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ASSESSMENT OF THE IMPORTANCE OF MARKET PERFORMANCE INDICATORS FOR THE FIRMS FROM THE NATIONAL TOP OF ROMANIA (I)

This paper aims to identify some aspects related to the importance of some marketing indicators in the context of global marketing performance assessment, for the firms included in the 2010 edition of the National Top Companies of Romania, developed by the Chamber of Commerce and Industry of Romania.

Keywords: marketing performance; marketing indicators; National Top; Romania.

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АНАЛІЗ ВАЖЛИВОСТІ ПОКАЗНИКІВ РИНКОВОЇ ДІЯЛЬНОСТІ ДЛЯ ЛІДЕРІВ НАЦІОНАЛЬНОГО РЕЙТИНГУ РУМУНІЇ

У статті визначено важливість певних ринкових показників в контексті аналізу глобальної ринкової діяльності для фірм, що входять в національний рейтинг найкращих компаній Румунії 2010 р., розроблений Торговельно-промисловою палатою країни.

Ключові слова: ринкова діяльність; ринкові показники; національний рейтинг; Румунія.

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АНАЛИЗ ВАЖНОСТИ ПОКАЗАТЕЛЕЙ РЫНОЧНОЙ ДЕЯТЕЛЬНОСТИ ДЛЯ ЛИДЕРОВ НАЦИОНАЛЬНОГО РЕЙТИНГА РУМЫНИИ

В статье определена важность отдельных рыночных показателей в контексте анализа глобальной рыночной деятельности для фирм, которые входят в национальный рейтинг лучших компаний Румынии 2010 г., разработанный Торгово-промышленной палатой страны.

Ключевые слова: рыночная деятельность; рыночные показатели; национальный рейтинг; Румыния.

Introduction. In the last years, a true explosion of the performance concept was recorded at the global level. Organizations constantly affirm that they want to reach performance or improve performance or to measure their performance; therefore, it can be stated that performance identification and measurement have become the new discipline in management (Meyer, 2007).

Within this framework, marketing performance represents a complex concept which sparked a considerable wave of interest in the last decade among both academicians and practitioners. Despite the numerous studies and researches dedicated to marketing performance, marketing specialists proposed a series of divergent points of view, which created more confusion around this subject rather than contributed to its clarification.

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Marketing performance measurement and assessment are not at all facile, on the contrary, and at least two arguments could be invoked in this respect (Clark, 2007): firstly, marketing performance depends to a large extent on both company's customers and competitors and these represent external actors situated beyond the organization's sphere of control; secondly, marketing finds itself in the position of being forced to play a mediating role between these external variables and the internal organizational processes, like are the processes related to production, finance, research and development and others.

How come marketing performance measurement raises such an interest at both firms' and academic levels? Why is it absolutely necessary that companies measure their marketing performance if this measurement proves to be so difficult?

A possible first answer to these questions relies in the fact that marketing suffers from a lack of credibility; while other organizational functions demonstrated a long time ago the manner in which they contribute to increasing business performance, marketing, as it is stated in the report by CMO Council (2005, p.4), was "the last of the corporate functions to formally develop and adopt processes and standards that can be tracked and measured quantitatively". Therefore, marketing performance measurement can generate as a first benefit a consolidation of marketing's position and credibility in the organization.

The second answer to the questions mentioned above is given by the current marketing accountability imperative which forces marketing to prove its contribution in financial terms, in other words, marketing must begin speaking the same language as the rest of business (Seggie, Cavusgil and Phelan, 2007). A recent study has shown that next to marketing's innovation capacity, marketing accountability represents one of the two essential dimensions which impact marketing's influence within a firm (Verhoef and Leeflang, 2009).

Next, the recent economic crisis highlights the importance of measuring marketing performance. In such times, many firms find themselves in the position of striving for survival and are forced to reduce their spending and one of the first areas attacked in this respect is marketing budget, even if this action represents one of the biggest mistakes which firms make, because the marketing budget in such a period "is like water in the middle of a dry desert — the less there is, the more valuable the amount you possess becomes" (Kotler and Caslione, 2009, p.56). As long as marketing will not prove its contribution to business performance, this measure of cutting marketing budget will remain one of the first anti-crisis measures taken by managers (McDonald, 2010).

The importance of marketing performance measurement becomes even more clear if some recent opinions from the special literature are taken into account, opinions which fire a warning regarding the problems with which marketing is confronted at present. Davidson (2009) identifies 6 weak points in marketing, one of them being the lack of consensus about marketing's performance indicators, and states that as long as these problems will not be solved marketing will remain at the phase of minor activities. In a more severe manner, McDonald (2010) considers that 3 main marketing communities — academicians, practitioners and consultants — have failed in positioning marketing as a respected discipline and moreover, that marketing will "become increasingly less influential unless there is some kind of revolution, or at the

very least a new beginning" (McDonald, 2009, p.433). Other authors (Brooksbank, Davey and McIntosh, 2010) even talk about "marketing's great identity crisis", arguing that marketing's influence is strongly eroded and requires urgent corrective actions. This difficult period which marketing crosses could be overcome at least partially by consolidating specific aspects of marketing performance measurement.

