ВИСШЕ УЧИЛИЩЕ ПО ЗАСТРАХОВАНЕ И ФИНАНСИ - СОФИЯ

DOCTORAL DISSERTATION

AUTO - SUMMARY

RELATIONSHIP BETWEEN MARKETING AND FINANCE IN CURRENT TECHNOLOGICAL SOLUTIONS USED IN BUSINESS MANAGEMENT

Doctoral student:
Erkan Alili

2023

CONTENT

GENERAL CHARACTERISTICS OF THE DOCTORAL DISSERTATION

INTRODUCTION

Some of the most important expenses a business can have relates to the marketing and advertising of its products or services. While a business must be able to market its product, it must also be able to manage the related costs. This is the foundation of the relationship between Marketing and Finance.

With the marketing growing more complex, specialized financial experts are needed to help companies gain spending visibility, manage costs and budgets while still providing value. With time, it's possible to transform finance into an ally and turn marketing into a performance-driven unit at the same time.

Finance is concerned with all financial aspects of a business such as profits, costs, the feasibility of projects, and overall financial performance while marketing focuses on product development, pricing strategy, distribution channels, promotions, sales targets, sales volume, sales in comparison with competitors, brand awareness and publicity.

A relationship between these two functions in companies would be mutually beneficial since, without marketing, product lifecycles won't be managed and sales will decline, resulting in lost profit. On the other hand, without the Finance function, there would not be a marketing budget. The objective of Finance is to find ways to increase profits. Therefore, should there be no profit, their role will become redundant. Marketing – Finance relationship benefit both parties and as such they must find ways to work together

METHODOLOGICAL APPROACH TO RESEARCH

1. SOCIAL JUSTICE FOR STUDYING THE TOPIC

The Finance and Marketing departments have always been held separate – they think and behave differently. Marketers are driven by creativity and ideas while financial people are compelled by numbers and budgets. While both departments have the company's best interest at heart, they see the business in different ways.

To make this relationship work, the marketing department takes on the responsibility of managing and developing the growth of a business while the finance department works closely with marketing to monitor trends in the business as well as manage the efficiency of marketing initiatives. Marketing needs Finance now more than ever. From a marketing perspective, here are 3 ways in which the relationship with the Finance department can be improved:

The perception is that Marketing is always going to ask for more money and Finance is always going to cut the budget without taking the reasons for spending into account. Regular meetings between the two departments are needed to negotiate and discuss expenses and budgets in alignment to company goals.

When Finance sees a large expense, without knowing anything about it, they are going to want to cut back on spending. That's their job. Those in Marketing must take the time to explain why the funds are needed and how it will benefit the business. Both departments need to be willing to compromise.

2. SUBJECT OF RESEARCH

The subject of research in this dissertation is research into the question of how marketing and finance as two interdependent functions of business companies work and cooperate.

Also subject to research in this paper is the research of the work of the marketing department, which should generate revenue by introducing customers to the products or services offered by the company, converting potential customers interested in the company's product into paying customers, and maintaining revenue. of the company by ensuring customer satisfaction and implementing customer retention policies.

The subject of research in this paper are the tasks of finance for the growth of the company through the use, monitoring, distribution and transfer of the company's money to the right places, financial reporting, monitoring and forecasting of the company's financial condition.

3. PURPOSE OF THE RESEARCH

The purpose of the research of this paper is to gain insights into how marketing as a process introduces buyers (or consumers or businesses) to the products or services offered by the company, through traditional channels - such as TV ads, radio ads or billboards - and through digital marketing channels such as blogs, videos and social media and how finances, on the other hand, budget money and assets, effectively manage debt, properly manage an investment portfolio and effectively monitor financial markets and trends.

Also, the purpose of the research paper is to present how finance ensures the acquisition, management and effective use of the company's financial resources in order to increase its financial value and achieve its goals and how marketing, on the other hand, involves promoting of the company's products and services and establishes and increases contact and reach with consumers in order to achieve prosperity in the competitive world.

4. HHYPOTHESIS

Basic (general) hypothesis:

The ability of finance and marketing to work together and understand each other's role can be critical for companies.

First special hypothesis:

In many organizations, finance and marketing are two distinct business areas. Finance helps allocate resources to support the company's goals, maintaining a balance between costs and revenues. Marketing connects the company with consumers and how it affects the creation of profit and its growth and development.

A second special hypothesis:

Finance and marketing are two different operations, but it is important to have cooperation between finance and marketing within a company. Without it, it will be difficult for them to fully support organizational goals.

A third special hypothesis:

For finance and marketing to work together, several things need to be considered: What is the organization's purpose, and where do these two functions fit into that? Does each function understand what the other is doing?

Auxiliary hypothesis:

What connection exists between finance and marketing and how can it best be capitalized on?

5. RESEARCH METHODS

For the successful processing and development of the topic of the doctoral dissertation, which requires a multidimensional approach, a number of research methods are used, namely:

- ***Historically*** - by applying this method historically the conditions for cooperation between the functions of finance and marketing are determined;
- ***Content analysis*** - this method analyzes situations and reveals the impact of finance activities on marketing, and revers;
- ***Comparative method*** - by applying this comparative perception of experiences, methodology and differences in the functioning of finance and marketing functions in companies;
- ***Statistical method*** - by applying this method, the efficiency of creating cooperation between finance and marketing functions in companies is processed;
- ***Synthesis*** - using this method, the data obtained using the previous methods are combined.

6. TIME FRAMEWORK OF THE RESEARCH

Due to the nature of the matter that is dealt with in the doctoral dissertation, the time matter is investigated in the period from 2001 to 2023 to determine how the connection of the finance function with human resources in companies was created.

7. INFORMATION BASE OF THE DOCTORAL DISSERTATION

The information base for the preparation of the dissertation is based on materials from statistical yearbooks, statistical bulletins, materials of financial and other chambers and marketing associations.

8. DEGREE OF PROBLEM DEVELOPMENT

It is important for marketing to have a solid understanding of the financial aspects of running a business. Key subject areas include budgeting and profitability management (billing, write-off, etc.), as well as reading and understanding financial statements. Marketing needs to have a good understanding of the business, how the business makes money or how to have a meaningful conversation about the financial profile of the business.

II. SCOPE AND STRUCTURE OF THE DISSERTATION

The dissertation has been developed in the volume of 171 pages, and the content is structured according to the set goal of the research and specific tasks and is in accordance with the subject of the research.

Structurally, the work consists of an introduction, main text in three chapters; conclusion; used literature 101 sources total in English language,

- ✓ reference to major contributions;
- ✓ statement of authenticity and originality.

III BRIEF JUSTIFICATION OF THE DOCTORAL DISSERTATION

PART ONE: COLLABORATION BETWEEN MARKETING AND FINANCE

1.1. CREATING AN ALLIANCE BETWEEN FINANCE AND MARKETING

Whether is a big business with structured departments or a small business with individuals running, traditionally, the perspective is that marketing wants to spend while finance wants to save and this creates an 'us vs. them' mentality. Marketing and finance need to share the same commercial vision and appreciate each other's value. So they can work together to:[1]

- Tracking sales trends,
- Budgeting accurately for campaigns,
- Allocating resources efficiently.

- ➢ All of the above is essential for financial success because the companies gain a cohesive strategy where growth happens in the right areas. The key to achieving this result lies within effective communication and a deeper level of understanding.
- ➢ Success can only happen when marketing and finance understand each other, the overall business objectives and how working together can galvanize outstanding results.

1.1.1. Monthly meeting

Both sides need to have an initial sit-down meeting. To strip away perceptions that finance is there to block expenditure or that marketing isn't appropriately measured on performance.

- ➢ Finance can justify and plan for the initial spend while factoring in the impact on the rest of the business to support growth. And marketing has the backing needed to move forward with a valuable strategy.
- ➢ Inter-departmental meetings need to be a regular occurrence. So communications don't break down and both sides can respond to strategic changes quickly.

[1] Why Collaboration Between Marketing and Finance is Essential for Growth, (2023), Mike Pye + Co, https://mikepyemarketing.com › Blog.

1.1.2. Finance contributing to the marketing strategy

To have finance which are invested in marketing, it is nesses to add their input to the strategy.

- Marketing should ask finances:
  - ✓ What are the ideal growth targets for the business in terms of clients and sales?
  - ✓ What is appropriate to spend to achieve this growth?
  - ✓ Which services or products are the most profitable?
  - ✓ How is the client spend split across your products or services?
  - ✓ Which clients or regions are the most profitable?

This has a huge added benefit: finance have unique insight into clients, products or services. They can use this knowledge to help marketers create more targeted and lucrative campaigns.

- Sharing success stories: Without evidence of marketing success, a finance will simply see the expenditure as a vacuum on the business' profits. And then they'll do what they're paid to do: cut costs to save money. Company should give marketing the opportunity to share the success they gain from campaigns. Like data on how much website traffic was generated from last month's campaign, and the subsequent percentage increase in sales. Or how creating and advertising a free tool drove new customer enquiries.
- The far-reaching benefits of teaming up. Finance and marketing can use partnership to catapult performance and improve job satisfaction.

