A MARKETING MANAGEMENT MODEL BASED ON ENTERPRISE RESOURCE THEORY

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ABSTRACT

With the rapid development of the world economy, the marketing competitiveness of Chinese enterprises are facing a huge challenge. Based on the status quo, a marketing power management model based on the enterprise resource theory is introduced, the model introduced enterprise resource management theory, and building enterprise marketing evaluation index system according to the characteristics of the theory, then using the fuzzy evaluation method to establish model, last, the results will be shown by using octagonal assessment model. The experimental results show that, the model can reflect well the level of corporate marketing force and defects, and facilitate the evaluation and management of corporate marketing force.

Keywords: *Enterprise Resource Theory, Marketing Power Management, Octagonal Assessment Model, Fuzzy Evaluation*

1. INTRODUCTION

Chinese enterprises are facing a new era of marketing which is full of unknown and changing, a era with high-speed development of the information and the new era of Internet, the traditional marketing faces new challenges [1]. Standing in front of this new environment, if they want to enhance their competitiveness in the fierce market competition and keep an invincible position, they must have the stronger ability of effectively engagement in production and business activities than the competitors and create their own unique competitive advantage [2].

Enterprises' competitive advantages root in resources advantages, capacity advantages, and environmental advantages in the final analysis, as well as the integrated effects of resources, capabilities, and environment [3]. In these three decisive factors in the competitiveness of enterprises, resources advantages play a most critical role [4]. Resources are the basis for sustainable development of enterprises, the potential productivity is also the basis for competitiveness of enterprises [5]. Whether a company has the ability to quickly adapt to the market, the ability to use internal and external resources in an efficient and integrated way to develop unique products, unique core technology, unique management style and a strong marketing network is the fundamental of enterprises to gain competitive advantage [6].

The resources and ability of enterprise has become the key for obtaining competitive advantages of an enterprise. For a long time, scholars and enterprises have been looking for the way of obtaining and maintaining competitive advantages of enterprise. In the 1950 s, the enterprise form competitive advantages mainly through the financial budget plan combined with cash flow discount techniques, and the establishment of general framework of controlling enterprise activities [7]. In the 60s, the enterprise used plan to control business, namely on the basis of medium term demand forecast, determining key points of plan, formulating strategic target and plans of products, market development to form competitive advantage [8]. In the 70 s, enterprises pay more attention to environment and enterprise status [9]. On the basis of industry organization and analysis, deciding enterprise's investment fields and cash flow distribution plan to form competitive advantage. But, people found that these theories cannot explain why in the same environment, some enterprises develop well, some enterprises got loss or even bankruptcy, and some statistical data which suggest the fact that the gap inter-industry is smaller than intra-industry, which make people strongly believe that the enterprise internal factors are the main factors of success or failure of enterprise. After the 80 s, foreign enterprise attaches great importance to the development of unique resources and ability, seeks the lasting competitive advantage and made effect [10]. Especially in today's knowledge economy conditions, and market competition going

generalization and depth, technology develop rapidly, product innovation emerge in endlessly, consumer demand going diversification and individuation, product life cycle shorten, the development of information technology and financial innovation, which greatly promoting the liberalization of elements flow, make it more convenient than in the past for enterprise to obtain various resources (capital, technology, information, talents, etc.) [11]. Thus, it created the material foundation for the integration of resources and acquiring competitive advantage of enterprises. Under this circumstance, whether an enterprise has the ability of quickly adapting to the market, using the enterprise internal and external resources by business integration, and developing a unique product, unique core technology, creating the unique management style, having a strong marketing network, etc., has become the key point of obtaining competitive advantages of the enterprises.

Facing this statue quo, the article proposed a marketing power of enterprise resource management model based on the theory of enterprise resources , in order to evaluate and manage the marketing power of the enterprises.

2. OVERVIEW OF ENTERPRISE RESOURCE THEORY

Wernerfelt thinks resources include any advantage or weakness of a given enterprise, which may be defined as tangible and intangible assets half permanent attached to enterprise. Barney thinks that "with traditional strategic analysis words, enterprise resource is the available power of an enterprise in the implementation of the strategy ", he divided enterprise resource into three categories: the material capital resources, human capital resources and organization capital resources. While Grant divided the enterprise resources into six types: financial resources, material resources, human resources, technology resources, goodwill resources and the resources of an organization. What can be found is that the definition of resources of enterprise resource theory is quite widely, its extension is very wide, almost all the enterprise factors which forming the enterprise competitive advantage can be seen as a resource, such as enterprise culture, technology level, financial strength, etc., so it is difficult to operate it in practice. But no matter how to divide, the key point is to distinguish those part of resources that can bring the enterprise the sustainable competitive advantages through carding and classification of the enterprise internal resources.

