

**THE EFFICIENCY AND THE EFFECTIVENESS OF MARKETING FUNCTION
OBSERVED BY MARKETING AUDIT
(Single Case Study in PT Millenium Pharmacon International Tbk Malang Branch)**

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Research on marketing audit is a descriptive qualitative research which aimed to comprehend the effectiveness and the efficiency of marketing function in PT Millenium Pharmacon International Tbk Malang branch and to figure out what factors that led to ineffectiveness and inefficiency. This research discusses marketing function which is done through qualitative descriptive research method. The data are collected from field study, interview, and observation. Data analysis involves three elements of management audit which are criteria, cause, and effect. The scope of audit being discussed in this research are six marketing audit components which are marketing environment, marketing strategy, marketing organization, marketing system, marketing productivity, and marketing function. Based on the result that is done through comprehensive analysis, it concludes that marketing function has been managed in efficient and effective way in accordance to the applicable policy and regulation; however, the marketing organization need to be fixed where MPI need to hold more trainings for their employee to improve their technical skill, theories, conceptual, and moral in order to reach maximum result.

Keywords : PT Millenium Pharmacon International Tbk Malang branch, marketing audit, marketing function, effectiveness, efficiency, criteria, cause, effect, recommendation

Background

Globalization is an issue that currently faced by people and regardless companies. Globalization can be defined as the absence of time and place boundary by the advancement of information technology in global citizen. Essentially, globalization is a process of spreading ideas that are followed by countries which have similar purpose (Edison, 2005:52).

Globalization can give several impacts on today's business. The advantage of information technology in the globalization era makes the information delivery to other parties become easy. Similarly, production process, delivery process, and product development are also developed which result a tougher competition in business.

This tough competition is experienced by PT. Millenium Pharmacon International (MPI) Tbk Malang. This company focused on the pharmaceutical products distribution, food supplement, and medical devices with nationwide coverage. MPI has 29 branch offices, 3 sub-distributors, 3 pooling warehouses, and 59 sales stations. The company's vision is "to be the most efficient and effective distribution company in Indonesia by bringing added value to both our customers and principals". From this believe, it is really obvious that MPI needs to be able to maintain its effectiveness and efficiency especially in its marketing activities. It is undeniable that marketing function is a crucial function in MPI, because it is a distributor

company that its main activity is to market the product. Effectiveness and efficiency is an aspect that MPI has to maintain carefully.

In 2013, MPI Malang branch faced a lot of problems such as high number of return, less maximized salesman performance, and fraud that was done by the salesman. Those things are obviously affecting its marketing effectiveness and efficiency. A company's operation can be considered as good if it is effective and efficient. In the contrary, ineffective and inefficient can pose a real bad impact. Efficiency is the comparison between input and output of the company, while effective is the relation between responsibility of the management and their target achievement.

In the process of ensuring efficiency and effectiveness of a company, there would be internal and external problems. An example of internal thread is the lack of facilities provided by the company to support employees' operation to promote productivity. External thread can be from the political condition, economy, social, technology, environment, and legal. These aspects somehow are unavoidable. In order to achieve efficiency and effectiveness in a company, the manager should be able to develop and control company's activity so that the goal of the company can be well achieved.

Efficiency and effectiveness also can be measured by operational audit. Operational audit is an audit activity to evaluate the whole process of the company including the comparison between internal resources and external environment. Operational audit emphasizes the managerial process especially the planning procedure, organization, and activity control which has been set to measure the company management performance (Tunggal, 2000:40).

The purpose of operational audit is to improve the managerial control, so that manager can detect when inefficiency and ineffectiveness occur and come up with any ideas to fix them. Operational audit should provide information to the top management about any problems occur and help management to solve the problems by offering viable solutions. One component inside operational audit is marketing audit.

Marketing audit is a part of internal control that review the marketing operational function of the company. The basic fact from marketing audit is to define any problems and ensure the compliance to the rules and standards that has been made. The result of audit will be used by top management as a reference in decision making. The main purpose of marketing audit is to evaluate and assess the external and internal factors that affect the company's operational in a specific period so managers can control and solve the problems faced (Kotler, 2000:44).