1.2. BENEFITS OF FINANCIAL MANAGEMENT FOR MARKETING

Financial management is the practice of dealing with the financial resources of a firm with the objective of effectively accomplishing organizational goals of business success with profitability. Finance is one of the most crucial functions in an organization as it directly deals with the profitability aspect of the organization. Financial management is taken care of by experts most of whom have financial management certification and a degree in one of the various finance course:[2]

- Being a financially successful company is the aim of any organization and therefore, every function in the organization is expected to adhere to financial management norms and practices. Marketing being one such function in which financial management plays a major role, there are financial managers who dedicatedly work with the marketing teams in their organization. Marketing deals with the promotion of a product or service or several products and services that an organization sells. The mode and tools of promotion vary according to the purpose of the promotional campaign.
- A company may need to launch marketing and advertising campaigns for creating brand awareness. Sometimes they want to outsmart the competition and emerge and gain top of mind awareness. At other times, organization looks to support the sales teams by generating more sales leads through its campaigns. For different

[2] Sakshi, (2022), Benefits of Financial Management for Marketing, TalentEdge, https://talentedge.com › blog.

campaigns, an organization can choose to use tools like television ads, print campaigns, radio spots, digital marketing or on ground events, amongst many others. Mostly, it is a combination of several modes of communication to reach different customers effectively. Any marketing function is involved in a lot of back end activities like conducting market research, choosing vendors, printing marketing collaterals and hiring agencies for developing creatives and overseeing on ground events.

1.2.1. Provides Funds

Financial Management Provides Funds for the Right Campaign at the Right Time. Financial management is at a strategic level with the top management and once a campaign or marketing activity has been duly checked by them, they can present a sound case to the top management to get it approved. By keeping a check on various marketing spends, a financial management can save funds on marketing investments that matter.

1.2.2. Keep Marketing Budget

Financial Management Helps Keep Marketers on a Budget. Financial management understands the strategic needs of the organization and accordingly keep tabs on how much costs should for marketing to be allowed. At any point, whenever the organization needs to understand the validity of any marketing investment, the top management asks the financial managers for their professional view on the matter. Marketing and finance can together come to a consensus on marketing needs and its relevance in meeting the organizational objectives. Financial managers can help forecast the marketing spends and plan in advance for various marketing elements. They also help the marketing team in compliance of the best practices in accounting.

1.2.3. Financial Creativity

Financial Management Adds Financial Acumen to Creativity. While marketers spend their time and energy on creating and executing effective marketing campaigns, they do not have the resources or the skill to manage the financial aspects of marketing. From budgeting to payments, financial skills are required in the marketing domain at every step. And hence it needs an expert to handle all these elements so that the marketers can focus on the creative part of marketing and advertising. Financial management enables marketing and advertising function to stay on track, manage the financial aspects of business accurately and avoid any financial blunders that may cost the company. Finance is a partner to marketing and takes care of the analytical side of marketing. With the analytical side of finance teaming up with the creative side of marketing, organization benefits from the synergy created between the two.

1.3. FINANCING IN MARKETING

There are a few different ways to finance marketing activities, depending on the type of marketing. Financing in marketing is a critical component of success. Without the necessary funds, a company cannot hope to compete in today’s market. Marketing is an expensive endeavor, and without the right resources, a business can quickly fall behind its competitors. There are a variety of ways to finance marketing efforts. The most common is through advertising and marketing budgets. However, there are a number of other methods, including public relations, market research, and sales promotions. No matter which method a company chooses, it is important to ensure that the funds are used effectively:[3]

- Marketing is a complex process, and without the right planning and execution, money can be wasted.
- Financing in marketing is a critical component of success. By understanding the different methods of financing and how to use them effectively, a business can give itself the best chance to succeed.
- There are a variety of ways to finance marketing campaigns, depending on your business's needs and the type of campaign running.

1.3.1. Existing budget

If company have funds allocated for marketing in existing budget, she can start by using those. This may require to re-evaluate budget and make some tough decisions about where to allocate resources, but it's a great way for company to get started without spending any extra money.

1.3.2. Personal funds

If company have money saved up, she can use that to finance marketing activities. This option has the advantage of not needing approval from a higher-up, but it can also be risky if company is not prepared to lose that money if the campaign doesn't succeed.

1.3.3. Kredits

If company need more money to finance campaign, she can use credit cards or loans to get the funds need. This option has the advantage that company not needing to pay the money back until after the campaign is finished.

1.4. DIFFERENCE BETWEEN FINANCE VS MARKETING

Finances and Marketing are two important fields for the business to function well. Finances describes activities that involve money management, investment, saving, funding, debt, credit, etc. Marketing is the process that helps seek customer interest in the products produced or services rendered. The Finance department in the company helps to channel the revenue/cash flow into various business activities and monitors the wealth and progress of the company. The Marketing department, on the other hand, supports the business in generating more revenue through marketing ideas and practices. In addition, it helps to reach the products/services to the customers:[4]

Finance is defined as procurement, management, and effective utilization of an entity's finance to increase the organization's overall wealth and achieve its objectives and goals in a limited period. In contrast, marketing is an action or a task of promoting its business, its products, and its services. It includes creating and expanding the business's contact and reach, helping it grow in the competitive world. Finance and Marketing are two domains of study that every business needs. In simple terms, the marketing department takes responsibility for

[3] Bodie, J., (2023), Financing In Marketing (Quick Guide) – Medium, https://medium.com › financing-in-marketing-quick-gui.
[4] Thakur, M., (2023), Finance vs Marketing, EDUCBA, https://www.educba.com › fi.

generating revenue. The finance department is responsible for transporting this revenue in different activities to ensure maximum growth of the wealth.[5]

1.4. 1. Finance

Finance is a term that involves managing money and funds and learning about money and investment. Finance also involves planning and budgeting the cash flow, expenses, and income. The major element is managing capital, whether personal finance, corporate finance, or public finance. In business, finance predominantly deals with both sourcing and utilization of funds. The funds are utilized in business operations to maximize revenue and returns. Funds are always used for short-term and long-term business goals. They manage both working capital needs, which are short-term, and also utilize funds for long-term business projects.

1.4.2. Marketing

Marketing is the process of promoting products or services. It starts from planning for pricing the products/services, promoting them, and the distribution channels. The ultimate goal is to attract customers and launch the products and services. For any business to be successful, marketing is the key; it plays a critical role in developing public awareness, customer attention and helps to build customer relationships and trust. Marketing contributes to increased business transactions, sales, and profitability. The key tools of marketing are communication and advertisement/promotions. It helps ease the selling process; they understand the customer’s wants and needs and try to serve them to capture the market and get customer satisfaction. They are completely customer-centric, and their goal is to win the support of customers for their products.

PART TWO: THE INFLUENCE OF FINANCE ON MARKETING IN COMPANIES

2.1. GENERAL CHARACTERISTICS OF INFLUENCE OF FINANCE ON MARKETING

Finance in companies is focused on tracking costs, overseeing accounting and creating reports, which are not always used to draw up specific action plans. Among the traditional tasks of finance in companies are:[6]

- Compliance with accounting and financial standards and consolidation of financial data,
- Ensuring proper execution of strategic planning processes,
- A company's profitability through its ability to maximize profits,
- The solvency of the company based on its ability to repay its loans and debts,
- Good management of the company's cash flow,
- The coordination of all financial actors around the company: suppliers, legal and administrative advisors, tax services
- Modern finance is service oriented. Closely cooperates with other sectors as a strategic partner:

[5] Mukhopadhyay, S., (2023), Finance Vs Marketing, WallStreetMojo, https://www.wallstreetmojo.com ›
[6] What role for the finance department today?(2023), Sqorus, https://www.sqorus.com › w.

- Human Resources to validate the overall HR budget and by cost center (recruitment, compensation, training, compensation and benefits.
- The Information Systems Department defines the needs and resources needed to optimize information and management systems and manage the implementation of management tools.
- Communication to ensure reliability of financial information.
- Marketing and Sales to monitor margins, profitability by product line and marketing budget.
- General services in access to negotiations and cost reduction.

