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1. CHOICE, JUSTIFICATION AND RELEVANCE OF RESEARCH TOPIC

There is an increased demand of evaluating marketing activities and its effectiveness and efficiency. „A perceived lack of influence and accountability has been claimed to undermine the credibility of marketing within the firm, threatened its standing, and even its existence as a distinct capability within the firm” (Rust et al. 2004). According to Merlo and Auh (2010) „the relevance of marketing activities is at stake”. Marketing scholars – e.g. Day (1992), Kotler (2004), Kumar (2004), Sheth and Sisodia (2005), Varadarajan (1992), Webster et al. (2005) – claimed that „the power of marketing subunits may be in decline. Cutting short on marketing and general expenses seemed to be the reaction in recession within the Hungarian companies – Mitev Mitev and Bauer, 2010 –there is a real danger to the outsourcing of marketing activities.

Professional paradigm change can be experienced and its aim is to develop a comprehensive marketing performance measurement system. But what could be the reason of this system has not been evolved? It is not easy to answer this question, because it is a consequence of several factors. It can lead back to the marketing activity integration in the business functions. When marketing subunit became an independent corporate area it was not in the goals „linking marketing to quantifiable financial outcomes” (Webster et al. 2003). Therefore, those theoretical linkage has not been developed, which would have been created the primary relationship with financial and senior management as well (Srivastava et al. 1998). According to Sajtos (2004) this is due to the fact that the assets generated by marketing activities differ from other corporate units, intangible in nature and they are not included in financial or accounting statements because their measures are complicated. Professionals deal with marketing evaluation for decades in which significant progress has occured int he millenium.

Marketing Science Institute defined marketing metrics and ROI as top research priority in 2002, 2004 and 2006. There is a new corporate trend for greater accountability of value-added. In time of crisis induced period of restrictions it is necessary that all functional activities, including marketing being financially accountable. At the same time there is discontent with traditional metrics (accounting tools, e.g. balance-sheet, income statements). Financial-accounting device refers to the past and does not contain any information that would have an effect on the long-term future results (Seggie et al. 2007). However, according to Li (2010) existence of these data is needed to evaluate past performance to improve future strategy and implementation. Availability of IT and internet provides new measurement opportunities, the development of the informatics conditions resulted in faster learning and the spread of new methods. Various software applications (e.g. CRM, ERP) offered new alternatives for data collection and processing, monitoring and more in-depth study of each function. The topic integrated in the theory and more and more significant in the practice, it is advisable to study domestic situation and business practice.
2. RESEARCH PROBLEMS, AIMS AND METHODS

Controlling methodology is used for monitoring the effective operation of business which serves as a measurement in case of some elements of marketing activities, e.g. sales. Therefore, it seems appropriate to examine how the concept of controlling can be applied for effectiveness assessment and evaluation of marketing.

Writing this work I focused on the theoretical approach, in which I examined the logical progression of individual elements and the coherence between them. Before starting the research the undermentioned questions arised:

- what kind of marketing evaluation aspects are applied in the Hungarian middle-sized companies and large enterprises, and did they get over merely the use of financial methods?
- outside the traditional methods whether the psychographics elements play an important part, including the criteria of marketing controlling?
- besides operative devices appear the ones with strategic aspect?
- evaluations of marketing science has really begun to integrate, in which financial, operative and strategic approaches are integrated?

Fundamental aims of researcher work:
- processing of Hungarian and foreign-language literature to substantiate and summarise the theoretical background of marketing evaluation (different approaches, definitions, and tasks, types, devices and subsystems of marketingcontrolling),
- examining the causal correlation between marketing activities and controlling applications,
- creating a model, which evaluate the development of marketingcontrolling,
- and empirical testing of this theoretical model among the Hungarian middle-sized companies and large enterprises.

After studying international and national literature, which provides an excellent base to the further work and qualitative and quantitativ marketing research has been done. Qualitative research methods were chosen for depth interviews in the context of nine expert interviews were made. Regarding the companies, taken into the sample, it was important to be large companies since I had previously assumed that they consciously apply marketingcontrolling system. Regarding the industry, I tried to select from each type that has strategic importance. Concerning the title of the interviews my target was to be able to study the operation of the marketingcontrolling system from different points of view, along the hierarchic levels. Accordingly, I studied the opinion of the department store’s executive through the head of department’s to the product and brand manager’s. The aim of carrying out the depth interviews was learning the working system and sub-systems of the marketing controlling, understanding and revealing the relations between the sub-systems, becoming familiar with the experts’ opinions and finalizing the questionnaire in the light of the results.

One of the methods of the quantitative marketing research I chose the questionnaire. Middle-sized companies (employing between 50 and 249) and large enterprises (above 250 employees) operating in Hungary constituted the sampling population, their number being 4784 in case of the middle-sized companies and 917 regarding the large ones. The sampling technique of the study was the stratified sampling, belonging to the random sampling methods. The activity and the region were the criteria based on the whole sample which represents the sampling population in a cell representative way. The level of confidence of the full sample is 95 per cent; the level of accuracy is ±9.7 percentage points. The sample size is 100 companies (50 middle-sized and 50 large ones).
3. CONSTRUCTION OF DISSERTATION

Figure 1 Construction of dissertation  
*The writer’s own drawing*
4. SCIENCE OF MARKETING CONTROLLING

In the field of marketing evaluation different views developed in the Anglo-Saxon and the German language area. While in the Anglo-Saxon areas the science of marketing measurement is called marketing metrics or marketing performance measurement until then it is called marketing controlling in German areas. Marketing metrics covers a strong financial view to support the success of a marketing campaign with indicators. In the German approach the psychographic features are more relevant than in the Anglo-Saxon ones.