Bhayangkara (2011:117) stated that there are six components in marketing audit. First is marketing environment which discuss about the condition about company's external and internal surrounding. The second is marketing strategy which talks about its existence and accuracy. Next is marketing organization which assess the effectiveness of the organization structure. Then, marketing system which assess the accuracy of information used in the decision making stage. Next is marketing productivity illustrates the company's profitability, and the last is other marketing function which covers many aspects such as product, price, distribution, human resource, promotion, etc.

Problem Statement

Based on the background been explained above, then the problem statement in this research is:

1. Does the marketing function of PT. Millenium Pharmacon International Tbk Malang Branch has been effective and efficient observed by marketing audit?

Literature Review

Audit for Marketing Function

Marketing Audit Definition

Many businesses judge the impact of their marketing program by the number of sales. While sales may be one of the measurement of marketing effectiveness, sales numbers do not tell about how management worked, what it didn't do, and what external factors that are impacting the results.

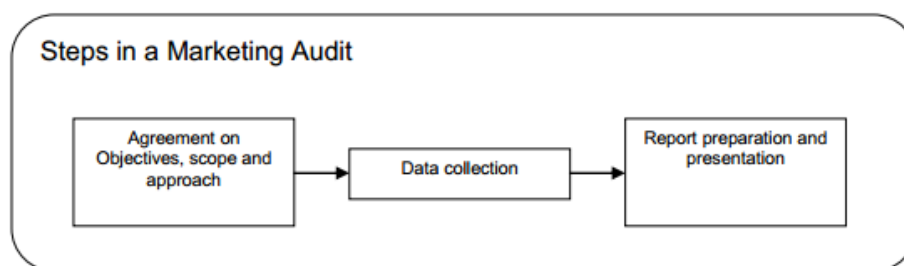
Marketing audit is the process of collecting and analyzing evidence of specific information related to marketing function, to assess and report the compliance to the standards (Alvin A. Arens et al., 2003:28). According to Kotler (2000:44), marketing audit is an evaluation and assessment of the external and internal factors that affecting the company's operational in a specific period.

Bhayangkara (2008:115) defined marketing audit as a process to examine that is comprehensive, systematic, independent, and periodically on the marketing environment, objective, strategy, and activity, and leads to define opportunity and problem to create recommendation to improve the marketing performance.

Basically, there are no differences between marketing audit and any other functional audit. Marketing audit is a systematic and comprehensive research to observe if there are problems and needs to improve or even capitalize the performance of marketing function. It aims to gain information and to give recommendation towards marketing performance.

Marketing Audit Steps

Kamil Vana (2012:2) stated that the steps of marketing audit should be as follow:



1. Setting the Objectives and Scope

This stage is the first meeting between company officer(s) and the potential auditor(s). This meeting is to explore the nature of the marketing operations and the potential value of marketing audit. If the agreement meets, reviewers will work on further agreement on the objectives, coverage, depth, data sources, report format, and time period of audit.

2. Gathering the Data

It is the stage to compose a detailed plan on who is to be interviewed by whom, to create the questions delivered, to decide time and place, and so on. This plan has to be well prepared so it will not be overwhelmed. Daily reports of the interview result are written and reviewed, so that auditors can spot new areas while data is still being gathered.

3. Preparing and Presenting the Report

After the data gathering phase, the auditor prepares notes for a visual and verbal presentation to the company officers. The presentation consists of restating the objectives, showing the main findings, and presenting major recommendations. After that the auditors will work on final audit report that is coming from the visual and verbal material into a good written communication. If the report calls for deep debate and action, the various groups hearing the report should be organized into subcommittees to do follow up work. The most valuable part of marketing audit is when the company officers begin to assimilate, debate, and develop their own concept on the needed marketing action.

Marketing Audit Component

Bhayangkara (2011:117) stated that there are six main areas that become the object of marketing audit such as:

1. Marketing environment

There are two kind of marketing environment:

a. External marketing environment.

It includes economic factor, demographic factor, social alteration factor, technological factor, and political development factor.

b. Internal marketing environment.

It includes market, consumer, competitor, customer, distributor, agent, and advertising company.