Business finance, also known as corporate finance in the business world, is responsible for allocating resources, creating economic forecasts, reviewing equity and debt financing opportunities, and other functions within a company:[7]

- The good thing about business finance is that mathematical or statistical formulas can produce actual financial results associated with business information. The formulas for internal business activities are usually based on how waste can be eliminated and production can be maximized in the operation.
- With any business, there is a bottom line that flows directly from organizational goals. By using business finance, your organization can define financial goals to determine what success looks like on the bottom line. Financial goals tell you if you are reaching the threshold of profitability or if after constant efforts the organization remains stagnant.
- A well-designed strategic planning effort will give your organization a blueprint for achieving profitability. Financial strategies are tied to organizational goals. Therefore, business finance is responsible for ensuring that your organization has a plan to meet its ultimate goals.
- Another function of business finance for your organization is to guide financial planning. Where financial goals determine profitability, financial planning determines how much you should work and have reserves for slow periods. Financial planning also determines where operating dollars come from, such as business loans or revenue. Also, part of financial planning is how to allocate and spend money.
- Financial planning leads to the next function of business finance, which is budgeting and forecasting. Budgeting is a popular financial planning tool that stems from forecasting efforts. Generally, you prepare budgets with multiple line items that represent the dollar value of how much money is allocated for a particular expense. Most - if not all - organizations find that creating and adhering to a budget is helpful in keeping financial activity on track. Just like in personal finance, a budget will measure spending and saving habits that could help or hinder financial goals.
- Forecasting acts as a predictor in calculating what your organization's future finances may look like. According to the principles of business finance, forecasting determines what your sales volume may be and any capital expenditures that may occur. Financial forecasts are of particular interest to investors and stakeholders.

[7] Functions of Business Finance for Your Organization, (2023), Commerce Commercial Credit, https://www.commercecommercialcredit.com › blog › fu.

This type of data informs investors and stakeholders about the profitability of your organization.

- In addition, the use of forecasting techniques can also assess financial risks. Stakeholders may withdraw their investments when forecasts show less than promising financials and risk has increased. You can use forecasts to develop new strategies that could help your organization's future growth and make it more attractive to investors.

2.2. THE ROLE OF FINANCE IN COMPANIES

Finances run through every part of the company's operations. Finances are critical in almost every business decision, from planning and budgeting and cash flow management to capital structure and how you control risks and costs:[8]

- Strategic planning and budgeting - Companies define where they want the business to go, set goals and then ask finance how much it will cost to get there. These plans form the basis for hiring employees, capital spending, capital raising, marketing campaigns and management bonuses.
- Equity or Loan - After creating the strategic plan, finance turns to methods of financing the company's operations. Is it better to raise more capital from investors or take loans from lenders? Financial analysis provides the answer to this question.
- Cash Flow Management - Every company always wants to know how much money is in the company's bank account. Finance's job is to make sure the business has enough liquidity to pay its suppliers and employees on time. If cash is tight, finance people will make arrangements to use the firm's bank line of credit.
- Conversely, having excess cash sitting idle in a bank account makes it harder for a company to return its investment. Financial analysis will notice this situation and find investments that give better returns.
- Profit Planning and Cost Controls - Since the basis of a business is to make a profit, it only makes sense that finance would play a major role in finding ways to improve profitability. This might involve determining the profitability of individual products and weeding out the losers and promoting the winners. Finance could point out ways to improve productivity in manufacturing or find cheaper sources of materials.
- Managing Unavoidable Risks - Managing a business is risky. An owner has concerns about the direction of interest rates, currency fluctuations, changes in commodity prices and risks that his customers will not pay their invoices. Financial reports monitor these areas and give reports to owners and managers. Financial management analyzes the risks of international markets, checks the credit standing of customers, goes through the terms of loans from lenders and provides an assessment of the perils in these areas. Nothing is ever for certain, and finance helps put the hazards in perspective.
- The role of finance in business is indispensable. Business owners use financial data every day when making decisions. They use finance to analyze the present and project the future. Companies cannot operate without the benefits of financial analysis.

[8] Woodruff, J., (2019), Role of Finance in a Business, Chron, https://smallbusiness.chron.com ›

2.2.1. Budgeting

Budgeting is an important process that allows companies in any industry to project future cash flows. It also guides important decisions within a company, including equipment procurement, staff onboarding and resource allocation:[9]

- A business budget is a financial plan based on a company's revenue and expenses it expects over a period. Budgets can help businesses estimate spending, identify capital and predict revenue. A budget can also help leadership understand how the company is performing.
- Companies rely on budgets to predict cash flow and expenses, so management can make financial and operational decisions. With the right budget, a business can avoid or reduce debt while increasing opportunities for loans and investors.
- Many businesses use multiple budgets depending on their needs, size and operations. Some may have an overall budget and include others for specific needs, such as capital or labor.
- Understanding how to create a marketing budget is a key element of any marketing plan. Once company`ve made the marketing budget, she have to track it to ensure stay within marketing budget:[10]
- A marketing budget is an outline of the costs that a company will spend to market its product or service. The marketing budget covers a finite period of time, the length of which can be anywhere between a quarter to a year.
- The marketing budget includes all expenses related to the advertising campaign. These can include paid advertising, sponsored web content, additional marketing staff, registering a domain and building a dedicated website, print and billboard advertising, TV ads and much more.
- Budgeting is a crucial part of any marketing plan; you need to allocate your resources properly to meet various marketing strategies that your company sets. It's a complicated job that's simplified through project management software.
- Marketing Budget Allocation - Marketing budget allocation is the maximum company can spend on a marketing plan. That money has to reach the target audience and provide leads, sales and o a return on investment (ROI) for the company.
- Tracking Marketing Budget - The idea of tracking budget is an essential part of managing the marketing initiative. Company've spent a lot of time and effort planning the budget, but that doesn't mean work is done. A marketing budget, like any part of her larger marketing plan, is not chiseled in stone. It's a living document that must be constantly reviewed and revised.

2.2.2. Analysis and evaluation

Regularly evaluating the performance of organization can help understand how much progress are making toward realising goals. A performance analysis is a tool can be ued to

[9] Lee, D., 2023), Budgeting in Business: Components, 7 Types and Example, Indeed, https://www.indeed.com ›
[10] Landau, P., (2022), How to Create Marketing Budget: A Quick Guide, ProjectManager, https://www.projectmanager.com › blog › marketing-bu.

check important metrics every month or year and make plans for adjustment and improvement e:[11]

- A performance analysis is an evaluation of how a business or individual has performed over a certain amount of time.
- It's important to interpret this data by measuring any variations from projected metrics, understanding why these variations happened, putting the business's progress in the context of market and consumer behavior and using that information to decide what to encourage, discourage and plan for in the future.
- Companies may use performance analysis to understand how a business has performed relative to projections over a month or a year. Companies may also use performance analysis techniques to measure individual performance for periodic reviews or employee evaluations. For each situation, different metrics and goals are relevant.
- A business performance analysis includes company performance metrics and goals. Depending on the scope and focus of the analysis, these may be more or less comprehensive.

2.2.3. Raising capital

Firms often make decisions that involve spending money in the present and expecting to earn profits in the future. Firms can raise the financial capital they need to pay for such projects in four main ways:[12]

- from early-stage investors;
- by reinvesting profits;
- (by borrowing through banks or bonds; and
- by selling stock.

- *Early-Stage Financial Capital* - Firms that are just beginning often have an idea or a prototype for a product or service to sell, but few customers, or even no customers at all, and thus are not earning profits. Such firms face a difficult problem when it comes to raising financial capital.
- *Profits as a Source of Financial Capital* - If firms are earning profits (their revenues are greater than costs), they can choose to reinvest some of these profits in equipment, structures, and research and development. For many established companies, reinvesting their own profits is one primary source of financial capital.
- *Borrowing: Banks and Bonds* - Firms have two main borrowing methods: banks and bonds:
  - ✓ A bank loan for a firm works in much the same way as a loan for an individual who is buying a car or a house. The firm borrows an amount of money and then promises to repay it, including some rate of interest, over a predetermined period of time.

[11] Editorial Team, (2022), How To Complete a Performance Analysis for Your Business, Indeed, https://www.indeed.com › p.
[12] How Businesses Raise Financial Capital – OpenStax, (2023), https://openstax.org › books › pages › 17-1-how-busi.

- ✓ A bond is a financial contract: a borrower agrees to repay the amount that it borrowed and also an interest rate over a period of time in the future. A corporate bond is issued by firms, but bonds are also issued by various levels of government.

- *Corporate Stock and Public Firms* - A corporation is a business that “incorporates”—that is owned by shareholders that have limited liability for the company's debt but share in its profits (and losses). Corporations may be private or public, and may or may not have publicly traded stock. They may raise funds to finance their operations or new investments by raising capital through selling stock or issuing bonds.

