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ASSESSMENT OF THE IMPORTANCE OF MARKET PERFORMANCE INDICATORS IN FIRMS FROM THE NATIONAL TOP OF ROMANIA (II)

This paper continues the article "Assessment of the importance of market performance indicators in firms from the National Top of Romania (I)". In the context of increasing attention given to marketing performance measurement at both academic and business levels, this article targets the identification of some aspects concerning the importance attributed to market performance indicators by firms included in the National Top of Companies from Romania, developed by the Chamber of Commerce and Industry of Romania, the 2010 edition.

Keywords: market performance, performance measurement, measurement ability, importance level.

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ЗНАЧЕННЯ РИНКОВИХ ПОКАЗНИКІВ ДЛЯ ФІРМ ІЗ ТОПУ НАЦІОНАЛЬНОГО РЕЙТИНГУ РУМУНІЇ

У зв'язку зі збільшенням уваги до оцінки маркетингової продуктивності як з боку науковців, так і підприємців, ця стаття визначає деякі питання щодо значення, яке надається показникам ринкової успішності фірм, включених в топ національного рейтингу Румунії (рейтинг розроблено Торговельно-промисловою палатою Румунії, видання 2010 року).

Ключові слова: ринкові показники, оцінка діяльності, здатність до вимірювання, рівень важливості.

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ЗНАЧЕНИЕ РЫНОЧНЫХ ПОКАЗАТЕЛЕЙ ДЛЯ ФИРМ ИЗ ТОПА НАЦИОНАЛЬНОГО РЕЙТИНГА РУМЫНИИ

В связи с увеличением внимания к оценке маркетинговой производительности как со стороны ученых, так и практиков, эта статья определяет некоторые вопросы по значению, которое придается показателям рыночной успешности фирм, включенных в топ национального рейтинга Румынии (рейтинг разработан Торгово-промышленной палатой Румынии, издание за 2010 год).

Ключевые слова: рыночные показатели, оценка деятельности, способность измерять, уровень важности.

Introduction. Performance "fever" has developed globally in recent times; from individual level to business entities, everybody seems to improve performance. If organizational performance reflects the results which an organization obtains, these results being measured towards the organization's goals, then performance management represents what companies do in order to be successful and to stay ahead of their competitors (Marr, 2010). An essential component of performance management is

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performance measurement, because organizational performance exists only if the obtained results can be described, measured and communicated to those who are the decision factors within organization (Lebas and Euske, 2007, p.134). As the quality guru James Harrington once stated, "measurement is the first step that leads to control and eventually to improvement. If you can't measure something, you can't understand it. If you can't understand it, you can't control it. If you can't control it, you can't improve it." (McDonald and Mouncey, 2009, p.205).

Organizational performance measurement provides a wide range of advantages for organization that preoccupies itself with measurement (Spitzer, 2007, pp.15-20; Franceschini, Galetto and Maisano, 2007, p.111): it increases performance visibility, even performance of organization's intangible aspects; focuses organization's attention on what has to be achieved, thus helping organization allocate its available resources (money, employees, time, energy etc.) in the right direction; it clarifies organization's expectations; it sets the starting point for goal achievement; improves process execution; facilitates feedback regarding the progress towards achieving goals; improves the decision-making processes within organization; contributes to determining adequate solutions for the problems the organization is facing; sends early warning signals which help organization take necessary corrective actions; motivates organization's human resources; enables organization make predictions; improves communication processes both at internal level, with employees, and at external level, with customers and other stakeholders; justifies the required budget for conducting a particular program or action.

In particular, marketing performance and its measurement sparked a considerable wave of interest in the last years. Marketing performance, marketing's contribution to organizational performance, marketing accountability, systems of indicators for measuring marketing performance, the role of marketing's intangible assets in growing business in the long term — these are just some of the concepts and ideas that decisively marked the preoccupations of the 3 main marketing communities: academicians, practitioners and consultants.

According to the recent study developed by the Chartered Institute of Marketing and Deloitte (2010, p.26), measuring marketing results generates important benefits for companies, among which can be mentioned the following ones: improving the perception about marketing's general effectiveness within organization; improving firm's ability of measuring its marketing effectiveness; increasing the understanding level of the marketing's value among employees; aligning organizational strategies with the firm's marketing strategies; stimulation of executive directors to initiate change following the feedback they obtain as a result of marketing performance measurement.

