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Customer analysis, defining component of marketing audit

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Abstract

Marketing audit is a tool which measures the value, risk and effectiveness of marketing efforts of the organization. The starting point of the marketing audit is the market into the company operates, changes that occur at this level, expressed in terms of opportunities or threats. In the market, the consumer plays an essential role, focusing on analysis the provided value to the consumer and the costumer value for the organization. This article thus aims to present the main methods of analysis that can determine the value offered to the consumer by the company and the customer value for it, in order to establish the company's marketing strategy.

Keywords: marketing audit, market analysis, customer value, customer profile;

1. Introduction

Marketing audit is a tool through which the organization reviews its strategic approach. Thus, in view of Kotler, marketing audit must be periodic, comprehensive, systematic, independent analysis of marketing environment, the company's strategic units, objectives, strategies and concrete actions of the company, in order to determine opportunities and threats and recommend an action plan to improve company performance (Kotler, Keller, 2009).

In another approach, marketing audit is a tool which measures the value, risk and effectiveness of marketing efforts. Considered to be different from primary sources and secondary research data, marketing audit helps to obtain data on organizational performance and future perspective in terms of past and present. (Parmerlee, 2000).

According to Michael Baker marketing audit is considered a method of assessment of the strategic planning process held marketing, serving to propose a series of recommendations as a result of lessons learned (Baker, 2008).

Conducting marketing audit is to analyze and evaluate the main factors underlying rationale and implementation of company's marketing strategy. The components of the marketing audit, were made by Kotler, Gregor, and Rodgers in 1977 in the article The Marketing Audit Comes of Age and taken over by other authors. Specialists consider that the starting point of the audit is to market the company operates, changes that occur at this level formulated in terms of opportunities or threats. Further audit work focuses on company objectives and strategies, organization and marketing systems.

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Although the concept of marketing audit has been treated in various works, the theoretical and conceptual, can not speak about its practical approach, by presenting in detail the specific way in which marketing audit can be carried out.

Therefore, this article aims to present the steps to be followed in audit clients, and some methods by which its customers can be analyzed.

2. Stages of the customer analysis

In the marketing audit, an important role has consumers analysis, given their value and their value for the company. Costumer analysis requires the auditor to focus efforts in the following areas: consumer profiling, monitoring customer satisfaction and costumer value for the organization.

2.1. Customer profiling

In the marketing audit, an important role has consumers analysis, given their value and their value for the company. Costumer analysis requires the auditor to focus efforts in the following areas: consumer profiling, monitoring customer satisfaction and costumer value for the organization.

Adoption strategies in customer-oriented organization is possible only when the organization has data and information about customer behavior as a buyer, user, be it person or organization. In this respect, the study uses internal and external sources to determine who buys products organization, as buy, where buy, what factors influence the buying decision. Organization's customer profiling is done so by examining issues such as (Balan, 2008):

- ✓ buying behavior: typology of products purchased by customer, quantity ordered, frequency of orders, payment behavior on (seriously, method of payment, settlement range)
- ✓ lifestyle (for individual customers): activities, interests and opinions;
- ✓ customer value to the organization: the annual value of purchases made by customer, customer share, net present value of estimated profit generated during the course of the customer relationship (25 years or more years);

2.2 The company's customer value

The value offered to the client represents the difference between the total value offered to the client and the total cost of the client. The size of the added value offered to the client depends on the following elements: the value of the services, the value of the staff and the value of the image (Radulescu, Radulescu, Cetina, 2008). Consumer perceived value is the difference between what the consumer receives and what the organization offers, the situation of different ways of meeting the need. Consumers choose a particular product because of the value offered by the product, so experts use this analysis of customer value offered revealing strengths and weaknesses of the company against its competitors. The main steps of this analysis are (Kotler, Keller, 2009, 162):

1. identify the major attributes and benefits that consumers appreciate - consumers are surveyed about the attributes, benefits and the performance they are looking for in choosing a product or service;
2. quantitative assessment of the importance of various attributes or benefits - consumers are asked to determine the importance of each attribute and advantage of the product;
3. assessment of company performance and competitors depending on the attributes and advantages mentioned in relation to their importance;
4. analyze how consumers like the company's offer in a given segment according to the main competitors - if the company's offer is better than all the attributes mentioned competitors, the company may choose to increase or maintain its price at the level of competitors, and will be able to increase market share;
5. ongoing monitoring of value for consumers - the company has to regularly carry out research to determine consumer perceived value;