Marketing funding are working capital specifically earmarked for marketing activities. Ideally, the investment will return more than enough revenue to recover any funding costs. Having funding for marketing activities is essential so that can grow business an revenue. Sales will often increase when target audience is well-informed about products and services. One of the most challenging aspects of marketing is figuring out where will get funding for marketing activities:[13]

❖ There are several viable options available when it comes to funding marketing strategy:

- Invoice funding - InvoiInvoice funding also called invoice factoring, is a type of business funding in which an invoice factoring company pays a company’s unpaid invoice quickly, way ahead of net terms. The invoice factoring company then follows up with the business’ customer and gets paid according to the invoice’s payment terms.
- Grants - Another source of funding for marketing is grants. There are grant programs available based on location and industry from government. While grant funds can be a great source of “free” money, they often have a time-consuming grant application process, and companies are competing with many other businesses for funding. Grants are somtimes reserved for specific use cases.
- Self-fund - Company can always choose to self-funding her marketing efforts by investing own capital into the business, but this comes with greater financial risk in the event business runs into trouble.
- Loans for marketing - One popular funding method is a business loan for marketing. It’s good in that company get a lump sum of capital to execute a marketing program with fixed repayment terms. On the downside, the eligibility requirements can make it hard to qualify for new businesses, and they take some time to get in place due to the lengthy application process. Company, also, going into debt to fund her business growth, which isn’t an ideal situation.
- Partner up - If company don’t mind working with an outside partner to secure capital for marketing, might consider taking on venture capital or crowdfunding:
- Venture capital can offer the working capital and mentorship needed to accelerate business growth. Given how difficult it is to obtain, it’s one of the most prestigious types of funding.

[13] Fundthrough, (2023), Marketing Funding: Why to Get Capital for Marketing Your Business, FundThrough.https://www.fundthrough.com ›

- Crowdfunding is when company ask individuals to contribute a certain amount to funding goal. Company may or may not give incentives to contributors or simply promise some level of repayment once project is a success. Typically, these investors are everyday people, and so will need to have hundreds, if not thousands, of investors, each contributing a small amount. With crowdfunding, company aren't required to give up equity, but she don't benefit from a partner invested in your success.

❖ The most important thing that company should have in mind when deciding how to use capital for marketing is to have a marketing plan. Having a business development plan for using marketing capital will help understand what sort of return can expect from investment without overspending. Some questions to ask when developing marketing strategy include:

- What are short-term and long-term goals? (Do company want to raise brand awareness, generate leads, and nurture clients toward repeat purchases?)
- Who is ideal client?
- Where are ideal clients spending time?
- What does success look like?
- How will measure that success?
- Topics of interest to target audience.
- How much of funds can company afford to allocate to marketing?
- How will execute your strategy?

❖ Once company have strategy and marketing budget, she need to choose tactics to execute strategy. Marketing money may go towards:

- Branding. This involves creating a brand identity as well as marketing materials. Branding assists with brand awareness and creating a consistent image of company.
- Website. This involves website design, hosting, and keeping content up-to-date. Many consumers and businesses use company website to get a first impression of company.
- Content marketing. Creating content (like this article!) can help to attract leads through search engine optimization. This is often directly linked to search engine optimization (SEO) initiatives, which is focused on making it easier for customers to find online content.
- Social media. Creating and managing social channels builds a following for company who can nurture toward becoming customers. This approach can also dovetail with content marketing and video marketing. Furthermore, most social media platforms have advertising options, too.
- Online advertising. Search engine ads are a popular way to reach customers, but you may need to hire a professional to write, design, and run them.
- Public relations (PR). Thinking writing press releases, meeting with influencers, and working with newspapers and other media.

- Traditional advertising.Company shold`nt forget about the value of print ads, radio, and television ads! Direct mail, in particular, is not as common as it used to be. So this approach can really make your business stand out.
- E-newsletters. Building and maintaining a list and creating content on a regular cadence requires investment. But it's pretty effective. And it can be a way to retain current customers as well.
- Videos. Video content is an excellent way to showcase business, but videographers or just DIY equipment costs money. If posting on YouTube and channel becomes popular, it could even be an additional revenue stream.
- Staff training. If marketing team handles efforts in-house, company not sould forget to invest in staff training to keep skills fresh and stay on top of best practices.
- Event marketing. For attending seminars, organizing a webinar, and attending conferences or local events are require cash. With careful planning, meeting clients in-person events can be particularly effective.
- Referral programs. Word-of-mouth is still an ideal way to acquire and retain customers, but this can need some funding, too. Referral programs often require prizes and other incentives to encourage participation. Company will need the resources to manage it.

2.2.4. Taking investment decisions

Investment decision refers to financial resource allocation. Investors opt for the most suitable assets or investment opportunities based on risk profiles, investment objectives, and return expectations. Investment decisions are, also, influenced by the frequency of returns, associated risks, maturity periods, tax benefits, volatility, and inflation rates. Investment decisions are made to reap maximum returns by allocating the right financial resource to the right opportunity.[14]

- Investing in an assets, security, or project requires a lot of patience; ideally, the decision-making process should be analytical.
- An investment is a planned decision, and some of the factors that are responsible for these decisions are as follows:
  - ✓ Investment Objective: The purpose behind an investment determines the short-term or long-term fund allocation. It is the starting point of the decision-making process.
  - ✓ Return on Investment: Managers prioritize positive returns—they try to employ limited funds in a profitable asset or security.
  - ✓ Return Frequency: The number of periodic returns an investment offer is crucial. Financial management is based on financial needs; investors choose between investments that yield monthly, quarterly, semi-annual, or annual returns.

[14] Wallstreetmojo Team, (2023), Investment Decision - Meaning, Factors, Process, Examples, WallStreetMojo. https://www.wallstreetmojo.com ›

- ✓ Risk Involved: An investment may possess high, medium, or low risk, and the risk appetite of every investor and company is different. Therefore, every investment requires a risk analysis.
- ✓ Maturity Period or Investment Tenure: Investments pay off when funds are blocked for a certain period. Thus, investor decisions are influenced by the maturity period and payback period.
- ✓ Tax Benefit: Tax liability associated with a particular asset or security is another crucial deciding factor. Investors tend to avoid investment opportunities that are taxed heavily.
- ✓ Safety: An asset or security offered by a company that adheres to regulatory frameworks and has a transparent financial disclosure is considered safe. Government-backed assets are considered the most secure.
- ✓ Volatility: Market fluctuations significantly affect investment returns and, therefore, cannot be overlooked.
- ✓ Liquidity: Investors are often worried about their emergency funds—the provision to withdraw money before maturity. Hence, investors look at the degree of liquidity offered by a particular asset or security; they specifically consider withdrawal restrictions and penalties.
- ✓ Inflation Rate: In financial management, investors look for investment opportunities where returns surpass the nation's inflation rate.

2.2.5. Management of risk

Business risk management is a subset of risk management which evaluates, prioritises and addresses the risks involved in any changes to business operations, systems and processes. Business risk management acts as a guide in decision-making and planning in the event of an emergency or an opportunity. Business risk management also enables an integrated response to multiple risks and facilitates informed, risk-based decision-making capabilities:[15]

- ➢ Enterprise risk management is the methodical process of identifying and creating responses to potential events that represent risks to the achievement of company's strategic objectives, or to opportunities to gain competitive advantage. It's the expression of your company's risk culture, risk tolerance, appetite for risk.
- ➢ Risks in today's age of technology and climate change have multiplied in number and complexity. Advance planning and expert consultation can mitigate the downside of some of these risks. Many risks are in fact insurable: fire, product liability, or embezzlement among them.

2.3. Measurement of financial results

Financial performance ismeasured to see how well a firm manages its assets, such as liabilities, expenses and incomes, to achieve maximum revenues. Financial performance can be used for both internal and external purposes. For people involved in a company's operation, the measurement determines the company's well-being. However, financial performance, also

[15] What is business risk management? (2021), Allianz Trade, https://www.allianz-trade.com ›

provides investors and people from outside the company with valuable information on the investment potential hidden in the business:[16]

- Measuring financial performance provides all the parties involved with a company's operations with valuable insights regarding its past, present and future.
- Financial performance shows a company's past standing, provides managers with key benchmarks for their business or its respective parts and, last but not least, can be used to evaluate their work or the quality of their operations. As such, it can act as a base for planning current endeavors or even choosing new projects in general.
- Financial performance can, also provide executives with insights into the future. Financial performance can help determine overall trends in the business, analyze particular types of operations and discover seasonal tendencies that affect the company. As a result, it can help managers check whether the profitability, as well as other indicators, is on the track to growth.

2.3.1. Financial value of the company

A company valuation is the process of determining the economic value of a company business. During the valuation process, all areas of a business are analyzed to determine its worth and the worth of its departments or units. A company valuation can be used to determine the fair value of a business for a variety of reasons, including sale value, establishing partner ownership, taxation:[17]

- Business valuation is typically conducted when a company is looking to sell all or a portion of its operations or looking to merge with or acquire another company. The valuation of a business is the process of determining the current worth of a business, using objective measures, and evaluating all aspects of the business.
- A business valuation might include an analysis of the company's management, its capital structure, its future earnings prospects or the market value of its assets. The tools used for valuation can vary among evaluators, businesses, and industries. Common approaches to business valuation include a review of financial statements, discounting cash flow models and similar company comparisons.
- Valuation is also important for tax reporting. Some tax-related events such as sale, purchase or gifting of shares of a company will be taxed depending on valuation.