Starting from these arguments that advocate for marketing performance assessment, in the last years a proliferation of marketing indicators was recorded and this was possible due to the factors like: technological innovations in the databases field, which enable companies to collect much more information about their customers and to some extent about their competitors as well; rapid development of new distribution channels for products and services, like the Internet; identification of new elements that contribute to raising firms' value (Petersen et al., 2009).

But the increasing number of available indicators for measuring marketing performance has not lead to specialists' consensus regarding which are the most important indicators that should be used for reflecting firms' marketing performance. According to Gao's opinion (2010), the only aspect of marketing performance measurement which marketing specialists have agreed upon is the fact that it should be multidimensional, in other words, there isn't a unique indicator that could adequately express the firm's entire marketing performance. Therefore, some authors state that a large company needs about 8-10 indicators for measuring its marketing performance, while a smaller firm needs a reduced number of indicators (Ambler and Roberts, 2005); other authors propose 6 indicators which they consider important for marketing assessment (Barwise and Farley, 2004), others suggest 15 (Jeffery, 2010) or 19 marketing indicators (Ambler, Kokkinaki, Puntoni and Riley, 2001), while other marketing specialists provide the lists that contain over 100 marketing indicators which can be used for measuring marketing performance (Farris, Bendle, Pfeifer and Reibstein, 2010; Davis, 2006).

Some authors (Ambler and Roberts, 2005) even warn companies to avoid using a single indicator for assessing marketing performance because using just one indicators actually denies the multidimensional nature of the market on which a firm activates. No matter how attractive seems the idea of using only one indicator for a firm's marketing performance, which the two authors call "a silver metric", the practical use of such an indicator has some disadvantages: on one hand, a superior performance level recorded in the direction of achieving a specific objective cannot compensate the lack of performance recorded in another directions, and on the other hand, the marketing results obtained on the short term cannot be expressed in the same indicator as those obtained in the long term.

Research methodology. This paper presents a part of the results of the research that targeted to identify the importance attributed by the firms from the National Top of companies from Romania (2010 edition) to some assessment indicators of marketing performance. The marketing performance indicators were grouped into 8 categories, corresponding to 8 dimensions of marketing performance — market performance indicators, brand performance indicators, customer performance indicators, marketing's financial performance indicators and specific indicators for 4 components of the marketing mix — product, price, placement and communication-promotion. The indicators taken into account for each of the 8 dimensions of marketing

performance were selected based on the review of special literature, as well as on the results obtained from the previously conducted exploratory research on 100 Romanian firms (Bodea (Sava) and Bacali, 2011; Bodea (Sava), Bacali and Avasilcai, 2011).

More specifically, this paper focuses on one of the 8 identified facets of marketing performance — market performance — and on 6 marketing indicators which can be used for this dimension's measurement and assessment: absolute market share, relative market share, consumer's relative satisfaction, relative perceived quality, market penetration, brand penetration.

The specific objectives of the research which underline the information presented in this article are:

- To determine the investigated firms' perception regarding the importance of marketing performance measurement in the context of organizational performance;
- To determine the opinion of the investigated firms regarding the importance of measuring market performance;
- To identify the investigated firms' opinion regarding the level of importance they assign for the use of each of the market performance assessment indicators in the context of assessing the market performance dimension;

Market share is a key indicator of a firm's competitiveness at a market and shows how well a firm is doing in comparison with its competitors. Market share can be expressed in two ways: in absolute form and in relative form. Absolute market share is given by the ratio between the sales of firm's product and the sales of the total market, where sales can be expressed either in units or in value. Expressed in its relative form, market share is determined by the ratio between firm's product sales and market leader's sales, therefore, reflecting the product's success at the market.

Relative perceived quality refers to the product quality which is perceived by consumers based on the comparison with the product that is considered the quality champion at the market, while consumer's relative satisfaction is given by the consumer's satisfaction regarding the firm's product in comparison with his satisfaction regarding competitors' products (Ambler, Kokkinaki, Puntoni and Riley, 2001).

Market penetration and brand penetration are key measures that reflect the popularity of a specific product category or a specific brand. Both of them represent the percentage of the relevant population which has purchased at least once in a given time interval a specific product from the category or a particular brand respectively (Farris, Bendle, Pfeifer and Reibstein, 2010).