The enterprise resource theory is the theory of competitive advantage [12]. Enterprises as rent-seekers, the purpose of the corporate strategic management is through different strategies to build a sustainable competitive advantage, which has access to economic rents and excess profits. Different as homogenous of traditional neoclassical economics, the theory believes that the enterprise is a collection of resources, who shows heterogeneity due to differences in resource endowments [13]. Enterprise's competitive advantage comes from corporate ownership and control of valuable, scarce, difficult to imitate and not alternative heterogeneous resources [14]. The heterogeneity of enterprises' resource will exist for a long time, which favors a kind of sustainability of the competitive advantage. Identifying the advantages of resources and effectively develop, nurture, enhance and protect it become the important content of strategic management [15].

Enterprise resource-based theory has broken through the mode of formation of enterprises' competitive advantage of the theory on industrial organization, and the theory thinks that the root causes of the differences in corporate performance come from the internal elements, but not depend on enterprise market structure of outside [16]. The emergence of this view make awareness of important impact of enterprise resource on the role of corporate value creation and strategy making, analysis of the competitive advantage of enterprises rose from the level of product market to the internal resource allocation level [17].

3. MARKETING FORCE MANAGEMENT MODEL BASED ON ENTERPRISE RESOURCE THEORY

3.1 Evaluation Idex System of Marketing Power

Building a corporate marketing force evaluation index system based on enterprise resource theory . The article divided marketing power into three levels: the first level is the key power-- cultural force, which has a fundamental impact on enterprises' competitiveness: The second level is the dominant marketing power - - product force, sales force, channel power, prices force and brand power, and which has an important role in the choice of strategy and tactics and the integration and combination of marketing force; the third level is the supporting marketing power—executing and synergy, they are the supporting power for marketing force to fully play and gain a competitive advantage, as shown in the Figure.1.
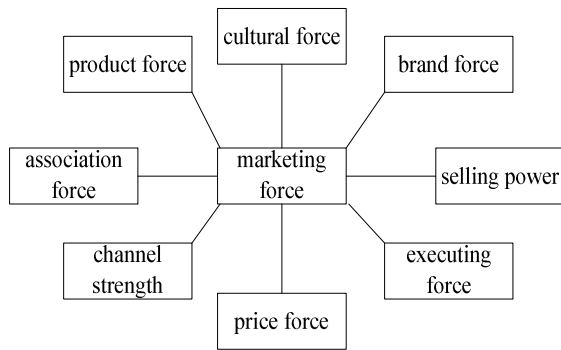
Figure 1. Marketing Force Index System Diagram

3.2 Establishment of Model

For the study of evaluation model of marketing power, the paper uses fuzzy evaluation method. The basic processes of Marketing power evaluation has a tremendous impact on the results of enterprise marketing force evaluation, the fuzzy evaluation method used in the article needs the main body, then determine the indicators and weights, at last, carried out the calculation, analysis and evaluation under the use of evaluation model , the basic process is shown in Figure below
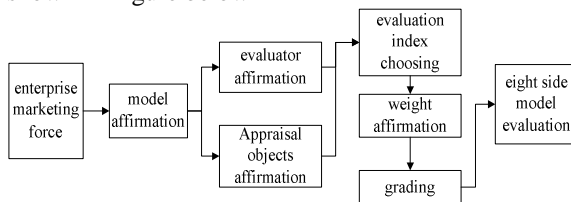

Figure 2.   *Evaluation Flowchart*

3.3 Weight Analysis

According to the different industries, the levels of importance of marketing force are also different, this article take the same weight（5:5）as an example. Decision makers compare $\dfrac{n(n-1)}{2}$, then got the matrix:

$$A = \begin{bmatrix} a_{11} & a_{12} & ... & a_{1n} \\ a_{21} & a_{22} & ... & a_{2n} \\ ... & ... & ... & ... \\ a_{n1} & a_{n2} & ... & a_{nn} \end{bmatrix} \qquad (1)$$

in A , obviously there is $a_{11} = 5$, $i = 1, 2, ..., n$

$$a_{ij} = \frac{10 w_i}{w_i + w_j} \quad i, j = 1, 2, ..., n \qquad (2)$$

in which w_i , w_j are the weight of i, j . If satisfy $\dfrac{a_{ij}}{a_{ji}} = \dfrac{a_{ij}}{a_{kj}} \cdot \dfrac{a_{kj}}{a_{ji}} = \dfrac{w_i}{w_k} \cdot \dfrac{w_k}{w_j} = \dfrac{w_i}{w_j}$, then we say a_{ij} is the disposable estimate value.

