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Research on Enterprise Marketing Cost Management Based on Value Chain

Yang Li[1,2,3,a,*]

[1] *School of Economics and Management, Shihezi University, Shihezi 832000, Xinjiang, China*

[2] *Institute of Accounting, Henan University of Economics and Law, Zhengzhou 450000, Henan, China*

[3] *Zhengyang Finance Bureau, Zhengyang 463600, Henan, China*

[a] *lynicky07@163.com*

[*] *Corresponding author*

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Abstract: In the context of intensifying global market competition, effective management of marketing costs has become crucial for enterprises. This study analyzes the composition and management of costs, exploring optimization strategies to provide scientific cost control methods for enterprises, thereby enhancing market competitiveness and operational performance.

1. Introduction

Amid intensifying global market competition, how enterprises can effectively manage marketing costs has become key. This study focuses on marketing cost management based on the value chain, aiming to analyze cost composition and its management to explore optimization strategies. By applying value chain theory, this study seeks to provide enterprises with scientific cost control methods to enhance their market competitiveness and operational performance.

2. Overview of Value Chain Theory and Marketing Cost Management

2.1. Analysis of Value Chain Theory

Value chain theory, proposed by Michael Porter in 1985, aims to help enterprises systematically analyze their internal activities and identify key links that create value. This theory divides enterprise activities into primary activities and support activities. Primary activities include inbound logistics, operations, outbound logistics, marketing and sales, and service, which are directly related to the production and sale of products. Support activities include firm infrastructure, human resource management, technology development, and procurement, which provide necessary support for primary activities, as shown in Figure 1. Through cost and performance analysis of these activities, enterprises can identify high-margin areas, and optimize and reallocate resources, thus enhancing competitive advantage and market performance.

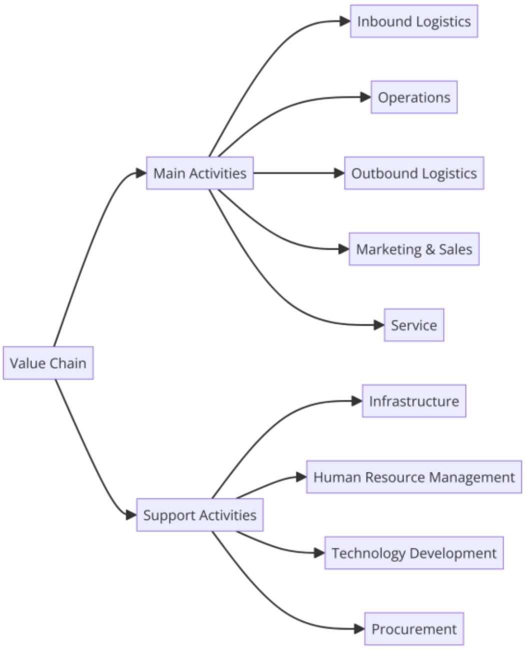

Figure 1 Value Chain Model

2.2. The Connotation and Characteristics of Marketing Cost Management

Marketing cost management refers to the process by which enterprises scientifically plan, organize, direct, coordinate, and control the consumption of marketing resources during market activities. This management activity involves costs related to advertising expenses, promotional activities, sales personnel salaries, market research, and customer service. Its characteristics include high complexity, significant influence from external market environments and internal strategic choices, strong dynamism requiring timely adjustments based on market changes, and strategic importance, playing a decisive role in the long-term development of the enterprise. Effective marketing cost management can help enterprises save resources, optimize cost structures, and enhance market competitiveness.