In the last decade, prestigious institutions from the marketing field, like the Chartered Institute of Marketing, the Marketing Science Institute, Chief Marketing Officer Council, Association of National Advertisers and others have put lots of efforts in studying organizations' marketing performance and in measuring this performance. For example, since 2001 the Chartered Institute of Marketing (2001) started to develop annually its own report on marketing effectiveness. In turn, Association of National Advertisers, through the reports it developed, focused its efforts on studying marketing accountability. Not least, the Marketing Science Institute raised vari-

ous aspects of marketing performance measurement to the status of top research priorities (Marketing Science Institute, 2004, 2006, 2008), an important aspect if it is taken into account the fact that this institute intends to act as a bridging gap between marketing academicians and marketing practitioners.

Moreover, the importance of this subject is highlighted by the fact that several universities included in their educational offer the courses on marketing performance measurement, and many consulting agencies organize professional courses on this subject, addressing marketing practitioners, with the aim of transmitting them knowledge that should help them to capitalize marketing in organizations in which they are working.

Research methodology. The research from which only some elements will be presented here, as it was mentioned in the previous article, was addressed to the firms included in the 2010 edition of the National Top of Companies from Romania, developed by the Chamber of Commerce and Industry of Romania. It was decided to investigate the companies from this Top from the need of identifying these firms' marketing performance measurement practices, since they are considered the firms that have the best performance in Romania and could be considered as models of good practices.

The conducted research attempted to identify several aspects related to marketing performance practices, especially the marketing performance indicators used by these companies, and since marketing performance has to be multidimensional (Ambler and Roberts, 2005), 8 different facets of marketing performance were considered: market performance, brand performance, customer performance, marketing's financial performance and individual performance of each of the 4Ps of marketing mix: product, price, placement and promotion.

This paper presents some results related to just one of 8 dimensions mentioned above, the market performance, and to 6 indicators that can be used for measuring and assessing this performance: absolute market share, relative market share, consumer's relative satisfaction, relative perceived quality, market penetration and brand penetration. These indicators were selected for the analysis based on the suggestions made by Ambler, Kokkinaki, Puntoni and Riley (2001) and Farris, Bendle, Pfeifer and Reibstein (2010), as well as on the results obtained from the exploratory research previously conducted among 100 enterprises from Romania.

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

- To determine the investigated firms' degree of satisfaction regarding their ability to measure their market performance;

- To identify the investigated firms' perception regarding the current level of their market performance;

- To obtain information about the assessment frequency of the indicators that reflect the firms' market performance;

- To identify if there exists a relationship between the level of importance which firms assign to market performance measurement and the importance levels attributed to the 6 indicators.

The research method used was the survey, targeting the total investigation of the sample composed of the all 2143 enterprises that were included in the 2010 edition of the National Top of Companies from Romania. The Chamber of Commerce

and Industry of Romania is responsible for the annual development of tops of companies from Romania's counties and from Bucharest municipality. In order to be admitted to the top of firms at counties' and Bucharest municipality's levels, an enterprise must simultaneously satisfy the following 4 criteria: positive operating profit; to have at least one employee; the turnover should be minimum 100.000 RON in the case of microenterprises and minimum 250.000 RON in the case of enterprises belonging to other size classes; the recorded values for the computed indicators must be positive (Chamber of Commerce and Industry of Romania, 2010).

For ranking firms, the following 5 indicators are used (Chamber of Commerce and Industry of Romania, 2010):

I1. Net turnover

I2. Operating profit

I3. Operating profit ratio $= \dfrac{Operating\_profit}{Turnover}$ (1)

I4. Human resource effectiveness $= \dfrac{Value\_added}{Average\_number\_of\_employees}$ (2)

I5. Efficiency of capital employed $= \dfrac{Current\_profit + Interest\_costs}{Total\_assets}$ (3)

The position of each firm in the top is determined according to the score obtained by each firm and the score is determined in the following manner (Chamber of Commerce and Industry of Romania, 2010):

- Using the indicators and the formulas mentioned above, the simple scores for the 5 indicators are determined (S_1, S_2, S_3, S_4, S_5); next each simple score is divided to the national average of the respective indicator;

- For each of the indicators and for each field of activity a weight is established (W_1, W_2, W_3, W_4, W_5);

- The total score (*TS*) of each firm is obtained by adding the products between the simple score obtained for each indicator and the established weight for that indicator, according to the fomula below:

$$TS = S_1 * W_1 + S_2 * W_2 + S_3 * W_3 + S_4 * W_4 + S_5 * W_5.$$ (4)

In the decreasing order of the total score, the firms are ranked 10 for each domain of activity (R&D and high-tech; industry; agriculture and fishery; building; services; commerce), group of activity and firms' size class (microenterprises, small enterprises, medium enterprises, large enterprises, very large enterprises).