The described critics (Gritzmann 1991, Belz 2004, Uncles 2005, Reinecke 2006) and in the knowledge of the fact, that the essential psychographic features are more dominant in the German view, I considered this guideline to the additional work.


<table>
<thead>
<tr>
<th>Definition of Marketingcontrolling</th>
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<tbody>
<tr>
<td>Marketingcontrolling is the common subsystem of corporate controlling and marketing management. Its task is to coordinate the MIS (Marketing Information System) concerted operation with corporate and marketing planning, and controlling, thus assures a feedback function. Its aim is to recognize the differences in time and let the causal contexts be demonstrable.</td>
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<tr>
<td>It has got dual specialization:</td>
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<tr>
<td>• In this controlling systems primarily market values are in the focus, which means a market and result-oriented approach.</td>
</tr>
<tr>
<td>• Psychographic features appear in marketing, which has a consequence. Comparing to the other controlling systems developed a different toolbox, in which as a decision support tool the Anglo-Saxon indices have a significant role.</td>
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<tr>
<td>Marketingcontrolling is carried out by a marketingcontroller, who supports the marketing management during the planning, decision-making, implementation and control process.</td>
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Tasks of marketingcontrolling was summarized by Köhler (1996) in the following way: ensure information to the units of the marketing organisation, as well as to the manage of the employees, to support planning and supervising.

Marketingcontrolling has two types: strategic and operative. The operative marketingcontrolling system refers to the existing results, it bases on primarily different economic and gap analysis. While the strategic marketingcontrolling system refers to the results achieved in the future, and planning and it applies different analysis techniques (portfolio-, GAP analysis, benchmarking and scenario-technique). Strategic marketingcontrolling helps the enterprise to adjust to the ever-changing market environment in time. Operative marketingcontrolling results an aim-oriented enterprise leading, which ensures operation of the company with optimizing short-term profit. The two controlling systems are organically connected to each other, so their developing and operation works parallel.
Marketingcontrolling, according to a functional aspect, is the subsystem of marketingmanagement, which coordinates the information providing, planning and controlling. I defined the following hypothesis for the subsystems.

<table>
<thead>
<tr>
<th>Hypothesis 1</th>
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<tr>
<td>In case of the Hungarian middle-sized and large companies marketingcontrolling system contains three subsystems: information-, planning- and control system.</td>
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</table>

Finally, according to the literature recognised till now (Auerbach 1994, Piskóti 2006) I built the features of the marketingcontrolling system into the process of forming a marketing strategy, which is shown in the Figure 3.

The first step – in the process - is the situation analysis, which is based on the data providing by the information system. All companies operate in different environment therefore the company-specific factors should be taken into consideration.

The second step is to set targets, where economic and psychographic aims can be distinguished. Economic aims can be for example marginal contribution, market share and increase of turnover. Psychographic targets are rather subjective, they are strongly linked to the consumer, for example, reaching purchase intention, changing image, increase satisfaction.

The third step is creating the marketing strategy, where strategic and operative marketing planning has a significant role.

The fourth step is the organizational realization.

Finally, follows the control system, which is the ‘soul’ of marketingcontrolling. I characterize it according to Köhler (1993) and Reinecke (2004).
Figure 3 Process of marketing strategy development, which contains marketing controlling system and its feature The writer’s own drawing
During the research I started from the assumption that the company’s marketing activity contributes to the corporate performance, besides many factors one of the key to corporate competitiveness, can be the marketing success. However, in order to consider the performance we need an objective evaluation procedure. Studying previous researches I tried to find evidence that marketing significantly influences corporate performance.

According to Merlo and Auh (2010) due to the dual role of marketing within organizations – (marketing as an approach and as concrete activities) – its influence manifests itself in two perspectives (Piercy (1986), Varadarajan (1992), Webster (1992), Workman (1993)). The first is an „activity-based perspective, where marketing is treated as a set of activities undertaken by different people throughout the whole organization” (Narver and Slater (1990), Deshpandé et al. (1993), Jaworski and Kohli (1993)). Then permeates the entire organization of the market-oriented management culture. „Being market-oriented is mostly associated with strong performance”(Jaworski and Kohli (1993), Kirca et al. (2005), Langerak (2003), Slater and Narver (2000).

The research initially focused on this perception as an effect of marketing activity, it was easier to consider it than a complex organizational unit. According to Merlo and Auh (2010), the following research topics can be distinguished (Merlo and Auh 2010):

- „the interaction of marketing with other corporate functions” (Wind (1981), Hutt és Speh(1984).
- Gupta et al. (1986), Walker és Ruekert (1987)),
- „the role of marketing in product development” (Hutt et al. (1988), Workman (1993)),
- „the coordination of inter-firm networks” (Achrol (1991), Webster (1992), Day (1994)).

But the biggest problem of the above mentioned research that they are mainly theoretical and not based on empirical evidence (Homburg et al. (1999)).

