

IMPORTANCE OF MARKETING ACCOUNTANCY IN STRATEGICAL DECISION MAKING PROCESS*

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Abstract: Marketing executives need special knowledge on strategic decisions about pricing, distribution, advertising expenditures, changes to the product line, and many other factors that affect profits. These informations can only be met by marketing accountancy.

Marketing accountancy has a major role in directing employees through cost analysis and cost control, while playing an important role in reducing marketing costs and increasing marketing effectiveness and ultimately profit maximization.

In this study; marketing costs, marketing accounting relationship and marketing accounting are explained, and marketing expenses are included in accounting records according to actual cost and standard cost methods.

Keywords: Marketing, Marketing Costs, Marketing Accountancy

STRATEJİK KARAR ALMA SÜRECİNDE PAZARLAMA MUHASEBESİNİN ÖNEMİ

Öz: Pazarlama yöneticilerinin, kârları etkileyen fiyatlama, dağıtım, reklam harcamaları, ürün hattında yapılan değişiklikler ve diğer birçok faktör hakkında stratejik kararlar için özel bilgilere ihtiyacı bulunmaktadır. Bu bilgilerde ancak pazarlama muhasebesi tarafından karşılanabilir.

Pazarlama muhasebesi, pazarlama maliyetlerinin düşürülmesi ile pazarlama faaliyetlerinin etkinliğinin artırılmasında ve sonuçta kârın maksimize edilmesinde önemli bir rol oynarken, maliyet analizleri ve maliyet kontrolü yoluyla çalışanları yönlendirmede büyük bir öneme sahiptir.

Bu çalışmada; pazarlama maliyetleri, pazarlama muhasebe ilişkisi ile pazarlama muhasebesi açıklanarak pazarlama giderlerinin fiili maliyet ve standart maliyet yöntemlerine göre muhasebe kayıtlarına yer verilmiştir.

Anahtar Kelimeler: Pazarlama, Pazarlama Maliyetleri, Pazarlama Muhasebesi

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I.Introduction

Today, developments in economy, technology, communication and transportation have made it possible for businesses to submit goods and services to markets around the world and likewise to be able to provide goods and services from such markets.

Globalization, capital market, competition, specialization, changing conditions in social, cultural, and political fields have revealed necessity to acquire correct information in decision taking process of decision takers. Those who have fastest and the most correct information will have the chance to live on the market and maintain their presence (Hacıüstemoğlu, 2008: 1-6). The fact that enterprises live on global competition and continue their presence for a long-term requires marketing activities to be realised strategically and sufficiently. This requirement causes enterprises to develop new policies and strategies today when competition based of information has gained importance (Ceran and Bezirci, 2011).

According to American Marketing Association, “Marketing is a planning and application process of goods, services and thoughts to be created, priced, distributed and sales efforts to provide change of people and organizations convenient to their purposes” (Cemalcılar, 1987).

The function of marketing is to find out real needs of potential customers and meet them by making profit. Marketing is not trying to sell produced goods to customers but to provide them with products and services to buy intentionally. Therefore marketing begins before the product shows up (Rogers, 1996). For the development of marketing executives of enterprises have different perception of marketing at different terms. We can talk about three periods called production,sales and perception of marketing according to dominant point of view where each is different from each other with distinct characteristics (Boone and Kurtz, 1992).

II. Cost of Marketing and Its Importance

With the help of information systems used in enterprises while getting benefit on technology in every field from customer relations to work processes,market entry strategies to measurement of performance information administration is being developed,competition can be gotten benefit (Tekin et al., 2006: 857-866). Marketing is the planning of all the activities about product development, pricing, promotion and distribution mad efor meeting in eligible for this analysis with demand and request analyses of customer requirements at a very well defined market (Ülgen and Mirze, 2006). Today when information is obtained difficultly and customers are bosses, the decision making processes of executives become shorter and more complex day by day necessitate marketing executives to take right decisions at shortest time for maintenance of enterprises (Fidan, 2009: 2151-2171).

Strategical marketing decisions are composed of new product decisions about the future of enterprise, new product strategies, strategical product, strategical product pricing decisions, strategical price, pricing strategies for increasing market share (going to bazaar with a value much below cost, fixing the price until reaching a profit determined before and decreasing the price by fixing rate of profit as the prices reduce), promotion decisions, distribution decisions and sales developing decisions (Ceran, 2009).

Marketing department gets benefit from data and numbers about strategical decision taking to accountancy, cost planning, minimum order amount, optimal stock size, determining optimal profit and contribution share, purchasing decisions, performance planning, productivity, profitability calculations, investment analyses and marketing logistics in enterprises (Ehrmann, 2006: 698-739).

Marketing costs are costs of activities conducted to collect factors effecting satisfaction of product and services of enterprises, and quality, needs and perceptions of customers and to evaluate and maintain them .

