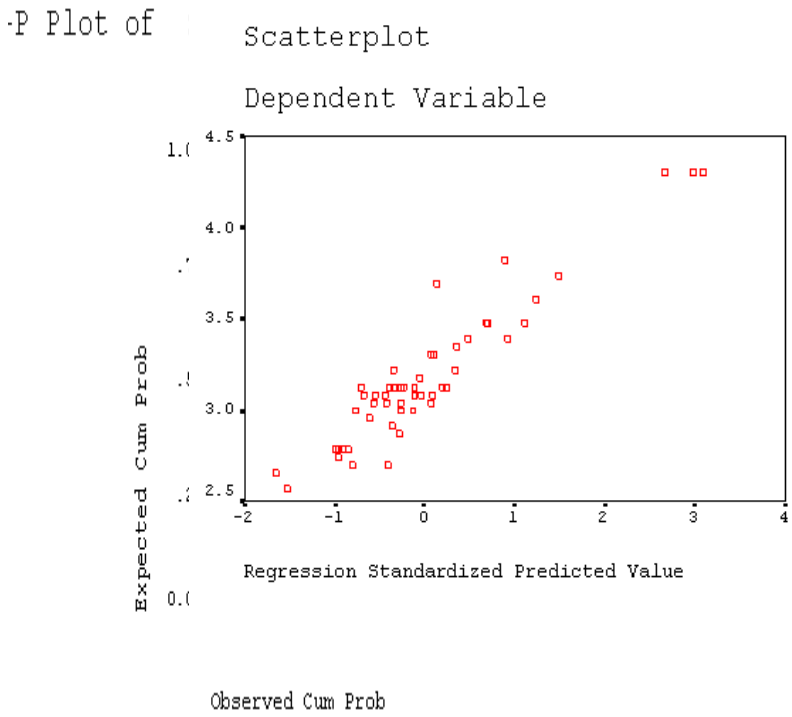
Table No. 8

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | -0.332 | 0.162 | | -2.058 | 0.042 |
| Place | 0.241 | 0.028 | 0.404 | 8.740 | 0.042 |
| Price | 0.317 | 0.036 | 0.339 | 8.805 | 0.000 |
| Promotion | 0.276 | 0.033 | 0.313 | 8.299 | 0.000 |
| Product | 0.266 | 0.038 | 0.265 | 7.054 | 0.000 |

The entire coefficient in model is significant; therefore selected regression pattern is as follow, Which are Place: $x_1$, Price:$x_2$, Promotion:$x_3$ and product: x

$$y = -0.332 + 0.241x_1 + 0.317x_2 + 0.276x_3 + 0.266x_4$$



## Conclusions

The potential advantages of marketing audit through marketing operation (4Ps) can be used in comparative implementation to assess of marketing performance for the selected companies and also at broader scope of the sample sized. In addition for helping marketing managers learn to optimum allocate marketing resource, the ability to demonstrate relationship between marketing input and outputs would be greatly welcomed by corporate level manager those who would then be better equipped to recognize between marketing operations and marketing audit. The appearance of the marketing audit in the marketing literature dates back to 1959 (Rothe, Harvey, and Jackson, 1997). Shuchman (1959) stated that marketing audits are(1) programmed appraisals,(2) critical evaluation of the assumption that underline objective and policies,(3) prognostic as well as diagnostic,(4) designed to identify opportunities and weaknesses, and (5) preventive as well as curative medicine. Entire marketing mix elements which reviewed in this research were confirmed as a part of proper tools to audit of marketing at Iranian SMEs. The marketing mix elements have equal impact in order to implement marketing audit and performance at the level of Iranian SMEs. Their importances from the most to the least respectively are as follows: Product, Price, Place and Promotion.

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