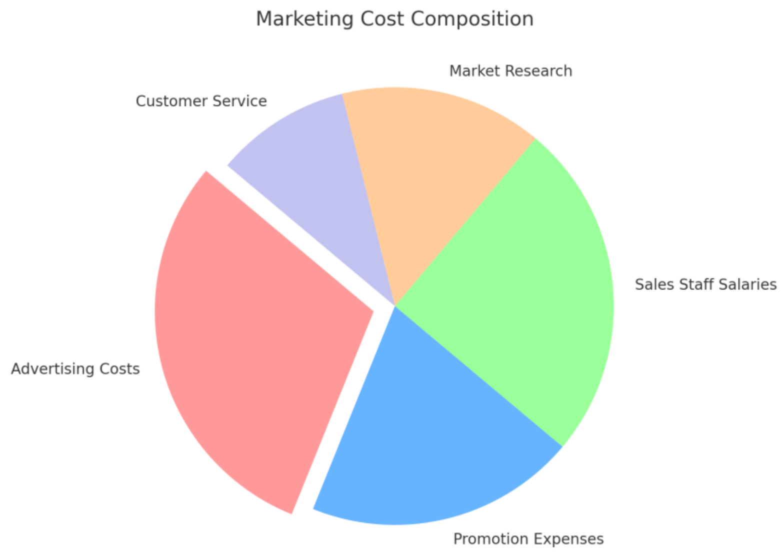

Figure 2 Marketing Cost Composition Pie Chart

2.3. Market Marketing Cost Management from the Perspective of the Value Chain

From the perspective of the value chain, market marketing cost management involves optimizing and controlling costs at various key stages of enterprise operations. The value chain divides enterprise activities into primary activities and support activities, with marketing being one of the primary activities that directly affect product pricing and market competitiveness. By systematically analyzing the cost contribution and efficiency of each link in the value chain, enterprises can identify segments with high costs or low efficiency, thereby adjusting strategies, optimizing resource allocation, and enhancing overall value creation. This approach helps enterprises achieve refined cost management and maintain a sustained competitive advantage.

3. Existing Problems in Enterprise Market Marketing Cost Management Based on the Value Chain

3.1. Unreasonable Marketing Cost Structure

A common issue in modern enterprises' market marketing cost management is the unreasonable cost structure. Many enterprises show a significant mismatch between the funds invested in advertising and promotional activities and the actual returns. This irrational cost structure not only consumes substantial resources but also reduces the overall efficiency of marketing activities. For example, in Table 1, a certain enterprise allocates the majority of its marketing budget to online and television advertising. Despite these two channels absorbing 65% of the total budget, their return rates are significantly lower than other marketing activities. Specifically, television advertising, despite its high costs, has a return rate of only 4%, far below the 25% return from social media and the 20% from market research. This situation reveals a critical issue: enterprises often rely on traditional notions or preconceived biases when allocating marketing budgets, neglecting the actual monitoring and evaluation of each channel's effectiveness. As a result, resources are excessively invested in inefficient channels while efficient channels receive insufficient investment, leading to an inefficient marketing cost structure. This structural problem not only affects the cost-effectiveness of marketing activities but also hampers the enterprise's performance and growth in a competitive market.

Table 1 Distribution of Marketing Costs for a Specific Enterprise

Marketing Activity	Budget Allocation (%)	Actual ROI (%)	Cost (10,000 CNY)
Online Advertising	35	12	350
TV Advertising	30	4	300
Social Media	20	25	200
Promotional Activities	10	15	100
Market Research	5	20	50

3.2. Insufficient Coordination among Value Chain Segments

A prominent issue in the market marketing cost management of many enterprises is the insufficient coordination among value chain segments. A core problem is the lack of smooth information sharing. In many cases, there is a significant information gap between the marketing department and other departments such as product development and supply chain management, with a lack of effective communication and information exchange mechanisms. For example, the marketing department may be unaware of the latest developments in product development, leading to marketing strategies that do not fully align with product features, thus failing to leverage the product's competitive advantages for market promotion. Strategic goal inconsistency is another important factor contributing to insufficient coordination among value chain segments. Different departments may make inconsistent strategic decisions due to differing performance metrics they focus on. For instance, the production department might prioritize cost control, while the marketing department may emphasize expanding market share. This inconsistency in goals can lead to conflicts in resource allocation and inefficiency. Uneven resource allocation is also an indication of insufficient coordination among value chain segments. As shown in Table 2, in some enterprises, resources are excessively tilted toward a particular segment, neglecting the development of other segments, resulting in an imbalance across the entire value chain. This imbalance not only affects the collaborative efforts of various segments but also reduces the overall operational efficiency of the value chain.

