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THE PROCEDURE
OF ENTERPRISE MARKETING DIAGNOSTICS

Abstract. The modern economic management conditions that are characterized by environment instability require operative reaction of commodity production enterprises on market conjuncture changes. It stipulates necessity of the regulative enterprise marketing diagnostic procedure implementation. The complex integrated indicator of enterprise marketing diagnostics is suggested in the article as a marketing activity diagnostics index.

Key words: a market, marketing diagnostics, market conjuncture, an enterprise, marketing activity diagnostics index.

I. Introduction.

In the modern terms of market economy an important role is played by the estimation of enterprise activity efficiency. Effective activity of the Ukrainian enterprises in perspective, providing of high tempo of their development, and also the increases of competitiveness in the conditions of market economy are largely determined by the level of strategic management. For the discovery of degree of rationality of enterprise production-sale activity conducting of enterprise marketing diagnostics, the results of which it follows to take into account at the choice of future strategy of enterprise development is recommended.

Management an economy and finances of enterprise it is impossible without well working marketing services. It is necessary always to hold a hand on the pulse of market. It is needed always to know, what correlations of price, quality, service and volume of sales exist at the market, what it tendencies and volumes, what competitors do, in what they are stronger or more weak. Before to expend sufficient huge resources on advertising, it would be better to understand about an effect from it. If an enterprise going to broaden in a region, it is necessary always to analyze the market conjuncture, what is common for this region.

The systems of marketing activity estimation are developed in an order to make sure, that an enterprise attained the set level of sale volume, income and other aims, formulated in its marketing and strategic plans. In total these plans represent the results of the planned activity of enterprises which indicate, as resources must be distributed between markets, commodities and marketing efforts. These plans are included the articles of budgets and, as a rule, in detail transfer actions which are

expected from every organizational unit (inside or outside of marketing department or subsection) and which are examined as necessary for achievement of aims in relation to providing of competitiveness and financial goals of enterprise.

In economic literature there are a lot of decisions about the question of enterprise marketing diagnostics analysis. Prevalence Marketing Diagnostic aligns marketing components to deliver the optimal marketing approach. Here are some of the diagnostic deliverables: Marketing Scorecard, Customer Insight Analysis, Data Hygiene and Management Recommendations [1]. Among the scientists of conducting of these methods of analysis, within the framework of marketing diagnostics, for the estimation of enterprise activity it is offered by such authors, as Kotler Ph., Bilyaevskyj I.K., Golubkov E.P., Briskin V.V., etc. [2–5].

The primary objective of marketing diagnostics is an estimation, explanation, design and prognosis of processes and phenomena of commodity market and own innovative and trade and sales activity of enterprise, by statistical, econometrical and other methods of researches. Works are given it is thoroughly possible to see in works such authors as: Holtzov A.V., Egorov A.Y., Kovalev A.I., Voylenko V.V. etc [6–8]. For conducting of reliable, complete marketing diagnostics of enterprise, to classify and process it is very important for certain to collect input information. A typology, a structure and types of marketing information, is thoroughly described in works of such authors as Naresh K. Malhotra, Kovalev A.I., Voylenko V.V., Churchill G.A., Iacobucci D., Golubkov E.P. [9, 8, 10, 4].

Actuality of the noted problems, theirs practical meaning stipulated the choice of investigated theme.

II. Problem statement.

A marketing diagnostic is a tool marketers use to prioritize internal and external opportunities and challenges. Using these insights, they do investments in marketing programs, technology and data. A comprehensive marketing diagnostic: marketing programs with corporate goals; establishes or restructures a direct marketing capability; prioritizes programs to capitalize on opportunities, drive-out costs, address dependencies and minimize risks; identifies the solution components needed for delivering effective marketing programs.

Effective marketing requires huge investments. Significant costs are required to develop and deliver programs that motivate customers. Additional investment is necessary to anticipate, manage and then subsequently satisfy demand. Finding the optimal allocation of limited sources with justifiable returns is a marketer's continuous challenge.

To purpose of diagnosis – to identify and characterize trends of market development, to assess the acceptable risk level marketing company to make a scientific basis for management actions, create a regulatory market processes.

Marketing analysis provides the potential development of business strategy. Analysis of commodity market system detects relationships with enterprise environment, including an assessment of market reactions to marketing efforts.

During diagnostics company formed and evaluated a number of factors that are integrated into relevant groups. The final information is provided as an integrated indicator: ratio of diagnostic marketing (MADI). The results can be compared with corresponding figures of competitors, or base performance. Each coefficient marketing diagnostics company is an indicator that shows the most «sick» state of the enterprise. Input data for marketing diagnostic procedures are: manufactured product or service that provided, product portfolio, key competitors, marketing strategy, fixed assets and their structure, production and technological processes, calculation of cost of production, human resources and all 5 forms of annual financial statements.

III. Results.

Mathematical procedures for implementation of enterprise marketing diagnosis are possible using the set of formulas for calculating the relevant indicators analyzed in the direction of the company. Marketing analysis – it is a study of trends in market share, sales, markets, competitors, market segment, etc. Market position is determined by analyzing the attractiveness of manufactured product, and depends on factors of production, customer structure, the structure of suppliers, competition, the duration of business activity and other factors that determined by the specific activity of an enterprise.