The research method initially proposed was the survey. The sample that was subject of the investigation was formed of the 2143 firms included in 2010 edition of the National Top of companies from Romania. This top is annually developed by the Chamber of Commerce and Industry of Romania and ranks firms that belong to one of the following 6 fields of activity: research and development and high-tech, industry, agriculture and fishery, building, services, commerce (Chamber of Commerce and Industry of Romania, 2010).

The research instrument used in this research was a questionnaire. Given some time and budget constraints, as well as the extended geographical area in which these firms are located (at national level), the method selected for contacting the companies was that of transmitting the questionnaire via e-mail; the questionnaire was

accompanied by additional explanations regarding the importance of conducting this research.

In the end, 251 responses were obtained from the contacted companies, but not all of them were accompanied by a filled questionnaire. Some firms declined the invitation to take part to this research and invoked some reasons, as it follows:

— 21 firms considered that the information required in the questionnaire are confidential and argued that the company's policy does not allow them provide this information;

— 20 firms appreciated the questionnaire as being inappropriate for the specifics of their activities;

— 9 firms refused to fill the questionnaire, declaring that there does not exist a marketing department within the firm, that they do not conduct specific marketing activities and they do not use the marketing performance indicators that were included in the questionnaire;

— 7 firms declared they are branches of some companies that are headquartered in other countries than Romania and that they do not have information about the company's process of measuring marketing performance, as this process takes place at the level of the mother-company;

— 19 firms declined the invitation to participate to this research invoking the lack of time that would be necessary to fill the questionnaire or declared that they do not have at the moment an employee from the marketing field that could adequately fill the questionnaire with the required information;

— 12 firms declared they are not interested in taking part in the researches and studies of this type;

— 10 firms declared they are not able to provide the information required for the questionnaire and did not specify a certain reason for their decision.

As such, 153 valid questionnaires were obtained, which were used for data analysis and interpretation. The data were analyzed using the SPSS software. The obtained results are representative only at the level of the 153 companies and cannot be extrapolated to the level of the entire sample that was investigated and which was composed of 2143 companies.

Development of some research hypotheses.

H_1 : Over 70% of the investigated firms consider that marketing performance measurement is important in the organizational performance context.

H_2 : At least half of the investigated firms consider that is very important to assess market performance.

H_3 : From the category of firm's market performance assessment indicators, customer's relative satisfaction is considered the most important indicator.

Main results of the research.

Based on the results in Table 1, the hypothesis "H1: Over 70% of the investigated firms consider that marketing performance measurement is important in the organizational performance context" is confirmed, as at the level of the investigated subjects, 94.8% of the firms consider that measuring this performance is important for organizational performance.

Table 1. Is marketing performance measurement important in the organizational performance context?

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Yes	145	94.8	95.4	95.4
	No	1	.7	.7	96.1
	Do not know	6	3.9	3.9	100.0
	Total	152	99.3	100.0	
	No answer	1	.7		
Total		153	100.0		

From Table 2 it can be noted that 84 firms, representing 54.9% of the total number of the investigated enterprises, consider that it is very important to assess market performance, while other 29.4% of the firms consider the assessment of this dimension of marketing performance as being important. Next, market performance assessment presents an average importance for 9.8% of the firms, little importance for 2% of the firms and it is not at all important in the case of 2.6% of the firms. Based on these results the hypothesis "H2: At least half of the investigated firms consider that is very important to assess market performance" is confirmed.

The next 6 tables (tables 3-8) present the distribution frequencies of the firm's market performance assessment indicators, depending on the investigated enterprises' appreciation degree regarding the importance of these indicators for assessing market performance.

Almost half of the investigated firms consider that using the absolute market share indicator is very important (26.8) or important (27.5%) for assessing the firm's market performance, but on the other hand, 19.6% of the firms do not use at all this indicator, as it can be seen from Table 3.

Table 2. Opinion of the investigated firms regarding the importance of market performance assessment

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Very important	84	54.9	55.6	55.6
	Important	45	29.4	29.8	85.4
	Average importance	15	9.8	9.9	95.4
	Of little importance	3	2.0	2.0	97.4
	Not at all important	4	2.6	2.6	100.0
	Total	151	98.7	100.0	
	No answer	2	1.3		
Total		153	100.0		

Table 3. Opinion of the investigated firms regarding the importance of the absolute market share indicator

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Very important	41	26.8	27.0	27.0
	Important	42	27.5	27.6	54.6
	Average importance	26	17.0	17.1	71.7
	Of little importance	11	7.2	7.2	78.9
	Not at all important	2	1.3	1.3	80.3
	Do not use indicator	30	19.6	19.7	100.0
	Total	152	99.3	100.0	
	No answer	1	.7		
Total		153	100.0		

The use of relative market share in the context of assessing firm's market performance is appreciated as being very important by 23.5% of the investigated firms (Table 4). However, the largest part of the investigated firms considers that it is important to use this indicator (34.6%). At the same time, in a similar manner to the degree of not using the market share indicator, expressed in its absolute version, the relative market share indicator is not used by 19% of the firms.