The second approach is the functional group’s perspective, which is represented by Homburg et al. (1999), Moorman and Rust (1999). They „view marketing as an independent and distinct organizational entity”. Lawrence and Lorsch (1967), Perrow (1970), Hinings et al. (1974) among corporate functions marketing is thought to be the most powerful, primarily its role plays in innovation and consumer involvement. According to Day (1997) marketing has a key position in the future mainly during market sensing and customer acquisition. Homburg et al. (1999) defined marketing influence as the practical power of marketing unit within the corporate, comparing to other units has a more significant role in achieving business success. In his research the influence of marketing strategy was high, and he proved that „marketing’s role in strategic planning is based on the value of the power resources which contributes to the firm’s operation”. In Moorman and Rust’s study (1999) we can find that marketing department has a benefical effect on effeciency and „contributes to financial performance, customer relationship performance and new product performance beyond the contribution of an organization-wide market orientation. Verhoef and Leeﬂang (2009) defined marketing influence impact as „an outcome of the marketing function’s own characteristics, such as accountability, innovativeness, customer connectivity, creativity, and interdepartmental cooperation”. Similarly Homburg et al. (1999) empirical experiences Verhoef and Leeﬂang’s (2009) results are proved that marketing has a contribution to corporate sucess and performance. This result is remarkable, while the importance of
marketing activity 10 years later also confirmed. But these two results can not be compared while the two samples are different.

Merlo and Auh (2010) analyzed the marketing’ strategic influence at Australian firms. It has been observed that marketing plays a significant strategic role in connection with other functions. The degree of influence is high, not only in general as strategic power, but as a special decision element, which means an important contribution in the organizational success. 2 years later, in 2012 Merlo and Auh continued the studies in this direction, which showed that powerful marketing function coupled with improved business performance. Thus, they advise the management to focus on simultaneously to maintain the strong market orientation and marketing function, while the corporate internal responsible of market orientation is the marketing organization.

Homburg et al. (1999) made his surveys in the United States of America and in Germany, Moorman and Rust (1999) also did in the USA, Verhoef and Leeﬂang (2009) in the Netherlands, while Merlo and Auh (2010) in Australia. Thus, companies operating in these countries managed to find a significant correlation with the performance of the marketing department and the corporate performance.

Interest in the topic is increasing in Hungary. More domestic professionals succeed in supporting this relationship with empirical experiences and statistical analysis.

Berács (1997) points out that the development of marketing tools and marketing-strategic aims are closely related to corporate performance. Marketing function - cannot only be determined by the leaders’ basis declaration - as one of the source of the company's success, but modern marketing also automatically leads to competitiveness and corporate profitability growth in Hungary.

Research of Kolos et al. (2005, p. 60) reveals that companies they have interviewed detect a close relationship between their marketing activities and corporal success. Accordingly, marketing functions appear in the organization. At the same time, marketing contributes rather to the long-term success of a company (Kolos et al. 2005, p. 61.). So the effects of marketing activities prevail long-term. 5 years later a new research was made by Kenesei and Gyulavári (2010, p. 54.) according to which this trend is maintained and further strengthened, since not only the marketing tools, but also possessing marketing skills are closely related to performance. In my opinion marketing capabilities refer to the strategic importance of marketing activities and to the market oriented mentality.

In conclusion it can be claimed that the evaluation of marketing is not an advantage any more, while it is a requirement and condition of competitiveness. Marketing, both as an organization and set of activities, has a dominant role e.g. in decision-making, strategy developing, planning, creating product development and customer relationships. Last but not least is necessary to mention the coordination function of marketing between the organizational units within the firm.

About marketing performance evaluation Kotler (2000) writes the following: efficient marketing organizations apply reliable assessing and controlling tools, which makes the result of evaluation, interpretation and adaptation, and the regular supervising of marketing activities. Traditional financial performance measurement indicators can not answer all the questions of the management (Clark (1999)), furthermore, marketing expenses increased significantly over the past 50 years (Sheth és Sisodia 1995), in my opinion it has a relevance to study the marketing evaluation approach in Hungary.

In light of these facts the aim of the dissertation is to present marketing evaluation approach and practice of the Hungarian corporations – according to an empirical,
representative research – controlling practice and relationship between marketing effectiveness and business success.

In the research model I tried to prove the next initial coherence: if a company has marketing evaluation system, its operation contributes to the success of its marketing activity (Niven 2005 in case of Balanced ScoreCard, Reinecke 2004 in case of marketing evaluation), and increases corporate performance (Homburg et al 1999, Moorman and Rust 1999, Verhoef and Leeflang 2009, Merlo and Auh 2010, Berács 1997, -Kolos et al 2005, Kenesei and Gyulavári 2010.).

According to the above mentioned research results I regarded proven and accepted the coherence between marketing and corporate performance, however, only a few studies has been dealing with the coherence between marketing evaluating system and marketing success. I made the next initial theoretical – research model (Figure 4). In the model, under the development of marketing – in dual approach (Merlo és Auh (2010)) – the contribution of marketing department and set of activity to the corporate performance. During the research, the model will be tested as a result of which certain elements can fall out without the evidence of the appropriate context, and new elements can be added to the system if there is a connection.

In the model, which evaluates the development of marketingcontrolling, I studied the relationship with the application of main component analysis between the discovered factors. Its purpose is to define the minimum number of those factors, which will explain most of the variation (Malhotra 1999). I am going to analyze the marketing evaluation system according to the three subsystems, known at controlling – information, planning and controlling system. In fact development of marketingcontrolling is clearly determined by the operation of each subsystem. In case of information system the areas of information analysis and its sources were examined. In case of system of objectives which exists within planning system it was worth dealing with the importance of psychographic aims besides the economic ones. While in the control system we will study each asset as groups. My research revealed the obstructive factors of marketingcontrolling efficiency and the intervention points to improve marketing performance and business success of the Hungarian corporations – especially in crisis situations.