Marketing costs are monetary statements of self sacrifice of an enterprise to conduct marketing processes. In other words it includes expenditures in time period from the time when goods are produced or purchased and stocked to reached to producers and converted to money. Marketing costs do not only include sales expenditures but also administration, financment and general expenditures about sales (Akdoğan, 1982).

Marketing executive should find and apply economical methods enabling its own goods and services to reach the consumers in competition. Therefore it is important to know marketing costs and control them, so decrease marketing costs. In the cost of goods and services in bazaar, there are two main costs such as production and marketing costs.

Marketing costs have a variable qualification effected easier than production costs. Because production cost depends largely on the price of production costs and present technology. So they cannot be changed by producer in a short time easily. Therefore marketing cost effects the relationship between cost and price in terms of enterprise.

While business owner markets his goods, he uses some marketing activities and should know their cost to himself. And mediator businesses who get benefit of services to reach their goods to buyer has to know about marketing cost. When marketing cost of mediator businesses are high, sales price of goods will also increase and demand to goods of business owner will decrease. Therefore it is important to know about marketing costs and decrease them by controlling.

Goal of marketing cost analysis is pricing of products, continuing to produce them or end them and to provide informations to help administration in decisions such as general profitability analyses of business (Öncü, 1999).

III. Classification of Marketing Costs

We can classify marketing costs as follows according to activities effective in marketing products and making sales successfully (Kılıç, 1993):

Sales Costs: They are composed of fees to sales members and executives, premiums, bonuses, travel expenditures, commissions, office expenditures about fulfilling orders, office expenditures of sales departments, entertainment, training and education, repair and maintenance of equipments used in sales, insurance, amortization, and accommodation in sales process.

Promotion Costs: They are expenditures about advertisements supporting sales representatives in sales, notices, publication, training, exhibition and fairs, promotion, and about bazaar developing activities.

Physical Distribution Costs: All carriage, loading, discharge, and carriage costs of products returned by consumers, sold or returned and about repair, maintenance, insurance, and amortization of products returned by consumers.

Storage Costs: Storage costs of produced goods or commercial goods to distribute, maintenance of stores, repair, heating or cooling and illuminating, storage rents, insurances, amortizations, fees paid to store employees and executives.

Financement Costs: They are expenditures of credits to customers for promoting sales, and for financment of sales differently.

General Accounting Costs: Fees paid to personnel in administration of marketing department, marketing accountant expenditures, bonuses and premiums, and expenditures spent for marketing researches.

IV. Relationship Between Marketing and Accountancy

Strategical marketing decisions need to be supported with reliable data by various sources. Especially in planning future activities and controlling them mostly informations from business accountancy are used. The quality of a decision depends on directing problem in an appropriate way. Therefore to facilitate decision taking qualitatively marketing informations should be supported by accountancy informations. Relationship between accountancy and marketing poses a traditional problem. This problem stems mainly from organizational cooperation in the entreprise. To solve these problems, qualitative and quantitative informations are also needed. Because, informations by accountancy department pose a main basis for marketing decisions. So based on relationship between marketing and accountancy, marketing accountancy has arisen (Ceran and İnal, 2004).

Marketing is generally used for customer satisfaction level, determining their needs and future term predictions, but accountancy data is used for last term performance analysis, evaluating opportunities and budget planning studies. Accountancy is focused on new data and reports to support decision

taking process about marketing. In this context the most appropriate financial technics and analyses about these relations between marketing and accountancy are as follows (Dinçer and Dinçer, 2005: 353-365):

- Cost-Volume-Profit analysis,
- Profit sensitivity analysis,
- Income administration,
- Evaluation of goods and services,
- Market-Department-Profitability analysis,
- Pricing technics.

V. Marketing Accountancy

Marketing accountancy can be defined as “the whole procedure determining what the goods are composed of from the time of entry into store to reach to customers and convert into money of what costal informations are composed of,investigating and interpreting them and aiming to make executives suggestions to lower costs” (Akdoğan, 1982).

Marketing accountancy is useful for enabling cost informations, overcoming problems of prepare and researching firstly and densely if some marketing decisions are appropriate or not for success controls (Köhler, 1992: 837-855).

Marketing accountancy has two wide mission types as comparing marketing methods, costs about it and cost analyses investigating the effect on profit of these costs and measuring the procedures according to predetermined objectives,comparing what should be and what is and cost control of investigating their differences and taking necessary measures. Marketing accountancy plays an important role for lowering marketing costs and increasing effectivity of marketing activities and finally maximizing profit, also has a big importance for directing workers through cost analyses and cost control (Akdoğan, 1982).

The fact that marketing accountancy has a big importance for administration and supervision of marketing, business executives give more importance on this topic and arranging cost accountancy for marketing costs to be calculated, analysed, controlled healthier and reducing cost for enabling infertile products to be removed from production line (Schiff,1999: 72-73). Therefore marketing accountancy should be arranged as a seperate system in financial information systemor a sub-system.