2. Marketing strategy

The information needed to assess marketing strategy are:

a. The existence of marketing basic strategy;

b. The accuracy of marketing basic strategy;

c. The balance between the fund and company resources spent with the result achieved;

d. Whether the allocation of facility, fund, and resources are distributed equally or varied accordingly to suit the market segment, geographic area, and type of marketed product.

e. Whether the marketing strategy has already covered the combination between product quality, service after sales, marketer motivation, promotion and advertising, company facilities, and distribution flow.

3. Marketing Organization

The factors affecting organizational performance efficiency of marketing function are:

a. The degree of communication effectiveness among all of the related parties.

b. Whether the company holds any development programs for their employees or not

c. The motivation of human resources involved in marketing activity

4. Marketing system

Marketing system that needs to be audited are:

- a. Marketing information system obtained from market research which is done by the marketing expert;
 - b. Marketing planning system which is adapted to market situation and development;
 - c. New product development system which covers procedure, profitability, and marketing cost.
5. Marketing productivity
- From marketing cost point of view, profitability and effectiveness of marketing activity is used to assess the marketing productivity. To do so, there are several questions utilized, such as:
- What is the profitability of the company's different products, markets, territories and channels of distribution?
 - Do any marketing activities seem to have excessive costs?
 - Can cost-reducing steps be taken?
6. Marketing function
- Marketing function covers product, price, distribution, promotional and advertising activity, and marketer resources. Several questions regarding marketing function are:
- What are the company's product-line objectives?
 - Which products should be phased out?
 - Which products should be added to?
 - What are the company's pricing objectives, policies, strategies, and procedures?
 - To what extent are the prices set on cost, demand and competitive criteria?
 - Do the customers see the company's prices as being in line with the value of its offer?
 - What is the organization's advertising objectives?
 - Is there adequate market coverage and service?
 - Should the company consider changing its distribution channels?
 - Is the right amount being spent on advertising?
 - What do customers and the public think about the advertising?

Theory of Efficiency and Effectiveness

According to Bhayangkara (2008:12), effective is the success rate of the company. Effectiveness is measured by the output. Efficiency is related to how the company runs the operation by optimizing the resources they have. Efficiency is a measure of the process that connects between the input and output in the company's operations.

Anthony (2005) said that the effectiveness is determined by the relationship between the outputs generated by the central responsibility to the goal. Central responsibility is an organization led by a manager who is responsible for the activities performed, perform certain functions with ultimate goal to transform inputs into outputs. The greater output contributed to the goal, the more effective the unit is.

Efficiency is the ratio of output to input, or the amount of output per unit of input. (Anthony, 2005). In some organizations, the efficiency is measured by means of comparing the actual cost to the standard, where such costs must be stated in the measured output. Efficiency and effectiveness are related to each other, each central responsibility in this regard is an organization, and it must be effective and efficient where the organization must

achieve its objectives in an optimum way. A center responsibilities carry out their duties with the lowest consumption on the source power, may be efficient, but if the output it generates failed in provide an adequate contribution to the achievement of organizational goals, the center these responsibilities are not effective. Briefly, the center responsibility for this is efficiency, if it is done correctly, and it will be effective.

In addition, Whittington and Pany (2004:11) stated that:

“Efficiency, that is, success in using to its best advantage the resources available to the department”.

From the statements above, it can be concluded that effectiveness is doing the right things while efficiency is do the things right. Furthermore, effectiveness is related to the achievement, while efficiency is about the resource usage.

Research Methodology

Research Method

Based on the purpose of this research, then qualitative method is chosen to promote understanding about a phenomenon holistically, and to be able to describe the results in a form of words and sentences in a specific scientific context (Moloeng, 2007:6). Qualitative research involves the researcher directly to collect and use the empirical data (Norman K and Yvonna S, 2003:4)

This research uses qualitative method due to the following three reasons:

1. Qualitative method is needed to obtain a comprehensive understanding about marketing function and its implementation to assess the effectiveness and efficiency of marketing function.
2. Qualitative data are analyzed based on criteria, cause, and effect, then generating recommendation. Some data in this research are quantitative data such as data of sales and revenue but it is analyzed in qualitative perspective.
3. The purpose of this research is to address recommendation for the problems that are found on effectiveness and efficiency in marketing function. Therefore, it is only possible by doing qualitative analysis.