After detailed studying the relevant literature, before starting the research the following hypotheses were formulated: After the analyzing of the detailed relevant literature, before starting the research, the following hypothesis can be formulated:

**H1:** In case of the Hungarian middle-sized and large companies marketingcontrolling system contains three subsystems: information-, planning- and control system.

**H2:** The control system consists of indices, strategic, operative and financial devices.

**H3:** At the decision-making process of the enterprises psychographic and economic objectives represent the same weight.

**H4:** The Hungarian middle-sized companies and large enterprises do not evaluate regularly their marketingcommunication.

**H5:** Creating a marketingcontrolling system, the Hungarian middle-sized companies and large enterprises signify an obstacle the cost of evaluation, the subjectivity and the lack of evaluation method, and the lack of competent human resource.

**H6:** If a marketing evaluation system exsits at a company, its operation will contribute to the success of marketing activity.
Figure 4 Initial theoretical model of marketing controlling development. The writer’s own drawing.
6. NEW AND QUASI-NEW STATEMENTS OF THE RESEARCH

6.1. TEST OF THE THEORETICAL MODEL

Main component analysis of marketingcontrolling development

Development of marketingcontrolling was analysed according to three variable groups, which was defined by the three subsystems of marketingcontrolling: information-, planning- and control system.

First, the correlation test must be done to find out the relevance of main component analysis on this variable groups. Correlation matrix shows that in case of all three variable groups the relationship is significant at 1%, so there is a reason to implement the main component analysis.

Table 1 Correlation matrix of marketingcontrolling development

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<th>I</th>
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<tbody>
<tr>
<td>I</td>
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<td>0.288**</td>
<td>0.529**</td>
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<td></td>
<td>Pearson’s correlation</td>
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<td></td>
<td>Szig. (kétoldalú)</td>
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<td></td>
<td>N</td>
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<tr>
<td>P</td>
<td>0.288**</td>
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<td>C</td>
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** at 1% significant relationship (bilateral), Source: The writer’s own drawing

The legitimacy of main component analysis and rejecting the hypothesis of Bartlett’s fictitiousness (sig. 0.000) were confirmed by KMO (0.601). Component vector suggests that in manufacturing the component information- and control system take part with nearly the same weight value of 0.830, and 0.832, while planning system has a smaller weight: 0.625. Final communalities of the original variables were as follows. The manufactured main component 68.8% of the information subsystem, 69.2% of the control subsystem, while 39.1% of the planning subsystem’s content information were compressed. Well an important correlation has been proven in case of the subsystems of marketingcontrolling.

Thesis 1
In case of the Hungarian middle-sized and large companies the structural construction of the marketingcontrolling system – like other controlling systems – can be distinguished three subsystems: information-, planning- and control system.

Control system means the other important manifestation of the development of marketingcontrolling on which I formulated the following hypothesis.

Hypothesis 2
This hypothesis stems from the research model I.
The control system consists of indices, strategic, operative and financial devices.

The development of control system were studied according to the applied indices and methods. I was interested in how frequently employ the Hungarian middle-sized and large companies indices concerning marketing and sales (e1), and strategic- (e2), operative- (e3), financial (e4) marketingcontrolling devices.
During the analysis first correlation analysis was made in order to find out the relevance of main component analysis is on this variable groups. Correlation matrix shows that the relationship is significant at 1%. It can be seen on Table 2.

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<td>Pearson’s correlation</td>
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<td>.611</td>
<td>.553</td>
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<td>Sig. (bilateral)</td>
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<td>Pearson’s correlation</td>
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<td>Pearson’s correlation</td>
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*1% significant relationship (bilateral), Source: The writer’s own drawing*

The legitimacy of main component analysis and rejecting hypothesis of Bartlett’s ferocity (sig. 0,000) were confirmed by KMO (0,760). The principal component of the original variables obtained the information content of 69.2% of the total retained, so the data loss is estimated to be only 30.8%. Component vector suggests that in manufacturing the component marketing and sales indices takes part with the highest weight (value of 0.850), this is followed by operative marketingcontrolling tools (0.806), then strategic marketingcontrolling tools (0.748), and finally the financial marketingcontrolling tools (0.744) are following. The manufactured main component 72.2% of e1, 56,0% of e2, 65,0% of e3 and 55,3% of e4 component’s content information were compressed. It can be concluded to the final communality of the original variables that the main component condensed the 72.2% content of the information of e1, 56,0% content of the information of e2, 65,0% content of the information of e3, and 55,3% content of the information of e4. Well, an important correlation can be proven in case of the control system.

**Thesis 2**

According to a representative research it can be announced that between the control system and

- marketing and sales indices,
- the strategic marketingcontrolling devices,
- the operative marketingcontrolling devices,
- the financial marketingcontrolling devices

is a strong significant relationship.

It follows that the control system consists of indices, strategic, operative and financial devices.
Components of marketing controlling development

More professionals (including Hubert, Gyulavári, Malota (2012)) emphasize the priority of financial data from which we can conclude that economic and financial goals are preferred. Therefore in the planning system I was interested in whether the psychographic and economic goals are equal in corporate decision-making rank, or either one takes priority over the other. Psychographic objects may alibi in practice, because of measurement difficulties come to the fore with the intention of improving performance. In this light, the following hypothesis is formulated.