Accountancy information system is one of the main information producers marketers will use in directing customer relations. But the first focus of accountancy is to serve external groups such as investors, banks and arranging institutions. Serving internal groups such as marketing, finance and production is the second focus of accountancy (Ekerkil and Ersoy, 2016).

We can summarize the topics of marketing accountancy as follows (Badem, 2011):

- Effects of cost distribution principles on marketing decisions (faulty errors to be based on full costing method),
- Importance of contribution share approach,
- Accountancy of responsibility,
- Importance of budget, especially advertisement and product development budget (need for zero based budget in this relationship),
- Acquiring planned and estimated values,
- Supervision (Comparison of planned and estimated values with materialized values for supervision).

VI. Accountancy of Marketing Costs

In accounting marketing costs through expenditure accounts, two methods such as actual cost method and standard cost method can be used.

A. Actual Cost Method

Actual cost method is a system which is calculated by basing costs to real data. Goods produced in this system are loaded to production expenditures formed in activity term. Change of production expenditures according to work amount is not observed in actual cost system and there is no differentiation according to time factor. Since a calculation is made after completing the production corrective precautions can not be taken. This system is mainly applied at the end of term to measure accuracy of other systems (Erdoğan and Saban, 2010: 51).

Example: In enterprise called A there are marketing expenditures of 5.000 TL + 18%KDV.

Registration to be made in term when expenditure occurred;

..././...

760 MARKETING SALES AND DISTRIBUTION EXPENDITURES	5.000	
191 VALUE ADDED TAX TO BE REDUCED RELATED ACTIVE/PASSIVE ACCOUNT	900	5.900

Registrations to be made at the end of term;

..././...

631 MARKETING SALES AND DISTRIBUTION EXPENDITURES	5.000	
761 REFLECTING MARKETING SALES AND DISTRIBUTION EXPENDITURES		5.000

..././...

761 REFLECTING MARKETING SALES AND DISTRIBUTION EXPENDITURES	5.000	5.000
760 MARKETING SALES AND DISTRIBUTION EXPENDITURES		
...		
690 PROFIT OR LOSS OF TERM	5.000	
631 MARKETING SALES AND DISTRIBUTION EXPENDITURES		5.000

B. Standard Cost Method

Standard cost method is a method based on scientific methods and standard costs determined before production is made, determining costs and following accountancy records according to both standard and actual amounts and by comparing actual costs predicting the analysis of variations (Görmüş et al., 2015: 67-84).

Standard costs can be used for cost control, stock control, budget planning, product pricing and recording. Standard costs having different usage fields control usually costs (Öztürk, 2017: 16-32).

Example: In enterprise called A standard marketing cost is 8.000 TL, materialized cost is 5.000 TL + 18 % KDV.

Downloading standard marketing expenditures;

...

631 MARKETING SALES AND DISTRIBUTION EXPENDITURES	8.000	8.000
761 REFLECTING MARKETING SALES AND DISTRIBUTION EXPENDITURES		

Registration of actual marketing expenditures;

...

760 MARKETING SALES AND DISTRIBUTION EXPENDITURES	5.000	
191 VALUE ADDED TAX TO BE REDUCED	900	
RELATED ACTIVE/PASSIVE ACCOUNT		5.900

Registrations to be made at the end of term;

...

761 MARKETING SALES AND DISTRIBUTION EXPENDITURES	8.000	5.000
760 MARKETING SALES AND DISTRIBUTION EXPENDITURES		3.000
762 VARIANCE ACCOUNT OF MARKETING SALES AND DISTRIBUTION EXPENDITURES		
...		

762 VARIANCE ACCOUNT OF MARKETING SALES AND DISTRIBUTION EXPENDITURES	3.000	3.000
631 MARKETING SALES AND DISTRIBUTION EXPENDITURES		
...../...../.....		
690 PROFIT OR LOSS IN TERM	5.000	
631 MARKETING SALES AND DISTRIBUTION EXPENDITURES		5.000

VII. Conclusion

The fact that costs about marketing decisions cannot be followed in a detailed way is one of the most important problems. Therefore no activity can be determined in business. Problems about pricing necessitate the calculation of both production and calculating marketing costs. So pricing decisions will not be taken by hand, both in domestic and international markets appropriate prices will be competed, sales and profitability will be able to be increased.

Marketing and accountancy gives the importance of interaction in a coordinated and strategic way, the importance of accountancy data of enterprises for determining marketing strategies. Today when information is a strategic way of competition strategic marketing decisions need to be supported by accurate, valid and reliable informations obtained through various sources. In planning future activities and supervision of them in marketing because of using informations from accountancy of enterprise accountancy informations are needed. Since insufficient and lack informations not appropriate, valid, reliable and on time in marketing cause faulty decisions strategically marketing system needs informations obtained by accountancy system.

Marketing accountancy determines costs about marketing functions necessary for goods to be reached to buyers and converted to money and investigates these costs according to application fields such as buyers, sales regions, goods, distribution channels and order volumes and so determines cost informations and cost control and will help executives in planning and decisions by enabling control of costs.

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