The purpose of this research is to know the effectiveness and efficiency of marketing function in PT. Millennium Pharmacon International Tbk Malang branch and to provide recommendation to improve their performance. So, this research uses descriptive approach which serves a phenomenon of the research object in a factual and actual way. Descriptive research may describe the characteristics of a phenomenon and can be used as a basis on decision making.

The purpose of this research is to explain any relevant aspects of the object being studied. The strategy used in this research is case study to be able to focus on a specific case to be observed and analyzed carefully. The case could be singular or plural, for example in a form of individual or groups (Sutedi, 2009:61)

Source and Type of Data

This research use both qualitative and quantitative data:

1. Quantitative data
Quantitative data includes nominal data which covers the revenue data, sales return data, profit and loss, sales target, and sales achievement data in 2013.
2. Qualitative data
Qualitative data covers data of marketing environment, marketing system, organizational structure, marketing strategy and the marketing function.

There are two kinds of data resources that are used as data collection which are primary data and secondary data. In this research both source of data are used by exploring documents of the company and other relevant and competent data.

1. Primary data
Is the data which are directly collected from the source (without mediator) which comprises the whole data of the company (marketing environment and marketing system). Those data will be analyzed through marketing audit.
2. Secondary data
Is the data which is indirectly collected through mediator. This data are sales, sales target, marketing cost, and organizational structure.

Data Collection Method

Meriam (1998:12) stated that secondary data is good to be used in qualitative study because it can give an empirical background about the problem being studied. This research use two data collection method:

1. Literature study
It is important to gather some literatures as the foundation in this research. Literatures that are used in this research are related to marketing and marketing audit as the main topic of this research. Company profile and general information is mainly about marketing function and become the reference in this research.
2. Field study
 - a. Interview
Interview is a series of question and answer which is done by a direct communication to the person in charge. In this study, interview is addressed to :
 1. Branch manager.
It is to know how the condition of the company is, what the standards that been set are, and what the long term plan of the company is;
 2. Sales supervisor.
It is to know the marketing activity of the company, marketing system that is used, market segmentation, and internal control;
 3. Finance supervisor.
It is to know the general information about the financial policy, financial condition of the company, and to detect any possibility regarding fraud.

b. Observation

Observation is done through looking at the record of behavior, inventories, or any other activities systematically without asking or doing any communication with the parties being studied. The observation is aimed at understanding the marketing procedure and the factors that affecting the marketing activity.

Data Analysis Method

In analyzing operational audit data, efficiency and effectiveness are the hardest part to determine and an absolute assessment has never been done. Therefore, it needs several steps to be used to assess the management's achievements in effectiveness and efficiency. Bhayangkara (2008:10) stated that there are five steps or procedures in operational audit.

1. Preliminary Audit

Develop audit procedures to obtain data to be written in the results of the audit, namely:

a. Obtaining and analyzing the background and general information of PT Millenium Pharmacon International Tbk

b. Reviewing company's regulations and marketing SOP

2. Review and Testing Management Control

The researcher conducted a review and test on the management control of MPI. The aim is to assess the effectiveness of management control in supporting the achievement of company's objectives regarding the marketing function. The results of these tests are used to get better understanding about the controls of the company that enables the company to identify potential weaknesses.

Through these tests, the researcher would be able to establish audit objectives as a basis for further implementation of the audit process. The review of the management control system is done by:

a. Conducting deep review in several data, such as:

1) Company's regulation

2) Company's vision and mission

3) Company's standard operational procedure

b. Interviewing with Mr. Iwan Murprihanto as branch manager, Mr. Mashuri as sales supervisor, and Mrs. Astuti as finance supervisor.

3. Detailed Audit

The researcher collects competent and sufficient data to support the audit objectives based on the results of the review and tests the control of the management. The detailed audit procedures are as follow:

a. Analyzing data which consist of:

1) Company's objective;

2) Company's vision and mission;

3) Operational procedure of marketing function;

4) Company's policy.

b. Interviewing Mr. Iwan Murprihanto as branch manager, Mr. Mashuri as sales supervisor, and Mrs. Astuti as finance supervisor.

c. Conducting a field observation

d. Grouping findings into criteria, cause, and effect.

A brief illustration on findings grouping are as follows:

1) Criteria.