2.3.2. Marketing costs

Marketing cost is the money a business spends on advertising and promoting its products or services. It includes expenses such as public relations, sales promotions, direct marketing, and advertising campaigns. These costs are necessary and its purpose is to attract and retain customers, increase brand awareness, and generate sales. The amount a business spends on marketing can vary depending on the size of the business, industry, and marketing objectives. Marketing cost are very important as effective marketing campaigns can be

[16] Terpiłowski, A., (2022), Financial Performance Measurement: Monitor Your Company’s Finances, Primetric. https://www.primetric.com › blog › financial-performance.
[17] Hayes, A., (2023), Valuing a Company: Business Valuation Defined With 6 Methods, Investopedia, ttps://www.investopedia.com ›

expensive but provide a high return on investment. Therefore, businesses must monitor and evaluate their marketing activities to ensure they use their budget effectively:[18]

- Marketing cost refers to the expenses incurred by a business to promote and advertise its products or services to potential customers. It includes various expenses such as advertising, public relations, sales promotions, direct marketing, and other marketing campaigns. These costs are necessary for businesses to attract and retain customers, increase brand awareness, and drive sales.
- Marketing costs can vary significantly depending on the size of the business, the industry, and the marketing objectives. As a result, some businesses may spend a significant portion of their budget on marketing, while others may allocate a smaller percentage.
- Effective marketing campaigns can be expensive, but they can also yield significant returns on investment. However, businesses must utilize their marketing budget effectively and efficiently to reach their target audience and achieve their marketing goals. Therefore, regularly monitoring and evaluating marketing campaigns are essential to ensure businesses get the most value for their marketing spend.
- There are several types of marketing costs, each with its own set of techniques, strategies.

2.3.3. Profitability and profit

Profitability and profit are not the same. Profitability and profit are accounting metrics that are used to analyze the financial success of a company, but there are distinct differences between the two. To adequately determine whether a company is financially sound or poised for growth, investors must first understand what differentiates a company's profit from its profitability:[19]

- Profitability is a measurement of efficiency. It is a metric that is used to determine the scope of a company's profit in relation to the size of the business and ultimately its success or failure. Profitability can tell key stakeholders whether a company is able to sustain its position in the market and continue to grow. It is the extent to which a company earns a profit. There are two parts to a company's profitability: revenue and expenses. As such, a company is profitable if its revenue exceeds its expenses:
- Profitability is often expressed as a financial ratio to help management, analysts, and investors to better understand how the company is able to earn the money necessary to cover its expenses and other company-related costs. These ratios include profit margins and return on equity. Another key ratio is the earnings before interest, taxes, depreciation, and amortization. This ratio lets stakeholders know whether a company is financially healthy and how it can generate revenue.
- There are several factors that come into play when it comes to a company's profitability. Most of these can be shaped by the company and its management team while others may not necessarily be easy to control.

[18] Vaidya, D., (2023), Marketing Cost - What Is It, Examples, Types, How To Reduce? WallStreetMojo, https://www.wallstreetmojo.com › marketing-cost.
[19] Horton, M., (2023), The Difference Between Profitability and Profit, Investopedia, https://www.investopedia.com ›

PART THREE: THE INFLUENCE OF MARKETING ON FINANCE IN COMPANIES

3.1. ROLE OF MARKETING IN BUSINESS GROWTH

The intersection of marketing and finance is a critical area that plays an important role in driving the growth and success of any business. The two disciplines may seem vastly different, but they share a common goal: to drive business growth. While marketing is responsible for creating awareness, generating leads, and driving revenue growth, finance is responsible for managing the financial resources of the organization, including budgeting, financial forecasting, and financial analysi:[20]

- Creating a successful marketing budget requires a deep understanding of both marketing and finance. The marketing team needs finance to allocate budgets for various marketing activities, and finance needs marketing to drive revenue growth. The collaboration between marketing and finance is essential in creating a successful marketing budget. The two teams need to work together to identify the business goals and objectives that the marketing budget needs to achieve, develop a marketing strategy that aligns with the business goals and objectives, and allocate the budget to the most effective marketing channels.
- Marketing is a critical function in any organization, responsible for creating awareness, generating leads, and driving revenue growth. It is a process of identifying customer needs and wants, creating a product or service that meets those needs, and communicating the value proposition to potential customers. It is the process of identifying, anticipating, and satisfying customer needs profitably. Marketing is not just about advertising and promoting a product or service; it is a complex process that involves market research, segmentation, targeting, positioning, and the development of a marketing mix. Marketing is not just about promoting products or services, but it is also about creating a positive brand image and building customer loyalty.

3.1.1. Marketing and Finance Collaboration

Marketing and finance are two important functions in any business organization, and their collaboration can lead to better decision-making, improved business performance, and ultimately, increased profitability. The collaboration between marketing and finance is critical because marketing drives revenue growth, while finance manages financial resources and ensures the profitability of the organization:

- Marketing and finance should work together to identify the business goals and objectives that the marketing budget needs to achieve. These goals should be specific, measurable, achievable, relevant, and time-bound (SMART). Once the goals are set, marketing and finance should collaborate to develop a marketing strategy that aligns with the business goals and objectives.
- Collaboration between marketing and finance can take various forms, such as:
  - ✓ joint planning,
  - ✓ budgeting, and

[20] Verma, S, (2023), The Intersection of Marketing and Finance: How to Create a Successful Marketing Budget, https://www.linkedin.com ›

- ✓ performance tracking.

- ➢ Budgeting is the area where collaboration between marketing and finance is essential. Marketing requires financial resources to execute marketing campaigns, and finance needs to allocate budgets to the most effective marketing channels that drive revenue growth. Marketing and finance should work together to develop a marketing budget that aligns with the financial goals and objectives of the organization. The marketing budget should be based on a solid business case that demonstrates the expected return on investment (ROI) of the marketing campaigns.

3.1.2. Business Goals and Objectives

The marketing budget should align with the business goals and objectives. The marketing team should work closely with the finance team to identify the key performance indicators (KPIs) that will be used to measure the success of the marketing campaigns. The KPIs should be measurable, relevant, and time-bound:

- ➢ The business goals and objectives that influence the marketing budget can vary depending on the organization and industry. However, some common goals and objectives include revenue growth, market share, brand awareness, customer retention, and new product launches.
- ➢ Revenue growth is a common objective for most businesses. The marketing budget should be focused on generating leads and increasing sales through targeted marketing campaigns. The budget should be allocated to the most effective marketing channels that have a high ROI.
- ➢ Market share is another important objective for businesses. The marketing budget should be focused on capturing a larger share of the market through effective positioning, pricing, and promotion strategies. The budget should be allocated to the most effective marketing channels that can reach the target audience and generate the desired results.
- ➢ Brand awareness is critical for businesses to differentiate themselves from their competitors and establish a strong brand image. The marketing budget should be focused on building brand awareness through advertising, public relations, and other branding activities. The budget should be allocated to the most effective marketing channels that can reach the target audience and create a strong brand impression.
- ➢ Customer retention is important for businesses to maintain a steady revenue stream and reduce customer churn. The marketing budget should be focused on developing customer loyalty programs, email marketing, and other activities that keep customers engaged and loyal. The budget should be allocated to the most effective marketing channels that can reach the target audience and encourage repeat purchases.

3.1.3. Competitive Landscape

Understanding the competitive landscape is crucial when creating a marketing budget. It helps businesses to identify their competitors and assess their strengths, weaknesses, and marketing strategies. By analyzing the competitive landscape, businesses can develop a marketing budget that positions them favourably in the market and drives growth.To analyze the competitive landscape, businesses should consider factors such as the size of the market, the number and size of competitors, the pricing strategies of competitors, the marketing channels used by competitors, and the strengths and weaknesses of competitors. By analyzing these factors, businesses can develop a marketing budget that is focused on their unique value proposition and competitive advantages:

- One important factor to consider when analyzing the competitive landscape is pricing. Businesses should understand the pricing strategies of their competitors and develop a pricing strategy that is competitive and profitable. The marketing budget should be focused on promoting the unique value proposition of the business and positioning it favourably in the market.
- One can also consider the marketing channels used by competitors. By analyzing the marketing channels used by competitors, businesses can identify gaps in the market and develop a marketing budget that is focused on the most effective channels. For example, if competitors are heavily investing in social media advertising, businesses may want to focus on alternative channels such as content marketing or email marketing.

3.1.4. Target Audience

Another significant factor while creating a marketing budget, it is important to consider the target audience that the marketing efforts will be aimed at. The target audience is the group of people or businesses that are most likely to be interested in the products or services being offered. By understanding the characteristics and preferences of the target audience, businesses can develop a marketing budget that is focused on the most effective marketing channels and messages:

- To identify the target audience, businesses should consider factors such as age, gender, income, geographic location, education, and interests. By analyzing these factors, businesses can develop a buyer persona that represents the ideal customer. The marketing budget should be focused on reaching this buyer persona through the most effective marketing channels.
- The marketing channels used to reach the target audience can vary depending on the characteristics of the target audience. For example, if the target audience is younger, social media platforms such as Instagram or TikTok may be more effective. If the target audience is older, traditional marketing channels such as print advertisements or direct mail may be more effective.
- In addition to the marketing channels, the messaging used in the marketing efforts should also be tailored to the target audience. By understanding the preferences and pain points of the target audience, businesses can develop messaging that resonates with them and encourages them to take action.