Table 4. Opinion of the investigated firms regarding the importance of the relative market share indicator

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Very important	36	23.5	24.0	24.0
	Important	53	34.6	35.3	59.3
	Average importance	17	11.1	11.3	70.7
	Of little importance	12	7.8	8.0	78.7
	Not at all important	3	2.0	2.0	80.7
	Do not use indicator	29	19.0	19.3	100.0
	Total	150	98.0	100.0	
	No answer	3	2.0		
Total		153	100.0		

Customer's relative satisfaction, as an assessment indicator for the enterprise's market performance, is not used by 6.5% of the investigated firms, but over half of the companies consider that it is very important to use this indicator in the assessment of firm's market performance (Table 5).

Table 5. Opinion of the investigated firms regarding the importance of the customer's relative satisfaction indicator

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Very important	88	57.5	57.5	57.5
	Important	43	28.1	28.1	85.6
	Average importance	7	4.6	4.6	90.2
	Of little importance	5	3.3	3.3	93.5
	Do not use indicator	10	6.5	6.5	100.0
		Total	153	100.0	100.0

Across the investigated firms, 45.1% assess the relative perceived quality as a very important indicator for the firm's market performance assessment, while other 30.7% of the firms consider that it is important to use this indicator. 10.5% of the investigated companies do not use this indicator (Table 6).

Table 6. Opinion of the investigated firms regarding the importance of the relative perceived quality indicator

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Very important	69	45.1	45.4	45.4
	Important	47	30.7	30.9	76.3
	Average importance	15	9.8	9.9	86.2
	Of little importance	4	2.6	2.6	88.8
	Not at all important	1	.7	.7	89.5
	Do not use indicator	16	10.5	10.5	100.0
	Total	152	99.3	100.0	
	No answer	1	.7		
Total		153	100		

Concerning the importance which the respondent firms assign to the market penetration indicator, it can be noted from Table 7 that almost 1/3 (32%) of the firms consider this indicator as important, while 24.8% of the firms consider it very important. Market penetration indicator is not used by 17.6% of the investigated enterprises.

Table 7. Opinion of the investigated firms regarding the importance of the market penetration indicator

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Very important	38	24.8	24.8	24.8
	Important	49	32.0	32.0	56.9
	Average importance	24	15.7	15.7	72.5
	Of little importance	12	7.8	7.8	80.4
	Not at all important	3	2.0	2.0	82.4
	Do not use indicator	27	17.6	17.6	100.0
	Total	153	100.0	100.0	

As it can be seen from Table 8, a share of 19.6% of the investigated firms do not use brand penetration indicator, but other 48.3% of the firms consider that a very important (22.2%) or important (26.1%) to use this indicator in assessing the enterprise's market performance.

Table 8. Opinion of the investigated firms regarding the importance of the brand penetration indicator

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Very important	34	22.2	22.5	22.5
	Important	40	26.1	26.5	49.0
	Average importance	18	11.8	11.9	60.9
	Of little importance	21	13.7	13.9	74.8
	Not at all important	8	5.2	5.3	80.1
	Do not use indicator	30	19.6	19.9	100.0
	Total	151	98.7	100.0	
	No answer	2	1.3		
Total		153	100		

The results presented in the 6 tables above afferent to each of the 6 indicators included in the category of assessment indicators of the enterprise's market performance lead to the confirmation of H3 hypothesis: "From the category of firm's market performance assessment indicators, customer's relative satisfaction is considered the most important indicator."

Conclusions. This paper intended to investigate the degree of use of 6 indicators that can be used for assessing a firm's market performance and the importance levels assigned to these indicators respectively, among 153 firms from Romania that were included in 2010 edition of the National Top of firms from Romania.

From these 6 indicators — absolute market share, relative market share, consumer's relative satisfaction, market penetration, brand penetration — it was ascertained that consumer's relative satisfaction enjoys the largest degree of use, being used by 93.5% of the investigated firms, and at the same time it is considered the most important indicator for assessing firm's market performance, according to the opinion of 57.5% of the firms.

Some future paths for research target the extension of the portfolio of marketing performance indicators, taking into account the increasing influences of macro and microenvironmental elements (Sucala and Kostina, 2010; Sucala, 2011) upon firms, especially those that target the marketing mix, which will be extended from the 4Ps to the 7Ps in the services field, or why not, with the 2Ps proposed in 1984 by Kotler: public relations and political power. The 10Ps proposed by some authors for the tourism field could be approached as well.

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