<table>
<thead>
<tr>
<th>Hypothesis concerning the planning system</th>
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<tr>
<td><strong>H3:</strong> At the decision-making process of the enterprises psychographic and economic objectives represent the same weight.</td>
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</tbody>
</table>

In the target system the target classification of Ulrich/Fluri (1995) and Meffert (2000) was considered, where in each group there are more statements, mixed in the question. The respondents had to rank the answers from 1 till 7, which results are summarized on Figure 5. (1 means not at all important, 7 means extremely important)

In the hierarchy the most important element was the aims regarding the market position, with an average value of 6.2, which contains the increase of market share and the turnover, and the reaching of new markets. Second importance was the profitability aims with an average value of 5.74 (increase of profit, reaching turnover and capital rentability). Psychographic aims (reaching purchase intention, attention rising, prestige forming, increase satisfaction) got an average value of 5.32. Despite the difficulty of measuring psychographic aims, the respondent considered them important. To the financial targets belong the aims of market position and the profitability. From two of these are before the psychographic aims in the importance hierarchy. The environmental objectives had 4.8, while the social ones had 4.75 average values. It can be bewildering using the name of having a 3.44 market value goals-term According to Ulrich/Fluri (1995) and Meffert (2000), the attaining of political and social influence and the achieving of independence belong to this group.

![Figure 5 How important do you consider the next objectives in firm leadership?](image)

*Source: the writer’s own drawing*
Grouping the toolsystem is based on a Swiss research from 2010 named 'Marketingcontrolling in the practice', which was made by Reinecke and Eberharter. As the target group of the two researches (the Swiss and the Hungarian) is different, it was not my aim to compare the results with each other. Measuring marketing efficiency middle-sized and large companies use mainly those indices regularly, which are referring to sales and finance, e.g. turnover (94.8%) and its increase (84.9%), net income (82.2%) and turnover rentability (65.9%). Indices related to customers, the above mentioned companies use less frequently: customer satisfaction (54.5%), customer attechm

Statistical evaluation

H3
index number 1 means psychographic objectives
index number 2 means economic objectives
H0: μ1 - μ2 = 0
H1: μ1 - μ2 > 0

\[ s_d = \sqrt{\frac{s_1^2}{m} + \frac{s_2^2}{n}} = \sqrt{\frac{1.659106^2}{50} + \frac{1.540835^2}{50}} = \sqrt{0.0550526 + 0.0474834} = 0.3202125 \]

\[ d = \bar{x}_1 + \bar{x}_2 = 5.32 - 5.67 = -0.35 \]

\[ z = \frac{d-\delta}{s_d} = \frac{-0.35 - 0}{0.3202125} = -1.0930242 \]

As \( z < 1.65 \) therefore I accept \( H_0 \) and reject \( H_1 \).

Thesis 3
At the daily operation and decision-making process of the enterprises the psychographic and economic objectives represent the same weight goals form an integral part of the target system.
Indices and index systems are only the pillars of a comprehensive marketing controlling system. They complement each other, but in no way substitute the methods like gross margin calculation, or investment calculations in case of introducing a new product. In marketing there are many areas, which cannot properly expressed in indicators. It raises the question that marketing managers with what kind of tools and methods determine the success. The following part contains strategic and financial marketing controlling methods.

Concerning strategic marketing controlling devices, Figure 7 shows that the Hungarian medium-sized companies and large enterprises apply regularly the traditional tools: e.g. customer satisfaction (57.7%), strategic product portfolio (49.3%), competitors’ analysis (42.9%) and industrial branch analysis (42.6%). It seems that in making important strategic decisions these companies prefer well-proven methods.

Surprising results emerged in case of market segmentation, as there is a substantial difference between theory and practice. While the necessity of market segmentation is indisputable in the literature, 38.8% of the Hungarian medium-sized companies and large enterprises do not take advantage of it, 34.7% waive its regular use, and only 26.5% apply it regularly. It seems companies have difficulties in carrying out segmentation.

An unexpected development the sporadic practical use of Balanced Scorecard, since in the literature it is a much discussed topic. Results show that 75.8% of the respondents do not
use it at all, 18.0% do not use it regular and only 6.2% use it regularly. It is conceivable this method is too innovative or too complex for companies to introduce it on a regular basis.

Results show that 78.8% of the companies do not use the scenario technique at all, 16.9% do not use it regularly, and only 4.3% apply it regularly. In my opinion this method has a great advantage in that future events can be predicted.

![Figure 7 How often does the company you work at use the following tools? (Strategic marketing controlling) (NA: Not at all, NR: not regularly, R: regularly)](image)

Source: The writer’s own drawing

One of the most costly element of marketing activity is marketing communication, the cost of which is constantly increasing, so it was important to assess this component. Previously it was assumed that the tracking was carried out by less than one-third of the companies. Because of the high costs, companies try to save money on those activities, which could be increased efficiency.

| Hypothesis 4 |
| H4: The Hungarian middle-sized companies and large enterprises do not evaluate regularly their marketing communication. |

Concerning operative marketing controlling devices traditional methods like sales analysis (91.1%), quality analysis of products and services (74.8%), price- (67.7%) and distribution analysis (50.0%) are regularly carried out by the companies.

Despite the fact that marketing communication carries considerable costs, only few middle-sized companies and large enterprises analyze regularly their results. Measuring the efficiency and effectiveness of marketing communication the regularity is important, it cannot be occasionally (not regularly) performed, because it has, no sense. The process approach is essential, because we can only heel the response of customers for each campaign.