3.1.5. Marketing Channels

Marketing channels are the means through which businesses reach their target audience and promote their products or services. When creating a marketing budget, it is important to consider the most effective marketing channels for reaching the target audience and achieving the business's goals.There are many different marketing channels available, including digital marketing channels such as social media advertising, search engine marketing, and email marketing, as well as traditional marketing channels such as print advertising, direct mail, and outdoor advertising:

- The choice of marketing channels depends on a variety of factors, including the characteristics of the target audience, the business's goals and objectives, and the budget available. Digital marketing channels are often more cost effective than traditional marketing channels and can be more targeted to specific demographics. However, traditional marketing channels can still be effective in reaching certain audiences or achieving specific goals.
- When allocating a marketing budget to different marketing channels, businesses should consider the potential return on investment for each channel. Some marketing channels may have a higher cost per lead or cost per acquisition, but may also generate a higher conversion rate or lifetime customer value. Other channels may have a lower cost per lead but may generate lower-quality leads.

3.2. MARKETING ACTIVITIES

Marketing activities are tactics and strategies that a business companies employs to encourage customers to buy goods or services. Marketing activities can also include initiatives to better understand consumers, such as market research.Companies use different marketing activities—such as email campaigns, paid advertisements, or search engine optimization—to reach returning and potential customers. An effective marketing plan includes various marketing tools and tactics and tracks marketing metrics to gauge efficacy and results. There are many marketing activities that business companies or e-commerce companies can use to increase brand awareness and reach their target audience:[21]

- Content marketing: This marketing strategy includes coordinated content creation that provides potential customers with relevant text, video, and audio content. Examples of pieces of content used for this type of marketing include advertising memes, entertaining videos, podcasts, and blog entries. You can promote this content on your landing page or other marketing channels like your newsletter or social media.
- Digital ad marketing: This category covers many marketing tactics. Digital ad marketing includes web ads, podcast ads, email marketing, and webinars. Unlike content marketing, digital marketing focuses on actual ads rather than website content that may or may not contain information about your business.
- Market research: By gathering information about the behavior of potential and existing customers and analyzing and interpreting that information, businesses can make informed decisions about the development of a new product or service. Implementing marketing research can also help companies improve their customer experience by better understanding the needs and demographics of their customer base. You can use market research to find new customers, identify your ideal customer or target market, or research market trends.
- Search engine optimization (SEO): This tactic focuses on attracting targeted traffic to a website through organic or nonpaid rankings on a search engine results page (SERP). Unlike paid results such as pay-per-click advertisements, search engine

[21] MasterClass, (2022), Marketing Activities: 5 Types of Marketing Activities – 2023, MasterClass, https://www.masterclass.com ›

optimization involves the creation of organic content that answers user queries and features relevant keywords.

- Social media marketing: This digital marketing method engages new customers on social media platforms. Social media marketing campaigns include video ads, in-feed static ads, or paid partnerships with influencers.

3.2.1. Product decisions

In marketing, the term "product decision," especially product decision in marketing, refers to the company's deliberate choices—big or small—about its product. The decisions made about a company's product or service are essentially made to satisfy client demand and secure commercial success. For instance, judgments on a product's quality, features, and appearance are product attributes. In contrast, each product makes its own choices about product features, branding, packaging, labeling, and support services. Moreover, product decisions in marketing regarding the "marketing mix components" include decisions regarding the product, value, promotion, and appropriation channels of distribution:[22]

- Who makes Product Decisions in a company and why is it importan - Marketing management or executive comiky is frequently in charge of publicly making product decisions. Considering that product planning, also known as product discovery, is the continuous procedure of identifying and expressing market requirements that determine a product's feature set, it is viewed as a crucial decision and a matter of corporate sustainability. A good Product decision made by the company will attract customers by fulfilling their needs.
- Different levels of products - Product levels are used by sales experts to evaluate and allocate exactly how a product may satisfy the customers' varied demands, needs, and wants. Businesses can achieve this by modifying and introducing goods that appeal to customers at various value levels or product categories. Customers have five categories of demands, ranging from functional or fundamental needs to emotional needs. And they are the key to understanding major product decisions.
- Major product decisions include all aspects of the product. From how it is sourced/ manufactured; to how to reach the end customers to make a sale; everything is included in the product decision process. To make things more simplified, one can look into the "marketing mix components" used by marketers to market an existing or new product.
- Adherence to fair trade principles - This can be highlighted as a marketing tactic by using ethical marketing approaches. So in order to connect with target customers who share similar values, businesses express their business ethics in marketing materials. All Product marketers must realize that an ethical product is one that does not hurt its customers or the environment in any way. The former involves having a detrimental effect on people's mental health, such as by disseminating dangerous material or fostering addictive behavior. Adhering to such principles helps influence customers and attract them, thus, generating sales. Maintaining Product Marketing Ethics is the key to a successful product decision process.

[22] Harbola, G., (2022), What Is Product Decisions? - A Complete Guide, Seekho, https://www.seekho.ai › blog.

3.2.2. Pricing decisions

Companies make pricing decisions when determining the prices for their products or services. Pricing decisions are important because they affect the profitability of a business. Pricing plays a crucial role in a company's marketing strategy as it impacts its customer relationships. When prices are reasonable and competitive, customers tend to return, leading to increased profitability for the business. A pricing strategy is viewed as a component of an organization's marketing and branding process since it impacts its relationship with the target audiences:[23]

- Pricing decisions refer to the process by which a company decides on the most appropriate pricing for its products or services based on various factors such as demand, production cost, and competition.
- It is a process used to figure out what manufacturers or service providers should get in return for their products or services. Estimating the right prices relies upon different variables like raw material costs, manufacturing costs, labor costs, profits margins, etc. net revenue, and so on.
- It involves careful analysis and consideration to arrive at the most effective pricing strategy.

3.2.3. Distribution decisions

Distribution decisions refer to all decisions that ensure the efficient delivery of goods and services to the end user. People often think of distribution as delivering physical products such as clothes, but distribution also impacts services (e.g. consulting, dry cleaning) and digital content (e.g. music, TV programs). While online distribution brings companies the opportunity to reach more people, it faces many same issues as offline distribution—for example, choosing the right product for sales or converting prospects into buyer:[24]

- One major distribution decision is choosing distribution channels. Distribution channels are paths that a product goes through, from the manufacturer to the end-user.
- Main distribution channels include wholesalers, retailers, brokers, and delivery companies. The purpose of distribution channels is to ensure the timely arrival of goods and prevent delayed sales. Distribution channel decisions refer to selecting distribution types, levels, and strategies.
- Distribution is also one of the four marketing mix elements.
- There are four types of distribution decisions:
  - ✓ Direct selling - In direct selling, the product goes directly from the producer to the customers.
  - ✓ Indirect selling - In indirect distribution channels, products are delivered by intermediaries. These intermediaries can be wholesalers, retailers, or brokers.
  - ✓ Dual distribution - Dual distribution is the combined strategy of direct selling and selling through intermediaries to maximize product reach.

[23] Bhasin, H., (2023), Pricing Decisions: Examples, Objectives & Factors to Consider, Marketing91, https://www.marketing91.com ›
[24] Distribution Decisions (Marketing), Types (2023), StudySmarter UK, https://www.studysmarter.co.uk ›

- ✓ Reverse channel distribution - Reverse channel distribution is the channel where products flow from consumers back to retailers and manufacturers.

3.2.4. Promotion decisions

When a company develops new products and services, it must introduce these new product developments to the right customer groups. Promotion refers to making a product or service known to the customer. Together with product, pricing, and place, promotion makes up the 4Ps of the marketing mix which help a business achieve its financial goals. The right promotional strategy enables a company to reach more customers, generate higher sales, and increase customer loyalty and market share:[25]

- ➢ Promotion decisions refer to the identification of promotional goals as well as the resources and tools needed to achieve those goals. Marketing promotions are tools that help companies communicate with customers and inform them about a product.
- ➢ Promotional Decision Process - Promotional decisions down into seven steps. They are as follows:
  - ✓ Step 1: Defining problems - This step determines the need for a promotional strategy by considering the type of product or service to be promoted, the target audience, the marketing budget, and branding messages.
  - ✓ Step 2: Establishing objectives - After the problems are defined, the next step is to determine your promotion's end goal or objectives. This step answers the question.
  - ✓ Step 3: Designing promotion mix - During this step, marketers create a promotion mix. A promotional mix is a combination of promotional strategies used in a promotional campaign. Examples include personal selling, email marketing, sales promotions, print ads, social media advertising, etc.
  - ✓ Step 4: Planning the promotion program - In this step, you plan how long the business will carry out the promotional campaign and the tools that should be used. The marketer will consider the promotion's budget, resources, objectives, and size.
  - ✓ Step 5: Pre-testing - After the plan is complete, it's time to test it before implementing it full-scale. During the testing, marketers should pay close attention to the additional promotional costs, customer responses, and unexpected issues that arise.
  - ✓ Step 6: Implementation - If the testing results prove positive, the plan is ready to launch full-scale. If not, more planning is needed to avoid extra costs during the implementation.
  - ✓ Step 7: Monitoring and evaluation - Marketers should monitor the performance of the promotional campaign regularly for improvement. The company should consider external factors such as economic recession, seasonal variations, and natural disasters, which can affect the customer's decisions.