Criteria are the standards how the individual in the organization should conduct their activity as a form of their responsibility. Criteria are the measurement whether the condition is deviate. Each company has its own criteria based on the company regulation. If there are no criteria, the company could use some criteria sources such as the comparison between previous and current company performance, performance and data comparison between similar companies, and also discussion and agreement between the parties that involve in audit process.

2) Cause.

Cause is the actions of management, employees, or their delegation being audited, who are either did or did not accept or carry out the proper standards for efficiency and effectiveness in managing the activity or organization.

3) Effect.

It is the result of actual actions of managements and employees, when it is compared to the acceptable and appropriate standards of the company. The effects possibly appeared are:

- Positive effects (efficient, effective, and economics effects)
- Negative effects (inefficient, ineffective, and wasteful effects)

e. Generating recommendation

At this stage, the researcher produces recommendation in the form of corrective action on significant deficiencies as well as corrective on potential weaknesses found in the specific function on marketing, which is expected to increase the effectiveness of the marketing function.

3. Audit Report

The researcher creates an audit report containing the audit conclusions about the elements of the audit objectives, and recommendations to correct the deficiencies.

5. Follow-up

As the last part, follow-up audit which is aimed at pushing the responsible parties to implement the things that had been recommended on the report.

Effectiveness and Efficiency Standard

The criteria used to assess or measure the effectiveness and efficiency of the marketing function is the standard that has been set by the company. The scope along with the criteria used to assess or measure the effectiveness and efficiency in this research is the implementation of all functions in marketing. The criteria examined are as follows:

1. Marketing environment

Marketing environment used in this research covers external and internal environment. External environment of the company are the external factors that affects managerial and operational process of a company, for example government's policy. Internal factor of a company are the internal factors that affects the managerial and the operational process of a company, such as competitors. Through reviewing this, it is expected to see the company ability to prevent those problems which showing effectiveness.

2. Marketing strategy

The information that are collected regarding to marketing strategy are:

- a. The existence of marketing basic strategy;
- b. The accuracy of marketing basic strategy;
- c. The balance between the fund and company resources spent with the result achieved;
- d. Whether the allocation of facility, fund, and resources are distributed equally or varied accordingly to suit the market segment, geographic area, and type of marketed product.

3. Marketing organizational structure

The objective of analyzing organizational structure of the marketing function is to assess the effectiveness of the marketing activities. Organizational structure can be stated as effective when the communication amongst employee is effective. It is to ensure the development of the company and to motivate employee.

4. Marketing system

In this part, understanding the information system of a company is to give an accurate data to support decision making. The marketing system should be able to ensure the control system and evaluation has been executed well.

5. Marketing productivity

The assessment of marketing productivity is specified only in marketing activities. It covers the sales return, sales revenue, and the efficiency of marketing activities as reflected on the marketing cost. This phase is done to assess the effectiveness by assessing the sales growth and sales return, while efficiency is shown by the comparison between marketing cost and sales.

6. Marketing function

Marketing function is not available to be analyzed due to the absence of product creation, product development, and product pricing.

Research Finding and Discussion

Marketing Environment

Marketing environment as the first audit object of PT Millennium Pharmacon International Tbk covers government regulation and competitor. There are several findings concerning to the effectiveness and efficiencies regarding to these factors. One of it is government regulation in BPJS (*Badan Penyelenggara Jaminan Sosial*). BPJS is a governmental organization which aims to ensure the well-being of Indonesian citizen through cheap medicines provision and hospital service. The program is held by having collaboration with hospitals and medicine producers in a form of subsidy.

BPJS has significant role in defining the price of the medicines and principals. This condition is leaving no option but cut the market price and poses negative impact to the share of the company. Competing the price with BPJS, principals cannot decrease the quality of the medicines because it deals with people's life. But then principals need to give more discounts for the customers and it results in lower profit share to the Company. Besides BPJS, The regulation given by the government in 2012 regarding the existence of pharmacist to claim

red dot (hard drugs) or blue dot (free-limited distribution) medicines makes the company need to add more people and stretch the process longer.

The previous conditions mentioned above of course become the thread that PT MPI Tbk should deal with and create some initiatives to make sure that their operations still run and is profitable while competing in the market. There are five things that PT MPI Tbk has done regarding those issues. First, is about coordinating with principals. This initiative is done to make sure that the profit sharing is enough to cover the whole operation and of course profitable.