Table 2 Resource Allocation and Coordination Efficiency among Different Departments

Department	Resource Allocation (%)	Coordination Efficiency Score (1-10)
Marketing	40	6
Product Development	25	7
Supply Chain Management	20	5
Production	15	8

3.3. Outdated Cost Control Methods

In modern enterprise management, the advancement of cost control methods is crucial to ensuring competitiveness and profitability. However, many enterprises still employ traditional and outdated cost control methods in their market marketing cost management. As illustrated in Figure 3, these methods often fail to adapt to rapidly changing market demands and complex competitive environments. Outdated cost control methods typically lack flexibility and adaptability. These methods are often designed without considering market uncertainties and the variability of consumer behavior, making it difficult for enterprises to adjust their cost structures and marketing strategies promptly in response to market changes. For instance, setting a fixed budget might prevent an enterprise from quickly increasing investment when market opportunities arise or effectively reducing unnecessary expenditures during market downturns. Traditional cost control methods tend to focus excessively on short-term cost savings, neglecting long-term value creation. For example, some enterprises may opt for the lowest-cost advertising channels rather than the most effective ones, thereby sacrificing the long-term market impact of their brand and the establishment of customer loyalty. These outdated methods often lack in-depth data analysis and utilization. In a data-driven marketing era, leveraging big data and analytical tools can help enterprises more accurately predict market trends, customer behavior, and ROI. However, enterprises relying on traditional methods may fail to establish effective data analysis mechanisms, leading to insufficient information utilization in the decision-making process.

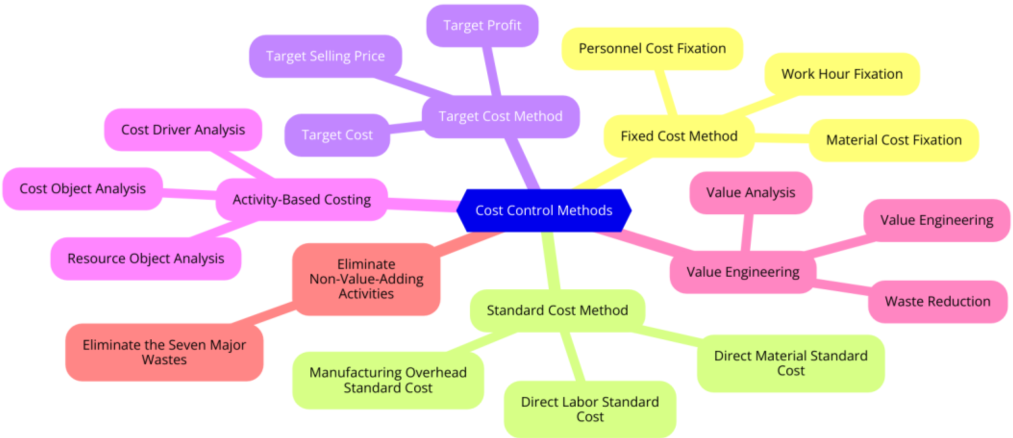

Figure 3 Cost Control Methods

3.4. Lack of Performance Evaluation System

The absence of a performance evaluation system means that enterprises struggle to accurately measure the effectiveness of their marketing activities. Without specific evaluation standards and data support, management cannot identify which marketing activities are effective and which are a waste of resources. In such cases, decisions are often based on intuition or experience rather than objective data analysis, leading to marketing strategies that may not align with actual market demands. The lack of a performance evaluation system also affects the rationality of cost control and budget allocation. Without clear performance feedback mechanisms, enterprises cannot effectively adjust their marketing budgets, potentially continuing to invest in inefficient marketing channels or excessively cutting promising marketing projects. Furthermore, the absence of effective performance evaluation makes it difficult for enterprises to engage in long-term planning and strategic adjustments. In a rapidly changing market environment, continuous performance evaluation is necessary to help enterprises understand market dynamics, identify trends, and develop marketing strategies that align with future market conditions.