The research instrument used was a questionnaire developed in a way to accomplish the objectives of the research. The investigated enterprises were asked to self-assess their own ability of measuring their market performance and the current level of their market performance respectively, through a 5-point scale that contained the options "very good - good - average - weak - very weak". The questions included in the questionnaire regarding the importance levels which these firms assign to 6 market performance indicators were based as well on the 5-point scale, this time varying from "very important" to "not at all important". The firms could also select the option "do not use indicator" for the situation in which they did not use a certain market performance indicator.

Due to the fact that the Top is a national one and thus the companies included in it are located all over Romania, it was decided to transmit the questionnaire through e-mail. Data collection took place in June and July 2011. Following the total investigation of the sample composed of these firms, a number of 153 valid questionnaires were obtained and used for data analysis and interpretation. Therefore, the obtained results cannot be extrapolated to all of the 2143 firms that composed the investigated sample.

Main results of the research. As it was shown in the previous article, from the 6 market performance indicators analyzed, consumer's relative satisfaction was the indicator that enjoys the highest degree of use among 153 firms, being used by 93.5% of the enterprises, and at the same time it is considered the most important indicator for measuring market performance, according to the opinion expressed by 57.5% of the firms which considered this indicator as being very important. Placing this indicator on the first position suggests that the firms understand the importance of satisfying their customers' wants and needs better than their competitors, as in the current competitive environment characterized by a multitude of offers, an unsatisfied customer can easily switch to competitors.

The results in Table 1 show that 28.8% of the firms consider their ability of measure their market performance as being very good, while 37.9% of the enterprises declared this ability as being good. As such, it can be considered that 66.7% of the companies are satisfied in what concerns their ability of market performance measurement. On the other hand, 15% of the firms classify their own ability of measuring market performance as being weak or very weak.

*Table 1.***Opinions of the investigated firms regarding their ability of measuring their market performance**

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Very good	44	28.8	28.8	28.8
	Good	58	37.9	37.9	66.7
	Average	28	18.3	18.3	85.0
	Weak	13	8.5	8.5	93.5
	Very weak	10	6.5	6.5	100.0
Total		153	100.0		

According to the results presented in Table 2, the largest part of the investigated firms (47.7%) assess the current level of their market performance as good and it is followed, in a decreasing order, by the proportion of companies that consider their market performance as being average (24.2%). In a more optimistic manner, other 17% of the enterprises believe their market performance is very good, while equal percentages, of 5.2% each, consider that their current level for this dimension of marketing performance is weak and very weak respectively.

The assessment indicators of market performance are reviewed monthly or more often than that by 19% of the firms, but the largest part of the enterprises (58.2%) reviews these indicators with a regular frequency, either this frequency is quarterly, half-yearly or yearly, as it can be seen in Table 3. Other 15.7% of the firms review the indicators of their market performance less rarely than yearly, while 5 firms, representing 3.3% of the total number of the investigated companies, never perform a review of these indicators.

Table 2. **Opinions of the investigated firms on the current level of their market performance**

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Very good	26	17.0	17.1	17.1
	Good	73	47.7	48.0	65.1
	Average	37	24.2	24.3	89.5
	Weak	8	5.2	5.3	94.7
	Very weak	8	5.2	5.3	100.0
	Total	152	99.3	100.0	
	No answer	1	.7		
Total		153	100.0		

Table 3. **Frequency of market performance indicators assessment**

		Frequency	Percent	Valid Percent	Cumulated Percent
Valid	Do not know	4	2.6	2.6	2.6
	Never	5	3.3	3.3	6.0
	More rarely than yearly	24	15.7	15.9	21.9
	Regularly (quarterly/half-yearly/yearly)	89	58.2	58.9	80.8
	Monthly or more often	29	19.0	19.2	100.0
	Total	151	98.7	100.0	
	No answer	2	1.3		
Total		153	100.0		

Next it is was intended to test the existence of some relationships between the importance of measuring firm's market performance and the importance levels attributed to the measurement of each indicator from the category of market performance assessment indicators. In order to achieve this objective, multiple linear regression was used, which is similar to simple linear regression but implies the existence of more predictor variables that attempt to explain the variance of the dependent variable.