[25] Promotion Marketing: Types, Strategy and Examples, (2023), Hello Vaia, https://www.hellovaia.com ›

CONCLUSION

Finance is related to marketing. The study of the marketing-finance relationship is to assess the extent to which finance is functioning well by allocating financial resources that serve the utility of consumers. Finance decisions in companies must be motivated by long-term criteria, rather than, for example, short-term cash flows without long-term contributions. Marketing activities include decisions about product, price, promotion and sales (4Ps). Marketing affects the company's profit and its value. Marketing consumes resources, time and money, but also contributes to the financial value of the company.

Finance is one of the most crucial functions in an company on as it directly deals with the profitability aspect of the company. Being a financially successful company is the aim of any ocompany and therefore, every function in the organization is expected to adhere to financial management norms and practices. Marketing is one function in which finance plays a major role. Finance dedicatedly work with the marketing teams. Marketing deals with the promotion of a product or service or several products and services that an company sells.

Company may need to launch marketing and campaigns for creating brand awareness. Sometimes companies want to outsmart the competition and emerge and gain top of mind awareness. The company looks to support the sales teams by generating more sales leads through its campaigns. For different campaigns, companies can choose to use tools like television ads, print campaigns, radio spots, digital marketing or on ground events, amongst many others. Mostly, it is a combination of several modes of communication to reach different customers effectively. Any marketing function is involved in a lot of activities like conducting market research, choosing vendors, printing marketing collaterals and hiring agencies for developing creatives and overseeing on ground events.

All aspects of an company’s marketing activities need the ocompany`s investment. A finance shold is to ensure that all marketing investments are beneficial for the company either in the short term or the long term. The returns on marketing investment is an important criterion for approving any marketing campaign and the job of the finances is to look into the potential benefit of any marketing activity.

Finance is the backbone of any compan. From managing day-to-day operations to planning for future investments, finance plays a crucial role in ensuring that businesses thrive in today’s competitive world. As companies continue to grow and expand, they need financial resources to support their endeavors.

The role of finance incompany is critical as it helps organizations achieve their financial goals. Finance encompasses a wide range of activities aimed at managing and maximizing the value of resources available to businesses. Finance involves analyzing, planning, controlling and reporting on various financial aspects of the company’s operations.

Finance plays a vital role in the success of businesses. It provides companies with the necessary funds to start, operate and expand their operations. Without adequate finance, businesses cannot pay for essential resources such as employees, supplies or equipment needed to maintain daily operations.

Moreover, finance also impacts decision-making processes within an organization. Companies must carefully manage their finances to ensure that they can cover expenses while still making a profit. To do this effectively, firms need financial data and analysis tools that help them make informed decisions about investments and expenditures.

Marketing is a term that encompasses a whole range of activities aimed at making people aware of products and services and persuading them to buy them. Marketing includes consumer research, product design, and other aspects.

For any company that wants to grow and develop, marketing must build a long-term relationship with its customers. Marketing is based on demographics, psychographics and consumer behavior and therefore provides an understanding of what customers want. Because marketing uses different ways to promote products or services, it helps increase the likelihood of better sales. Marketing helps a business stay relevant to customers and in its domain. It helps in maintaining good relations.

Marketing helps in making informed decisions. The fundamental questions every company has are around how and why to produce products or deliver services. This highlights the importance of marketing for companies and the fact that it connects business and society.

IV USE OF THE SCIENTIFIC AND PRACTICAL RESULTS

1. Proposal for acceptance and development of the role of finance, accounting and mathematics in companies.

2. Acceptance of the importance of finance, accounting and mathematics in companies is suggested.

3. Proposed activities for increasing the role of finance, accounting and mathematics in companies.

4. Proposal for improving the functioning of finance, accounting and mathematics in companies.

5. Developed measures to improve the functioning of finance, accounting and mathematics in companies.

6. Proposed and designed activities to improve the system of finance, accounting and mathematics in companies.

Guidelines are given to improve coordination and cooperation between the separate departments of finance, accounting and mathematics in companies.

LIST OF PUBLICATIONS RELATED TO THE DISSERTATION

1. Ardit Haxhija, MSc, **The role and significance of finance in companies**

2. Ardit Haxhija, MSc, **The role and significance of accounting in companies**

3. Ardi*t* Haxhija, MSc, **The role and significance of financial mathematics in companies**

REERENCE

1. Aitkenhead, W., (2023), The importance of finance, sales and marketing teams working more collaboratively, graydon.co.uk/resources/blog/sales/importance-finance-sales-and-marketing-teams-working-more-collaboratively.

2. Benefits of Financial Management in the Marketing and Marketing, (2023), TalentEdge, https://talentedge.com › wha.
3. Bhasin, H., (2023), Pricing Decisions: Examples, Objectives & Factors to Consider, Marketing91, https://www.marketing91.com ›
4. Bodie, J., (2023), Financing In Marketing (Quick Guide) – Medium, https://medium.com › financing-in-marketing-quick-gui.
5. Business-money.com, (2021), How finance impact on the Business growth - Business Money, https://www.business-money.com/announcements/how.
6. Byju's, (2023), Promotion: Meaning, Definition, Types, example, https://byjus.com/commerce/what-is-promotion.
7. Carmicheal, K., (2023), Target Audience: How to Find Yours [+ 5 Campaign Examples], https://blog.hubspot.com/marketing/target-audience
8. Chasm.to, (2022), Competitive Landscape | Definition, Steps, Examples, https://chasm.to/glossary/competitive-landsc.
9. Clark, J., (2023), 6 Ways To Fund Your Marketing Campaign, https://www.movingtrafficmedia.com/ways-fu.
10. Coursera, (2023), Marketing: What Is It and Why Do Companies Need It, www.coursera.org/articles/marketing-is.
11. CFI Team, (2023), Financial Performance - Overview, How To Measure, corporatefinanceinstitute.com/resources/accounting/financial-performance/
12. Chand, S, (2023), Role of Marketing: Top 10 Important Role of Marketing in Making a Product Successful, https://www.yourarticlelibrary.com/marketing/role.
13. Commerce Mates, (2023), Pricing: Meaning, Types, Objectives, and Importance, https://commercemates.com/pricing.
14. Digital Editor, (2023), The Role of Marketing in Business Growth,https://digitaladblog.com/2023/03/28/the-role-of.
15. Distribution Decisions (Marketing), Types (2023), StudySmarter UK, https://www.studysmarter.co.uk ›

16. Editorial Team, (2023), Finance department roles (with job responsibilities), https://uk.indeed.com/.../finance-department-roles.
17. Editorial Team, (2022), How To Complete a Performance Analysis for Your Business, Indeed, https://www.indeed.com › p.
18. Editorial Team, (2022), Marketing Expenses: Methods, Examples and Importance, https://www.indeed.com/.../marketing-expenses-examples.
19. Editorial Team,(2023), Marketing in Business: Strategies and Types Explained, https://www.investopedia.com/terms/m/mark.
20. Editorial Team, (2023), 9 Different Types of Marketing Channels (With Definitions), https://www.indeed.com/.../types-of-marketing-channels.
21. Editorial Team, (2023), The 7 Marketing Functions and Their Importance in Strategy | Indeed.com, indeed.com, https://www.indeed.com › career-development › marketi.
22. Editorial Team, (2023), Profitability vs. Profit: Differences and Similarities, https://www.indeed.com/.../profitability-vs-profit.
23. Eitorial Team, (2023) What Is Profit? (With 3 Important Profit Equations), https://www.indeed.com/.../ what is profit.
24. Editorial Team, (2023), What Is the Role of the Finance Department in Business, https://sg.indeed.com/.../role-of-finance-department.
25. Emeritus, (2023), Master Marketing for Business: 5 Key Elements for Success, Emeritus Online Courses, https://emeritus.org › learn.
26. Evaluating Marketing Performance (2023), Course Sidekick, https://www.coursesidekick.com › boundless-marketing.
27. Feinberg, B., (2023), The Benefits Of Using Financing As A Marketing Tool, Demand Gen Report, https://www.demandgenreport.com ›
28. Forsey, C., (2023), What is Marketing, and What's Its Purpose, blog.hubspot.com/marketing/what-is-marketing.
29. FreshBooks, (2022), Profit Vs Profitability: What's the Difference, https://www.freshbooks.com/.../profit-vs-profi.