4. Optimization Strategies for Enterprise Market Marketing Cost Management Based on the Value Chain

4.1. Optimizing Marketing Cost Structure

Enterprises should first conduct a comprehensive cost-benefit analysis to determine the actual return rates and resource allocation rationality of each marketing activity. By introducing advanced data analysis tools and technologies, enterprises can accurately track the effectiveness of each marketing investment, enabling data-driven decision-making. Enterprises should enhance cross-department collaboration, ensuring information sharing and resource integration between the marketing department and other departments such as product development, sales, and supply chain management, to achieve optimal resource allocation. Additionally, enterprises should establish stringent cost control and audit mechanisms, regularly reviewing various cost expenditures to identify and correct unreasonable expense items.

4.2 Enhancing Coordination among Value Chain Segments

Establishing a robust information-sharing platform is crucial to ensure that departments such as marketing, product development, and supply chain management can access and exchange key data in real time. By integrating Enterprise Resource Planning (ERP) systems and Customer Relationship Management (CRM) systems, departments can coordinate work more efficiently, reducing information silos and communication delays. Enterprises should implement cross-departmental team cooperation mechanisms, regularly organizing cross-departmental meetings and collaborative projects to involve all departments in decision-making and strategy formulation, thereby enhancing overall coordination. Additionally, enterprises need to develop unified performance evaluation standards, aligning each department's performance with the overall value chain performance to encourage departments to pursue their goals while focusing on overall synergy benefits.

4.3 Innovating Cost Control Methods

Enterprises should adopt advanced cost management techniques, such as Activity-Based Costing (ABC) and Lifecycle Cost Management (LCM). These methods allow for more precise cost allocation, identifying the specific cost sources of various activities, and helping enterprises to pinpoint high-cost, low-efficiency segments for targeted improvements. Utilizing big data and artificial intelligence (AI) for cost prediction and analysis is also an effective innovative approach. By analyzing historical data, enterprises can forecast future cost trends and make preemptive adjustments. AI algorithms can help identify potential cost-saving opportunities, optimize resource allocation, and enhance operational efficiency. Implementing dynamic budget management is another innovative cost control strategy. Traditional fixed budgets often struggle to adapt to market changes, while dynamic budget management allows enterprises to adjust budgets in real time based on market conditions and business needs, ensuring rational fund utilization and maximum benefits.

4.4 Establishing a Marketing Cost Performance Evaluation System

Enterprises should establish clear performance evaluation standards and indicators, covering key aspects such as cost efficiency, input-output ratio, market share, and customer acquisition costs. By developing a scientific indicator system, enterprises can comprehensively and objectively assess the effectiveness of different marketing activities. To further enhance the effectiveness of the evaluation system, enterprises should encourage employee participation in the performance evaluation process. Through training and incentive measures, employees can understand and master performance evaluation methods and tools, increasing their awareness and capability in cost control and efficiency improvement. Enterprises should link performance evaluation results with reward mechanisms. By integrating evaluation results with employee performance appraisals and incentive mechanisms, enterprises can motivate employees, fostering creativity and driving overall cost management improvement.

5. Conclusion

This study, through an analysis of value chain theory, explores the connotations and characteristics of market marketing cost management and deeply analyzes existing problems, including unreasonable marketing cost structure, insufficient coordination among value chain segments, outdated cost control methods, and lack of performance evaluation systems. Based on this, optimization strategies are proposed, including optimizing the marketing cost structure, enhancing coordination among value chain segments, innovating cost control methods, and establishing a marketing cost performance evaluation system. Through continuous improvement, enterprises can maintain a competitive advantage in a complex and dynamic market, achieving long-term sustainable development.

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