Evaluation of an organization can not be achieved without knowing the level of customer satisfaction on products, services, staff organization, communication with the organization. Measuring customer satisfaction can be achieved using various methods:

- ✓ periodic survey - customer satisfaction can be measured directly and also can be used to determine respondents' intention to buy or wish to recommend the company or brand to other consumers;
- ✓ rate of loss of customers - in the research on lost customers are seeking information on the size of the rate of loss of client organization and its evolution over time, the size of the rate of loss of customers which includes the organization; typology of the organization they lose customers, customer loss reasons, other suppliers to which customers lost shifts, the influence of price changes on the level of customer retention, customer retention level variation by region, channel marketing users, distributors, etc. salesman. (Balan, 2008);
- ✓ mystery shopping, which provides information on the behavior of sales staff and customer satisfaction thereon;
- ✓ analysis of consumer complaints - can be used as a method of consumer dissatisfaction, but with many reservations because studies have shown that although consumers may be dissatisfied, only a minority of consumers do complain, while others consider it not worth effort, do not know where or whom to call.

2.3 Analysis of customer to the organization

The value of a customer, means the role is a customer or group of customers to quantitative and qualitative objectives of the organization. The customer unite currency is therefore expressed only through its contribution to income or profit organization, but also other activities such as information, cross-selling potential, creating a positive image, recommending new customers. In practice, there are several methods for assessing customers:

1. ABC method (by income) is one of the most used methods for evaluating clients, and is based on Pareto's rule that 20% of customers contribute 80% of company turnover, while the other 80% the customer shall contribute only 20%. Thus, depending on the contribution to turnover, customers are divided into three categories: type A customers realize the highest return for the company, customers of type B with an average contribution to turnover and C type customers who made lowest turnover.

To use the ABC method is very important to determine the period for which turnover is calculated on the client because seasonal or cyclical fluctuations and late payments can lead to errors in customer segmentation based on this method. ABC method is a method based on past data, neglecting the potential future customers, which is why professionals choose to combine this method with other methods, such as life cycle method of a client, and revenues are calculated by them for 5 or 10 years or the duration of customer relationships.

2. Customer profitability analysis method based on all cost-based activity, in which clients are classified according to the profitability of products they buy. In this case, all income must be calculated from a customer over a period, but all the costs involved, both the development and distribution products and those designed to attract and maintain customer (phone, visits, gifts, facilities).

In the analysis for each client, they are classified into profitable customers, profitable, less profitable and unprofitable. As ABC analysis method is based on data from the past and therefore is not just recommended for the selection of customers, as customers in the past have made small profits can become important sources of income.

3.Customer lifetime value CLV) - method involves calculating the present value of the entire stream of profits it generates client relationship, assuming a medium term time horizon. Practitioners often considered a period of two to five years to estimate the future value date. The method provides a quantitative framework for investment planning with customers and helps marketers to adopt a long-term strategy, but the method requires accurate estimates of revenue from each customer and the costs involved with them (visits, promotional material, discounts). To estimate the value of a customer during its life cycle for a new client can use the following formula (Kotler, Keller, 2009):

$$\text{CLV} = \sum_{t=0}^{T} \frac{(p_t - c_t) r_t}{(1+i)^t} - AC$$

t (from 1 to T) is the unit of time (month, year etc..)
T - estimated timeframe
pt - the customer purchases at time t (revenue from customer at time t)
ct - the direct costs associated with customer
rt - the probability of purchase recurrence by the client or the existence of at time t
i - interest rate (cost of capital that is used to calculate the net present value) the corresponding time unit t
AC - costs to attract customers

In case an existing customer, the formula can be used without attracting customers to lower costs. Customer value throughout the life of the relationship with the organization is even greater as the costs are lower. Careful monitoring of costs will allow the organization to increase customer profitability. Interest to estimate the present value of profits that the client will generate increasing the importance of customer retention strategies. The client will continue to work longer supplier, the amount of profits for the supplier will be higher (Balan, 2008).