The expert score mechanism: an effective index value augment, the program value augment, more important of indicators, and greater the corresponding scores; a cost index value augment, program value reduce, and smaller the corresponding scores. Weight coefficient formula：

$$w_i = \frac{\sum_{j=1}^{n} a_{ij}}{\sum_{k=1}^{n} \sum_{j=1}^{n} a_{kj}} \qquad (3)$$

3.4 Octagonal Assessment Model Based Marketing Force Evaluation

Assuming X_i is the weight of secondary indexes of enterprise marketing force on i , M_i is the evaluation value corresponding to the marketing force, thus the intensity of enterprise marketing force is：

$$MF = \sum_{i=1}^{6} X_i M_i \qquad (4)$$

The evaluation of marketing force can be got in the same way , analyzing each element's weight and confirm the value, then we can get the result as the evaluation to cultural force:

$$M_1 = (c_{11}, c_{12}, c_{13})(M_{11}, M_{12}, M_{13})^T \qquad (5)$$

We can get eight basic scores of corporate marketing forces according to the calculation above, in fact, that is the strength of the corporate marketing force, thus, to draw maps of the strength of the enterprise marketing force, that is the octagonal assessment model. I.e. O as the center, the angles between the dotted lines drawn from the point O are equal of 45 degrees, connecting the endpoints of each segment , and the peripheral octagon can be obtained, the periphery of dashed octagon is marketing force border, on behalf of reference enterprise' marketing force selected by the enterprise.

The eight evaluation of basic marketing force points in the eight vertices of a regular octagon, and the distance form each vertex of octagonal to O indicates the level of importance of the marketing power indicators in marketing force strength, so the indicators should be indexed as the same standard,

the length of the dotted line can be got based on calculation of the value of eight marketing elements:

$$L_i = X_i M_i = X_i(x_{i1}, x_{i2},...,x_{ij})(M_{i1}, M_{i2},...,M_{ij})^T \quad (6)$$

4. MODEL TEST

The article takes an evaluation of the company's marketing power as experimental subjects, his company's marketing force weighting diagram is shown below.
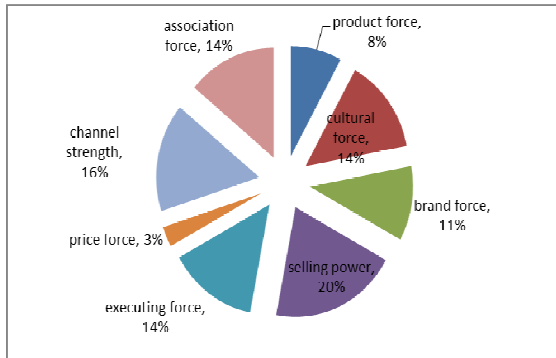

Figure 3: The Marketing Force Weight Figure

According to the weight proportion and expects' evaluation, the marketing force strength octagon assessment model is shown as below.
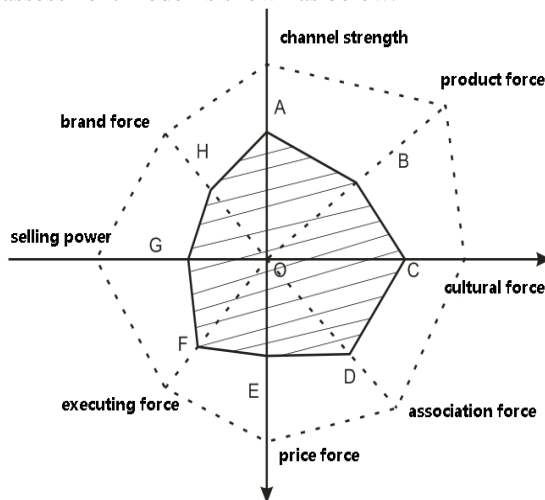

Figure 4: The Octagonal Assessment Model Diagram

The establishment of Octagonal assessment model can analyze the strength of the marketing force, assess the overall level of marketing power, grasp accurately the enterprise competitive advantage in the market. The evaluation results are shown on the corresponding axis (A, B, C, D, E, F, G, and H), which show the evaluation difference clearly, and easy to identify problems.

As can be seen from Figure 4, the score of level G H of the enterprise marketing force are close, but the C point score was higher, that indicates a stronger corporate culture, and the point E rated lower, indicating that the price force of the enterprise is the short board , so the nurture of price force is needed, thus can favor the play of the competitive advantage. Therefore, as can be seen by the graph model, nurture and enhance of the enterprise marketing force need to integrate various forces to find the strengths and weaknesses of the enterprise, to provide a basis for the development of strategic and tactical choices, and ultimately improve the overall level of profitability.

5. CONCLUSIONS

Based on the status quo, this paper has proposed a marketing force management model based on the enterprise resource theory, the model introduced the enterprise resource theory, build enterprise marketing evaluation index system according to the characteristics of the theory, and then use the fuzzy evaluation method to establish model, finally , use the eight-sided assessment model to show the results obtained, the experiments show that the model is effective.

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