As it can be seen in Table 4, the first predictor included in the regression equation was the importance of the absolute market share indicator, which explains the variance of the dependent variable in a proportion of 29.2% (R^2adj = 0.292). The second predictor introduced in the regression equation was the importance of the consumer's relative satisfaction indicator which justifies an additional share of 8.4% of the dependent variable's variance, as the change of R^2 is 0.84. Brand penetration indicator was the third predictor included in the equation and explained an additional share of 3.5% of the dependent variable's variance, as the change of the value of R^2 is 0.035. Therefore, the third model shows that 3 predictors (importance of the absolute market share, importance of the consumer's relative satisfaction and importance of brand penetration) simultaneously explain 40% of the dependent variable's variance, which is the importance that firms assign to their market perfomance measurement (R^2adj = 0.401).

The multiple linear relationship between the dependent variable and the 3 predictor variables is statistically significant ($F_{3,94}$=22.61, $p < 0.001$).

The unstandardized B coefficients and the standardized beta coefficients for each of the predictor variables, presented in Table 5, represent a contribution of each variable of the model. It can be noted that the unstandardized values of the coeffi-

cients for the 3 predictors — importance of absolute market share, importance of consumer's relative satisfaction and importance of brand penetration — are 0.249, 0.3 and 0.14 respectively, while the standardized beta coefficients, maintaining the order in which the 3 predictors were mentioned, are 0.317, 0.296 and 0.213 respectively. The positive values obtained for each of the coefficients, both for the unstandardized and for the standardized ones, reflect the existence of a positive relationship between the dependent variable and each of the 3 predictors. Their corresponding t and Sig. values indicate that the 3 independent variables have a significant contribution to the prediction's improvement.

The importance levels attributed to the other 3 market performance measurement indicators — relative market share, relative perceived quality and market penetration — were not included in the model, as they were not considered significant predictors of the dependent variable.

Tables 4-5. **Stepwise multiple linear regression model of the predictors of the importance of measuring firm's market performance**

Model	R	R^2	Adjusted R^2	Std. Error of the Esti-mate	Change Statistics				
					R^2 Change	F Change	df1	df2	Sig F Change
1	.547[a]	.300	.292	.673	.300	41.081	1	96	.000
2	.620[b]	.384	.371	.635	.084	13.016	1	95	.000
3	.647[c]	.419	.401	.620	.035	5.678	1	94	.019

a.   Predictors: (Constant), Importance of *absolute market share* indicator
b.   Predictors: (Constant), Importance of *absolute market share* indicator, Importance of *consumer's relative satisfaction* indicator
c.   Predictors: (Constant), Importance of *absolute market share* indicator, Importance of *consumer's relative satisfaction* indicator, Importance of *market penetration* indicator

Predictor variables	B	Standard error B	Beta	t	Sig.
Importance of *absolute market share* indicator	.249	.075	.317	3.342	.001
Importance of *consumer's relative satisfaction* indicator	.300	.090	.296	3.338	.001
Importance of *market penetration* indicator	.140	.059	.213	2.383	.019

The regression equation between the importance of market performance measurement (IMPM) and the levels of importance assigned to the 3 indicators — absolute market share (IAMS), consumer's relative satisfaction (ICRS) and brand penetration (IBP) — can have the following two forms, depending on the use of unstandardized B coefficients or of the standardized beta coefficients respectively.

$$IMPM = 1.608 + 0.249 * IAMS + 0.3 * ICRS + 0.14 * IBP \qquad (5)$$

$$Z_{IMPM} = 0.317 * IAMS + 0.296 * ICRS + 0.213 * IBP \qquad (6)$$

This model's interpretation is the following: the importance which firms assign to market performance measurement positively associates with the importance levels attributed to the indicators of absolute market share, consumer's relative satisfaction and brand penetration.

Conclusions. This research intended to investigate the opinion of the firms included in the National Top of Firms from Romania regarding their own ability to measure their market performance and the current level of their market performance

respectively. Moreover, it was tested if the importance levels assigned to 6 market performance indicators exert influence upon how important firms consider that market performance measurement is. From the 2143 of firms included in this Top, 153 accepted to take part to this research.

The research results indicated that two thirds of the investigated firms (66.7%) consider that their ability of market performance measurement is very good or good. In what concerns the current level of their market performance, 64.7% of the investigated firms assess their market performance as being very good or good; however, the firms that consider their market performance is good are predominant (47.7%).

Based on the obtained regression model, it was noted that the importance level which the investigated firms assign to the measurement of market performance positively associates with the importance levels assigned to 3 of the 6 indicators of market performance assessment which were analyzed: absolute market share, consumer's relative satisfaction and brand penetration. No relationship was identified between the importance assigned to market performance measurement and the other 3 indicators considered — relative market share, market penetration and relative perceived quality.

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