The second is salesman optimization in the selling process. It is by giving them double role as sales person and payment collector. This is done to ensure the efficiency of the company so that they can cut the cost of operation and increase customer relation management. Performance monitoring of course becomes urgent to be done. It is to ensure the sales people performing their work and reaching the target.

Third is service maximization, such as fasten the delivery of the medicines to the customers. There are types and different prices of medicines. The expensive medicines are not frequent ordered. That's why sometimes Company kept the expensive medicine as their stock, if it is urgently needed for surgery and it is part of the service maximization.

Fourth is ensuring that customers do not pass the TOP (Time of Payment) by lock their ordering opportunity until they have already pay the payable. The last is performing easier service administration by establishing TOS (Telephone Ordering Sales) as the information center. It bridges the order to inventory, and checks the order invoice.

Concerning the competitor, MPI has some competitors which at this point MPI has an advantage as a Tbk company. This shows the commitment of Company to provide and to achieve the best result so that principals believe and customers also trust the quality that MPI delivery. MPI also has weakness as a Tbk company which is about giving discount. Other companies which are not a Tbk can give more discounts because they can cut the operational cost.

Marketing Strategy

The marketing strategy and implementation of PT Millennium Pharmacon International Tbk Malang branch have been running well without any significant obstacles. MPI has been steady with their marketing strategy as indicated in 93.92% of sales target achieved and it projects for 177.98% net profit. This is processed through a mature decision of marketing strategy and implementation which leads to effective and efficient operation.

Looking up at their vision which is “to be the most efficient & effective distribution company in Indonesia, bringing added value to both our customers and principals”, MPI is committed to ensure the quality of their operation. In refer to that, MPI has implemented five strategies. MPI realizes that in order to create a suitable strategy, several analyses need to be done and MPI choose SWOT analysis to understand more about their condition and surrounding as shown at table below :

STRENGHT	WEAKNESS
<ul style="list-style-type: none">Salesman skills and roles	<ul style="list-style-type: none">Less area coverage

<ul style="list-style-type: none"> • Service (faster respond and delivery) 	<ul style="list-style-type: none"> • Less number of sales people
OPPORTUNITY	THREAD
<ul style="list-style-type: none"> • As a Tbk company become more trusted 	<ul style="list-style-type: none"> • Government regulation • Bad impression on specific medicine

Salesman skills and roles become the main strength that MPI has. Eventhough MPI has not executed specific trainings or seminars for sales person, but the team bonding is well maintained as indicated by having time to share their good case practices. Not only skill, but optimizing their role also as the payment collector makes it really efficient and effective. So, the company does not need more expenses to collect the payment and the process becomes faster. Fast in this context is not only about the payment collection but it is also for complaint and delivery. Coverage area also becomes factor that can determine the number of sales. MPI realizes that they have less coverage area compared to their competitor.

Concerning the thread, the main aspect is the government regulation especially about BPJS which results in the prices rules and the share cut. Besides, there are baseless gossips regarding specific product that hinders the smoothness of product delivery.

Analyzing the condition of MPI and its surrounding through SWOT analysis, then MPI starts to make a tangible plan, such as breaking down the target to the number of sales people, deciding the number of salesman they have, and deciding the area of the sales people based on their expertise and capability. The formula used to define target per salesman is:

$$\text{Target per Person (Rp)} = \frac{\text{Target Profit (Rp)}}{\text{Number of sales people}}$$

Evaluation of the marketing result is conducted on every end of the day. But for overall system is being evaluated on a weekly basis that is on Saturday. This done to ensure that the target is reached and sales person performs in clear direction and the fraud is minimalized.

Marketing Organizational Structure

The objective of internal audit of marketing organizational structure is to assess the functional efficiency of marketing activity. Marketing organizational structure will be efficient, if the effective communication between one and another part; the development program for the employee; and the motivation boosting for the employees are exist.