In the XXI century, from the communicational point of view, could also be called as the 'Time of integrated marketing communication’, it is also unexpected that the media-mix optimization is used by less than one-fifth of the companies (17.9%).
Finally, in case of the control system it is necessary to study financial marketing controlling tools, which can easier apply, than strategic and operative devices. Figure 9 confirmed this as the regular application of the first six methods is above 50%. 63.8% of the companies use regular total cost calculation, 63.4% turnover-result calculation, 54.8% profitability analysis, 54.7% gross margin calculation, 52.9% budget analysis, while 50.6% process cost calculation. Positively noticed that many companies use the process (50.6%) and objectives cost calculation (44.4%). However, nowadays among marketing theorists so often discussed topics such as regular application of brand value (29.9%) or client value analysis (20.9%) still less widespread in business practice.
During the analysis of the marketing controlling devices it is noticed that in Hungary the middle-sized and large enterprises prefer to use the well-tried methods. It is possible that the ‘new’ procedures are considered risky.

During the literature review it was found that by the evaluation of company’s marketing activity the biggest problem was the lack of assessment method and the subjective elements in it. Finding the competent human resource may also cause a problem. More universities and colleges have already started this training, therefore market supply and demand will be resolved in time at the marketing controller training sector. Hypothesis 6 affects on the factors of interfering marketing controlling system.)

In the survey the companies were asked what kind of difficulties they had during the evaluation of the marketing process. For this I formulated the following hypothesis.

**Hypothesis 5**

**Hypothesis concerning the difficulties during evaluating the marketing process**

**H5:** Creating a marketing controlling system, the Hungarian middle-sized companies and large enterprises signify an obstacle the cost of evaluation, the subjectivity and the lack of evaluation method, and the lack of competent human resource.

Figure 10 illustrates the factors that hinder the operation of the marketing controlling system in business practice. These data are surprising in the light of how much money, time and energy are spent on the various quality management and routine reports from year to year in order to refine the methods. Marketing activities have significant costs comparing to other company fields, nonetheless 43.9% of the companies have not got an evaluating method.
Figure 10 What prevents the evaluation of marketing activities?
*Source: The writer’s own drawing*

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of evaluation</td>
<td>50.3%</td>
</tr>
<tr>
<td>Subjectivity of evaluation method</td>
<td>44.4%</td>
</tr>
<tr>
<td>Lack of evaluation method</td>
<td>43.9%</td>
</tr>
<tr>
<td>Lack of competent human resource</td>
<td>43.1%</td>
</tr>
<tr>
<td>Complexity of evaluation method</td>
<td>28.9%</td>
</tr>
<tr>
<td>Existing marketing information- and database</td>
<td>28.7%</td>
</tr>
<tr>
<td>Turnaround time between organizational units</td>
<td>22.9%</td>
</tr>
<tr>
<td>Interdependence of organizational units</td>
<td>20.8%</td>
</tr>
<tr>
<td>Existing IT system</td>
<td>19.1%</td>
</tr>
<tr>
<td>Other</td>
<td>9.5%</td>
</tr>
<tr>
<td>Distorting factors</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

**Statistical evaluation**

H5

H₀: P = 0.5 (=P₀)
H₁: P > 0.5 (=P₀)

p = 0.431 Q₀ = 1-P₀ = 1-0.5 = 0.5

\[ z = \frac{p - p₀}{\sqrt{\frac{p₀Q₀}{n}}} = \frac{0.431-0.5}{\sqrt{\frac{0.5 \times 0.5}{100}}} = -1.38 \]

As \( z < 1.65 \), therefore I accept \( H₀ \) and reject \( H₁ \).

**Thesis 5**

Creating a well-operated marketing controlling system the Hungarian middle-sized companies and large enterprises signify an obstacle the cost of evaluation, the subjectivity and the lack of evaluation method, and the lack of competent human resource.
Main component analysis of marketing development

In my opinion, there is a connection between development of marketing and marketing controlling system. Indeed, if a company deals with the evaluation of its marketing activities, it will contribute to the optimal functioning of marketing. This is the second hypothesis, which stems from the research model.

### Hypothesis 6

**H6:** If a marketing evaluation system exists at a company, its operation will contribute to the success of marketing activity.

The correlation test must be done to find out the relevance of main component analysis on this variable groups. Correlation matrix (Table 3) shows that in case of six variable groups at 1%, 2 variable groups at 5% the relationship is significant, so there is a reason to implement main component analysis.

**Table 3 Correlation matrix of marketing development**

<table>
<thead>
<tr>
<th></th>
<th>a5</th>
<th>a4</th>
<th>Mc dev.</th>
<th>a11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. a5: Applied activities</td>
<td>Pearson’s correlation</td>
<td>1</td>
<td>-325**</td>
<td>0.634</td>
</tr>
<tr>
<td></td>
<td>Sig. (bilateral)</td>
<td>0.001</td>
<td>0.00</td>
<td>0.058</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>98</td>
<td>98</td>
<td>95</td>
</tr>
<tr>
<td>2. a4: Expenditure or investment</td>
<td>Pearson’s correlation</td>
<td>-3.25</td>
<td>1</td>
<td>-3.81</td>
</tr>
<tr>
<td></td>
<td>Sig. (bilateral)</td>
<td>0.001</td>
<td>0.00</td>
<td>0.021</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>98</td>
<td>98</td>
<td>95</td>
</tr>
<tr>
<td>3. Marketing controlling development</td>
<td>Pearson’s correlation</td>
<td>0.634**</td>
<td>-3.81**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (bilateral)</td>
<td>0.000</td>
<td>0.00</td>
<td>0.038</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>4. a11: Marketing budget</td>
<td>Pearson’s correlation</td>
<td>0.200</td>
<td>-2.41*</td>
<td>0.220*</td>
</tr>
<tr>
<td></td>
<td>Sig. (bilateral)</td>
<td>0.058</td>
<td>0.021</td>
<td>0.038</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>91</td>
<td>91</td>
<td>89</td>
</tr>
</tbody>
</table>