Market – a dynamic phenomenon, susceptible to frequent and rapid change. The market situation is exactly the point where the combination of conditions and circumstances that reflect the real situation in the market and meet all the vectors of forces that determine the value and trends of supply and demand. The market situation defines formed market conditions. It is necessary to say that the concept of market situation and market conditions almost adequate. Conjuncture of market is a market situation when the ratio of supply and demand prevailing at a particular moment or time period. A variant of the analysis of market dynamics is the study of its recurrence or cyclicity. The most important property of market is its ability to change: updated, to grow/decrease or remain stable. This phenomenon is called dynamic.

Market structure – is the main market conjuncture quality indicators. It reflects the major proportion of the market and in particular the commodity structure. Fluctuations in the market are largely a manifestation of its spontaneity, though limited in certain limits marketing. The market state is characterized through quantitative and qualitative indicators, each of which reflects certain aspects of market conjuncture: the scale of the market, the balance of the market – supply and demand, type of market, market dynamics, the degree of business activity, the level of stability/fluctuation in the main parameters of the market dynamics and space, the level of market risk, the level of competition, cyclicity of market.

The role of each enterprise in the selling process is characterized by index shares that they hold in the market. The share of enterprises in the market (market share) (MS_i) is defined as the ratio of enterprise turnover (Vi) to the total sales of the market (ΣVi):

$$MS_i = \frac{V_i}{\sum_{i=1}^{n} V_i} \cdot 100\%, \tag{1}$$

where n – quantity of competitive enterprises.

Important characteristics of a comparative role along with the size of the enterprise and its share in total market competition are comparative estimation of profit and profitability of the enterprise. Many enterprises seek to gain leadership not only in terms of sale volumes, but also the quality of goods or the maximum profit. To evaluate the role of the enterprise according to its share which it holds in the market, it is necessary to built a scale shown in the Table 1.

Table 1 – Scaling position of an enterprise depending on the appropriate market share

Enterprise market share	From 40 & high	From 40 to 20	From 20 to 10	Less than 10
The role of competition	Market lieder	Contender for leadership (enterprise with strong competitive position)	Followers (the company with a weak competitive position)	The company, which has taken market share, but that is not competitive (market outsider)

Index, which characterizes the effectiveness of marketing, is defined as the ratio of sales (V_i) to total assets (A_i):

$$EM_i = \frac{V_i}{A_i} \cdot 100\%, \tag{2}$$

To assess the degree of sales profitability, recommended method Benchmarketing. For this purpose, the coefficient of sales profitability of *i-th* firm is compared with similar coefficients of leader on the market:

$$C_{SP_i} = \frac{NP_i}{V_S}, \tag{3}$$

where
NP_i – net profit of enterprise i; V_s – sales volume.

The complex integrated indicator of enterprise marketing diagnostics:

$$MADI = \sqrt[i]{\prod_{i=1}^{i} \left(1 + \frac{\Delta C_i^t}{C_i^t} \right)}, \tag{4}$$

where
$MADI$ – marketing activity diagnostics index; C_i^t – value of i-th coefficient ia

period t, $i=1,l$; l – quantity of marketing coefficients; $\Delta C_{i,M}$ – value increment of appropriate local coefficient in period t till $(t-1)$.

Thus, marketing is a diagnostic assessment, modeling and forecast processes and phenomena of commodity market using statistical, econometric and other research methods. We use two types of analysis: operational and strategic. In the operational analysis the major role refers to conjuncture study. Statistics and econometrics, absolute, relative and average values, grouping index, variation methods and correlation-regression investigation, graphical models, expert assessment and others models are used in the methodology of marketing analysis. An important role in marketing analysis plays the system of indexes of business activity and other indicators. Marketing analysis involves the assessment and interpretation of market scale and market potential. Qualitative characteristics are used in the analysis of proportionality of the market structure and turnover.

The MADI coefficient was calculated on base of one Ukrainian enterprise and than it is necessary to compare this coefficient in dynamics. Screenshot is given on Figure 1.
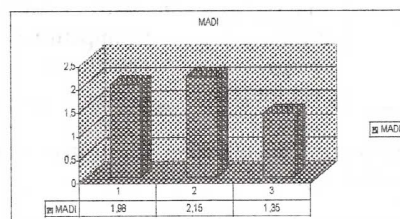

Figure 1 – Screenshot chart of marketing activity diagnostics index

In the marketing of the enterprise in 2008-2010 the positive trend of growth, as evidenced by the performance evaluation of marketing. In 2010, the slight decrease of the integrated indicator of marketing activities. One explanation of this process can serve as a global recession and demand decrease for products in connection with the world economic crisis. The results can be compared with corresponding figures of competitors, or base the results of the enterprise.

IV. Conclusion.

The use of MADI-indicator for market specialists' activities allows operatively determining enterprise market position. It enables to make reasoned managerial decisions in the market activity sphere.

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