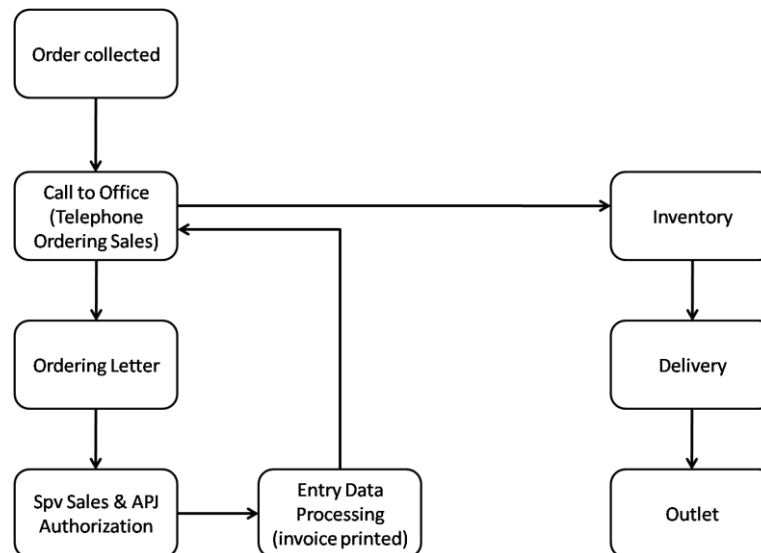
Marketing, undeniably, is the core activity of MPI. MPI is applying linier organizational type. Linier organizational type means that the duty of job flows from the top management or supervisor to the subordinate, and the responsibility flows from the subordinate to the top management. MPI make its marketing team under one supervisor including the TOS. This is done to ensure the communication of marketing which is still in a circle and make the information is less likely to be miss communicated.

From the audit fieldwork, it is found that MPI Malang has no significant initiative to ensure the development of the employee. There is no specific trainings or seminar held. According to Hasibuan (2010:69), training is important because it is done to improve their technical skill, theories, conceptual, and moral in order to reach maximum result. Instead of giving training to the salesman, MPI do team bounding, where the employee can strengthen their relationship and share good case practices among sales people. The recommendation offered for this area is to create trainings or seminars to enrich the skills of employee, which later may increase the productivity of the salesmen.

Marketing System

The aim of the marketing system audit are to analyze whether the marketing information system of a company has produced accurate information that will be used in decision making, and whether the evaluation and control has been properly done by the management. The marketing system is categorized as effective, when it met the criteria stated by company.

MPI has created a marketing process that illustrates the effectiveness as shown is figure below:



It is all started from the order that collected by the salesman and then channeled to TOS so that the ordering letter can be created. When the ordering letter has been created, then it needs to be authorized by salesman supervisor, pharmacist, and salesman so that it can be put in Entry Data Processing (EDP). It is a system that MPI has, which all records all data regarding discounts, prices, and any related information of the product. Next, invoice is printed and rechecked by TOS, before finally it is distributed to the inventory and later is delivered to the outlet.

It is interesting to see the role of TOS in this process and it can be concluded that TOS has three main roles. First, it functions as an information center and a provider. TOS provides information to the internal company about demand information. Second, it bridges between orders to the inventory. Lastly, it rechecks the ordering invoice. The second and third role of TOS reflects the commitment of MPI to be effective. It shows the process in ensuring that there will be no return of order. It can be shown through the rate of return which is under 2%.

Besides establishing a good system, another control system created is daily target review and evaluation. At every noon, salesman are gathered and reviewed by the supervisor. If the target is not achieved, then tomorrow's target is added. The meeting does not only review the target, but also checks any fraud happened.

Marketing Productivity

There are two factors urgently analyzed which may increase and decrease the productivity. It is found that character of salesman and weather becomes the biggest problem that can decrease the marketing productivity. As stated by the sales supervisor of MPI Malang, characters of sales person are different. Some of them stick on the number of sales and some stick on the target of profit. For the one who stick on the number of sales, they achieve the target of sales for example 20 hospitals each day. Instead of doing sales in a proper way to achieve biggest deal, they just come to meet the respective person and leave as soon as possible to visit another places. Obviously, it is not good compared to another type of sales person which only sales products in 5 hospitals each day but the profit is achieved. MPI then consider the type 1 sales as a market expansion. The factor that stimulates marketing productivity is Reward and Recognition. MPI has put bonus as their main RnR such as giving free phone, intensive, and wages increasing. By this initiative, it is believed to pose enough stimulation to the salesman.