* at 1% significant relationship (bilateral)
** 5% - on significant relationship (bilateral)

Source: The writer’s own drawing

The legitimacy of main component analysis and rejecting hypothesis of Bartlett’s fericity (szig. 0,000) were confirmed by KMO (0,651). According to the component vector I can declare that the development of marketing controlling takes part in the highest weight (0,826) in manufacturing of the component, this is followed by applied activities (0,805), then expenditure or investment (0,659), and finally marketing budget (0,496). Final communalities of the original variables were as follows: the manufactured main component 68.1% of the 3. statement, 64.8% of the 1. statement, 43.5% of the 2. statement and 24.6% of the 4. statement’s content information were compressed. Well the next statement has been proven.

**Thesis 6**

Between the development of marketing and the development of marketing controlling there is a significant relationship. If a company applies marketing evaluations, it will contribute to the development of marketing system, in other words, if a marketing evaluation system exists in a company, its operation will contribute to the success of marketing activity.

Resulting model of the main component analysis can be seen on Figure 11. Beyond testing the initial theoretical model – proven significant relationship – the model has been broadened which can experience in block I.
Figure 11 Marketing controlling development model The writer's own drawing
In the 21st century's uncertain economic climate, profit-seeking corporations work under the constant pressure of efficiency. As a consequence, the importance of evaluation has already covered by those corporate fields, which were regarded impossible to measure, based on our previous knowledge. Corporate leaders have recognized that successful corporate governance requires a system that analyzes the efficiency of marketing activities – e.g. sales, marketing communication, consumer behaviour, etc.

To create a complex marketing efficiency evaluation system different method spread in the Anglo-Saxon and German practice. The Anglo-Saxon economic approach reflects the science in the controlling school which evaluates the marketing function, is called marketing metrics, which mainly makes the marketing measurable with the use of indicators. In the German controlling school marketing controlling spread, which contains the indicators of marketing metrics.

In Hungary, the company practice both controlling elements, the Anglo-Saxon and German ones, can be found. According to my representative research nearly 80% of the middle-sized and large companies evaluates the efficiency of marketing activities, so they recognize the significance of this method. Plan, analyze, evaluate and control marketing activities and its efficiency, but not or only rarely call it marketing controlling. Survey stated that marketing budget was less than 5% of the mentioned company’s revenue.

The three subsystems of marketing controlling – information-, planning and control system – are seperated in the Hungarian corporate practice.

Creating the information system the studied companies use both internal and external sources. As external source mostly the different market research reports, while as an internal own corporate market research, internal corporate statistics, database, accounting are dominant.

During the objectives planning revealed that in the daily operation, decision-making of the Hungarian middle-sized and large companies the psychograpgic objectives at least as important as economic ones.

I noticed during the depth interviews, in relation to the control system, that the measurement of the economic goals’ fulfillment is the dominant, but there are also psychograpgic objectives. Control system was studied separately with regard to the strategic, operative and financial marketing controlling devices, and I concluded causal relationship the frequency of use of these.

At the end of the research I asked what kind of difficulties arises during the using of marketing controlling. Not suprising that the biggest problem is the cost, the subjectivity and the lack of the evaluation method and the lack of the competent human resource.

Finally, I illustrate in a model what kind of factors have an effect on the development of marketing and marketing controlling.

Draw the conclusion that the Hungarian middle-sized and large enterprises considerable attention is paid to the marketing activities and its evaluation. However, a number of methods and procedures can also expand the existing tools. In my opinion, in most companies to create a well-operating marketing controlling system not requires a large investment, since the basis of this system have already existed. Only a single system approach is needed to complement the current way of thinking with Reinecke et al. (2007, 58.o. based on Ambler 1998) formulated problem points.
Like the Hungarian corporate practice, also in the German speaking areas, companies abandon the use of certain marketing activities, controlling methods which objectives are:

1. Corporate executives focusing on control financial indicators, thus marketing are is being de-emphasized.

   Earlier this statement was true in Hungary, but nowadays according to my opinion, change can be observed. Because marketing controlling is differentiating and the psychographic elements are continuously integrating. There is also a change in strategic and operative aspect. Beside the operative measurement methods companies have started to apply the strategic ones, while deeper and more detailed analysis are needed in case of industries, markets, competitors and customers.

2. Controls seemed to have no effect, because it was hardly succeed in presenting a correlation between the degree of marketing expenditures and profit.

   It is not easy to prove the correlation between the expenditures and the returns. In marketing the difficulties are the subjective human nature and the psychographic elements. However regular marketing researches which contain consumer behaviour and change in attitude, can be measured.

3. Marketing reflects future-, while controlling means past-orientation. But the planning process of the next period based on the results of controlling.