4. Portfolio methods involve assessing customers by grouping them according to their loyalty, profitability and other factors of attractiveness. Groups differ in terms of products purchased, how to buy, according to resort to additional services, but also in terms of the cost of attracting and keeping them. These groups are considered, then, for each of them determine the measures and strategies for their optimization (Pelau, 2008).

One of these models to assess clients, seeks their division into groups according to the attractiveness and potential customers loyalty. Customers attractiveness is given by a number of issues such as net profit made by customers, potential recommendation, potential cross-selling, etc. information. As regards customer loyalty, can also be divided into unconditional loyalty characterized by trust and high degree of satisfaction and loyalty conditional by the various facilities offered or the contracts (Pelau, 2008).

Thus, according to these two indicators are four groups of customers to be approached differently:

- ✓ Customers with high attractiveness and high degree of fidelity, large profits for the organization, are loyal and have not invested much in their loyalty;
- ✓ Customers with high attractiveness but with a lower degree of fidelity are those who have high purchasing power but easily migrate from one company to another, from one brand to another. Therefore, the organization should strive for their loyalty and create exit barriers that prevent their migration;
- ✓ Customers with attractive low but high degree of fidelity should be encouraged to increase their areas;
- ✓ Customers with low attractiveness and low degree of fidelity are questions for the company, if there can be transformed into the typical customer to be involved in one of three groups mentioned may be retained, otherwise they should be eliminated because the value their organization is very low.

5. Scoring models are mathematical methods of evaluation, structured, through which, each analyzed object is assigned a score or a score calculated on the basis of several quantitative or qualitative. One of the most popular methods for evaluating clients is how RFM (Recency-Frequency-Monetary Ratio), which examines the value of a customer based on the following indicators: time since last purchase (recency), frequency of purchase from your company (frequency) and volume of purchase made (expressed in money). Thus, a customer has a greater value as the last purchase date is later, because it assumes that those who did not buy more time have lost interest in the company's offer, or frequency purchase is high because consumers have high degree of fidelity. Also, customers with high value purchases are rated. The RFM is an easy model put into practice, but his field of applicability is limited, it can be implemented only by companies that keep records of transactions with customers, especially business-to-business field rather than by companies that sell directly to final consumer.

Analysis of customer evaluation must be linked to company performance analysis in relation to customers. In this direction, CRM activities include collection, storage, analysis, interpretation and use of customer information collected in databases containing detailed information about current and potential customers that can be used in the analysis of consumer needs and their response, and changes in sales, determining trends in the market to achieve an ongoing relationship with consumers.

3. Conclusions

Marketing successfully applied, requires the organization to have the ability to understand customer value, create value and to provide value to the consumer. In this respect, is necessary a periodic evaluation of organization marketing performance in relation to objectives and resources consumed.

Performance evaluation and control of the company's marketing can be achieved through marketing audit, an important component of strategic marketing planning. To be effective and serve the purpose, marketing audit should cover all major activities of the enterprise, not just causing trouble. Also, focus on periodic review of micro and macro environment of the organization, objectives and marketing strategies, marketing systems and specific activities. The audit indicates directions for future action, corrective plans incorporated in the short and long term to increase the overall efficiency of the organization.

In the audit of marketing, customer analysis company plays an important role in three ways: in determining the correct target market and consumer profile, the analysis of consumer value offered by the company through the strategies applied in product, price, distribution and promotion and analysis of customer value for the company.

In this direction, this article aims to present some methods that can be evaluated customer satisfaction and customer value to the organization. For an audit properly and to identify problems facing the company, the two strands are an important starting point. Consumer satisfaction surveys provide information on the reasons for buying or not buying products and services, the strengths and weaknesses of the company and its offer compared with the competitors. Analysis of customer value to the organization, allowing their classification according to the contribution to turnover and profit, enabling the company to establish relevant and viable strategy.

The presented methods are very useful both as a theoretical basis for the development of science marketing audit, and in practical terms for those who want to conduct an audit of clients in order to sustain future strategies.

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