MPI Malang has already set the standards to see how effective and efficient their marketing productivity by five criteria. First, salesmen create no mistake on the product explanation and ordering. Second is when customers create no wrong order. The third is when sales return is under 2% each month. Next, is more than 5% of growth, and the last is under 2% on marketing cost efficiency. The case that is hard to be handled is the second, in which is customers created wrong order. Mashuri, sales supervisor of MPI said that the problem is one pack of product A is different with product B. Some of them consist of 10pcs, some of them are 24pcs or even more. Customers tend to say they want one pack of product A and B, whereas they mean 10pcs each for product A and B.

MPI Malang in 2014 has fulfill the third criteria, which is sales return is less than 2% as shown on this table below:

Sales Return Rate
PT MPI Malang

Month	Sales Return Rate
January	2.31%
February	2.20%
March	0.74%
April	1%
May	2.08%
June	1%
July	0%
August	2.52%
September	1.03%
October	2.64%
November	1.56%

December	1.21%
Average	1.63%

From the previous table, it is shown that MPI Malang did not achieve the criteria on January, February, May, August, and October. However, the average of sales return in 2014 still satisfies the criteria and can be concluded as effective.

Futhermore, the sales of MPI Malang also indicates an effective performance of its marketing function. The formula to determine sales growth is:

$$\text{Sales growth (Rp)} = \text{Sales (x)} - \text{Sales (x-1)}$$

$$\text{Sales growth (\%)} = \frac{\text{Sales (x)} - \text{Sales (x-1)}}{\text{Sales (x-1)}} \times 100\%$$

Sales of PT MPI Tbk is shown in table below and it has been increasing for this year.

Sales Analysis
PT. MPI Tbk Malang Branch

Year	Sales (Rp)	Increasing / Decreasing		Explanation
		Rp	Percentage (%)	
2013	Rp 39,624,444,650			
2014	Rp 42,269,409,711	Rp 2,644,965,061	6,99%	Effective

The data above show that the net income and profitability of PT Indosat Malang branch have enjoyed an improvement. It can be concluded that the marketing activity of PT MPI Malang branch is conducted in effective way because its sales has shown 6.99% of growth.

The comparison between the marketing cost and sales will show the efficiency of marketing activity and the formula used to count the efficiency is :

$$\text{Marketing cost efficiency} = \frac{\text{Marketing cost}}{\text{Sales}} \times 100 \%$$

Thus, the marketing efficiency of MPI Malang is shown in the table below :

Marketing Cost Efficiency Analysis
PT MPI Tbk Malang Branch
(In million Rupiah)

Year	Marketing Cost	Sales	Marketing Cost Efficiency (%)	Explanation
2013	Rp 544	Rp 39,624	1.37 %	efficient
2014	Rp 391	Rp 42,270	0.93 %	efficient

The table of analysis above shows that in the last 2 years, the marketing cost percentage towards sales is efficient. The gap between them has shown that in 2014 MPI Malang has shown an improvement in their efficiency. This is the result of the establishment of TOS as their main improvement and a well-maintained customer relationship management (CRM).

Conclusion and Recommendation

Conclusion

In general, marketing activity in PT Millennium Pharmacon International Tbk Malang branch has been conducted in effective and efficient way. Efficiency assessment of marketing function is based on the company resources which are efficient towards company's profitability and good performance. While marketing function effectiveness is indicated by target accomplishment and it is align with the standards fulfilled by MPI.

From six components of marketing audit, the marketing organizational structure needs to be enhanced because PT MPI Malang has less concern on the development of its employee

Research Limitation

There is a limitation found in this research which is the financial report availability which only covers two years due to the lost of data that PT MPI Malang experienced. Therefore, data analysis in this research only includes data on 2013 and 2014. It is recommended to have three or more years to obtain more comprehensive analysis.

Recommendation

MPI needs to improve their marketing function, especially the marketing organization where MPI need to hold more trainings for their employee. It is to ensure the development of its employee since it can be considered as a good investment. According to Simamora (2007:7), training can give several benefits such as :

- a. Improving the quantity and the quality of productivity
- b. Decreasing the time consumed in learning the rules and standards
- c. Creating attitude, loyalty, and team work
- d. Fulfilling the needs of beneficial team work

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