   Marketing controlling implies this duality. Operative aspect is past and result-oriented, while strategic one is future and potential-oriented. It is one task of marketing controlling to dissolve the conflict between the two time horizons. The balance should not be shifted between the operative and the strategic aspect, because it would be a mistake if we concentrate only on feedback, the existing outcomes and spend less time on strategic perspective.

4. Negative control results endanger the amount of marketing budget.

   This means itself a significant threat, while according to my representative research, marketing budget of the Hungarian middle-sized and large companies does not reach 5% compared to the 10%, which is the ideal in textbooks. Its further cutting can be fatal. Marketing controlling system makes it possible to interfere in the process and if the efficiency of a marketing activity is not as we expected, we will be able to change it.

5. To the effect of environmental dynamic companies usually exceed the planned budget amount.

   The second subsystem of marketing controlling is planning system that helps in this field the companies’ operations. Planning is not easy, which time horizons continuously shortens because of the ever-changing environment. As a result, we are able to foresee the future is unpredictable. I think there will not be change in this.

   There are companies where a part of the budget is kept in and it is put onto the factors which cannot be foreseen. Perhaps, this will be the possible solution.

6. To create different measurement methods and indices take too long.

   It is true that it takes time and high cost to develop a marketing controlling system. But, if we involve all factors into the system in the beginning, we have to spend money and time only its maintenance and operation.
I hope that results of the research will be utilized for both theoretical and practical application. In theoretical part of dissertation I wanted to provide an overview for those interested in the subject in order to support practical development in the life of the companies. Therefore, I shortly introduced controlling concepts and its development, the Anglo-Saxon and German perspectives, activities of a controller, and tasks, types and methods of marketingcontrolling.

Practical application of the thesis provides opportunity to companies to create their marketing activity in an efficient way. Using a well-functioned marketingcontrolling system companies can realize the following benefits:

- Collecting the information system required data, we may win further information, thus we can make an optimal decision, while the circle of information continuously expands.
- If strategy creation within planning system does not happen in the direction of achieving objectives we can intervene. This is one of the essence of marketingcontrolling. It is not necessary to wait for the full development of a product, or the end of a marketingcommunication campaign with the efficiency measurement. Any time we can modify the process if realisation does not progress according to the plans.
- Using of control system marketing activities can be evaluated, thus in the future a more efficient asset combinations can be realized. Marketingcontrolling system makes marketing costs measurable. Marketers exactly can show, which marketing tools are worth for using in the defined industry and company and which are those devices you should not spend on. This will improve corporate marketingcommunication and we can reach the target group with the right information. This is the dream of every marketer, while this is the key of sales. If relevant information reaches target group consumers will try the products and the services. In the meantime customer satisfaction can develop, which can also lead to re-purchase. This way can manifest the effect of marketingcontrolling on sales.
8. USE OF RESEARCH RESULTS AND FUTURE PLANS

Because of the reasons found at the beginning of the thesis, nowadays there is an emerging demand for marketing performance assessment from corporate side, where the focus is on the measurable results. With the continuous increase of marketing costs entailed the fact that during partition of the budget executives have to give reason for all marketing steps, it is necessary to corroborate planned results with numbers.

Theoretical part of the thesis may contain valuable statements. During the corporate survey more companies have indicated their willingness to read the study.

I would like to continue the research with the fully explore factors, which affect the development of marketing and marketingcontrolling (Figure 12). Thus the current model would significantly broaden. Heterogeneous elements are included in the model for which illustration I have chosen the iris diagram in order not to show the hierarchical relationships between them.

Within we distinguish
- corporate demographic factors (industry, market position, activity, size, legal status, organizational structure, revenue, number of employees),
- factors of corporate internal operating procedures:
  - internal corporate procedure (collection, flow and use of information, goal setting, planning, control, process of decision-making and strategy development),
  - management (culture, education, knowledgement, personality),
  - products and services (production technology, product and service specifications, R+D, supply-demand relationship, logistics),
  - marketing (tools, pricing, marketingaudit, etc.)
- corporate external market factors:
  - supply market (bargaining power of suppliers),
  - sales market (customer content, knowledge of existing customers, finding and make committed potential customer, customer communication, contacts with customers, marketing research concerning customers, customer satisfaction, complaint management),
  - labour market (labour qualifications, competence),
  - competitors (competitor monitoring)
- external macro environmental factors:
  - social environment,
  - technological environment,
  - economic environment,
  - ecological environment,
  - political environment,
  - legal environment
- obstructive factors:
  - lack of knowledge,
  - incompetent human resource,
  - lack of IT,
  - lack of staff,
  - implementation, maintenance and operating costs.
In addition it would be worth to research the industrial characteristics, which marketing methods are used in each industry, which are considered the most effective and efficient.
Exploration of affecting factors it is worth studying separately the sales market, especially behaviour, reactions and needs of customers. Lambin and Schuiling (2012) provide us a solution (Figure 13).

In purchase decision during the information process different marketing stimuli touch us, which can relate to product, sales, price, advertising and promotion. Besides stimuli there are different socio-cultural, sociological and psychological influences, the reasons why some people evaluate different alternatives before buying the determined product. Accordingly the response to the information is different. Level of response reaction according to the components of attitude, can be cognitive, conative and affective. In my opinion this model summarizes those customer features which have an influence on the purchase decision. Developing a marketing controlling system it is worth taking into consideration these factors.

![Marketing stimuli](image)

**Figure 13** The fields of customer behaviour analysis

*Source: Lambin 2012*
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10. AUTHOR’S DISSERTATION RELATED PUBLICATIONS

<table>
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<th>Title</th>
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