30. Functions of Business Finance for Your Organization, (2023), Commerce Commercial Credit, https://www.commercecommercialcredit.com › blog › fu.

31. Fundthrough, (2023), Marketing Funding: Why to Get Capital for Marketing Your Business, FundThrough.https://www.fundthrough.com ›

32. FutureView Systems, (2023), 8 Characteristics of Best-in-Class Finance Functions, futureviewsystems.com, https://www.futureviewsystems.com › blog › 8-characteri.

33. Harbola, G., (2022), What Is Product Decisions? - A Complete Guide, Seekho, https://www.seekho.ai › blog.

34. Hayes, A., (2023), Profitability Ratios: What They Are, Common Types, and How Businesses Use Them, Investopedia, https://www.investopedia.com ›

35. Hayes, A., (2023), Valuing a Company: Business Valuation Defined With 6 Methods, Investopedia, ttps://www.investopedia.com ›

36. Herrity, J., (2023), What Are Business Goals? Definition, Steps and Examples. https://www.indeed.com/career-advice/career-development/business-goals.

37. Horton, M., (2023), The Difference Between Profitability and Profit, Investopedia, https://www.investopedia.com ›

38. How Businesses Raise Financial Capital – OpenStax, (2023), https://openstax.org › books › pages › 17-1-how-busi.

39. IB Business Management HL, (2023), Marketing and its relationship with other business functions, Faria Education Group, https://guide.fariaedu.com ›

40. Insegment.com, (2023), The Role of Marketing: How it Affects Business and How to Market, https://www.insegment.com/blog/role-marketing.

41. Jayaram, R., & Singh, S. (2020). Sustainable finance: A Systematic Review. International Journal of Indian Culture, and Business Management, https://www.abacademies.org › articles › Sustai.

42. Kerner, M. S., (2023), What are Business Goals? Definition and Examples, https://www.techtarget.com/.../business-goals.

43. Kenton, W., (2022), Profit Definition Plus Gross, Operating, and Net Profit Explained, Investopedia, https://www.investopedia.com ›

44. Knowthis, (2023), What is Promotion , https://www.knowthis.com/promotion-decisions.
45. Kokemuller, N., (2023), What Is the Difference Between Finance and Marketing, bizfluent.com/info-8302763-difference-between-fina.
46. Lalush, P., (2023), Distribution Strategy | Cutting Edge Distribution Strategies 2023, https://www.selecthub.com/enterprise-resource.
47. Lanier, S., (2023), How To Set Business Goals (+ Examples for Inspiration), Global web icon, https://blog.hubspot.com/the-hustle/business-goals.
48. Leadmarketingstrategies., (2023), , What are Marketing Activities? Definition, Benefits & Examples, https://www.leadmarketingstrategies.com/what-are-marketing-activities.
49. Marketing vs. Finance: Which Degree Is Right , (2020), Rasmussen University, https://www.rasmussen.edu › degrees › business › blog.
50. MasterClass, (2022), Marketing Activities: 5 Types of Marketing Activities – 2023, MasterClass, https://www.masterclass.com ›
51. Migliorelli, M. (2021). What Do We Mean by Sustainable Finance? Assessing Existing Frameworks and Policy Risks.Sustainability, https://www.abacademies.org › articles › Sustai.
52. Morrow, S., (2023), Cost of marketing: What is the average budget. https://www.legalzoom.com/articles/cost-of.
53. Mukhopadhyay, S., (2023), Finance Vs Marketing, WallStreetMojo, https://www.wallstreetmojo.com ›
54. Landau, P., (2022), How to Create Marketing Budget: A Quick Guide, ProjectManager, https://www.projectmanager.com › blog › marketing-bu.
55. Lee, D., 2023), Budgeting in Business: Components, 7 Types and Example, Indeed, https://www.indeed.com ›
56. Ogono-Dimaro, P., (2022), Marketing for Business: How Marketing Helps Business Growth, https://careerkarma.com/blog/how-marketing-helps-business.
57. Olenski, S., (2023), 5 Ways To Improve The Alliance Between Finance And Marketing, https://www.forbes.com/sites/steveolenski.

58. OpenStax, (2023), The Role of Finance and the Financial Manager, https://openstax.org/books/introduction-business/
59. Oracle, (2023), How Finance Teams Can Unlock Their Creativity, https://go.oracle.com/how-finance-teams-ca.
60. Pandey, N., (2023), Business Finance Definition and Meaning. https://emeritus.org/in/learn/business-finance-definition-and.
61. Promotion Marketing: Types, Strategy and Examples, (2023), Hello Vaia, https://www.hellovaia.com ›
62. QuestionPro, (2023), Target Audience: What is it + how to define it, https://www.questionpro.com/blog/what-is-a-target-audience.
63. Quinn, K., (2022), Calculating a M.arketing Budget: How To Create and What To Consider, www.indeed.com/career-advice/career-development/calculating-marketing-budget.
64. Reed, H., (2021), How to Choose the Right Platform and Ads for Your Brand. Branding Strategies. bigcommerce.com. https://www.bigcommerce.com/blog/social-media-advertising.
65. Rogers, K., (2023), Determining the Value a Company | Overview, https://study.com/academy/lesson/business.
66. Sakshi, (2022), Benefits of Financial Management for Marketing, TalentEdge, https://talentedge.com › blog.
67. Sanfilippo, M., (2023), How to Develop and Track a Marketing Budget, Business News Daily, https://www.businessnewsdaily.com ›
68. Saymon, A., (2023), Differences between finance and marketing – Medium, https://medium.com/@saymonsale/differences-between.
69. Singh, R., (2023),What are the functions of production, marketing, and finance in a company? Quora, https://www.quora.com › W.
70. Schmidt, J., (2023), Valuation: Definition & Reasons for Business Valuation ,Corporate Finance Institute, https://corporatefinanceinstitute.com/.../valua.

71. Staff, S., (2023), Marketing Budget Guide: What To Cover and How To Make One, https://www.shopify.com/blog/marketing-budget.
72. Sustainability for businesses: marketing and finance, Allied Business Academies, https://www.abacademies.org › articles › Sustai.
73. Schwartz, Q., (2023), Who Is Your Target Audience? A Complete Guidehttps://grin.co/blog/who-is-your-target-audience.
74. Sydney-Hilton, E. & Vila-Lopez, N., (2019), "Are Marketing Strategies Correlated with Financial Outputs? A Longitudinal Study", Journal of Business & Industrial Marketing,
75. Teneva, I., (2023), How finance leaders can develop creativity in their teams, www.fm-magazine.com/news/2023/jul/how-finance-leaders-can-develop-creativity-in-their-teams.html.
76. Terpiłowski, A., (2022), Financial Performance Measurement: Monitor Your Company's Finances, Primetric. https://www.primetric.com › blog › financial-performance.
77. Thakur, M., (2023), Finance vs Marketing, EDUCBA, https://www.educba.com › fi.
78. Theinvestorsbook, (2022), Product Decision - The Investors Book,https://theinvestorsbook.com/product-decisio.
79. The marketing–finance interface, (2020), UCLA, https://www.anderson.ucla.edu › files › document.
80. The Relationship between marketing and finance, (2019), IMM Graduate School, https://imm.ac.za › the-relationship-between-marketing-a.
81. The Role of Marketing - Duke People, (2023), Duke University, https://people.duke.edu › Publications.
82. The role of the finance function – OCR, (2023), The purpose of the finance function, www.bbc.co.uk/bitesize/guides/zk94cqt/revision/1.
83. The role of the finance function – OCR, (2023), Why businesses need finance, www.bbc.co.uk/bitesize/guides/zk94cqt/revision/1.
84. Twin, A., (2023), Marketing in Business: Strategies and Types Explained, https://www.investopedia.com/terms/m/mark.

85. Tyre, D., (2023), Here's How to Value a Company [With Examples], https://blog.hubspot.com/sales/how-to-value.

86. The Role of a Marketing Department in a Business, (22023), The Hartford, https://www.thehartford.com ›

87. Tutor2u, (2021), Promotional Decisions | Busines. https://www.tutor2u.net/business/reference/promotion-introduction.

88. Understanding the Marketing Department's Influence Within the Firm, (2023), Rijksuniversiteit Groningen, https://www.rug.nl › staff › p.c.verhoef › jm_m.

89. Vaidya, D., (2023), Marketing Cost - What Is It, Examples, Types, How To Reduce? WallStreetMojo, https://www.wallstreetmojo.com › marketing-cost.

90. Verma, S, (2023), The Intersection of Marketing and Finance: How to Create a Successful Marketing Budget, https://www.linkedin.com ›

91. Visualcontenting.com, (2023), Building the Bridge Between Marketing and Finance, https://visualcontenting.com/2023/09/13/building.

92. Wallstreetmojo Team, (2023), Investment Decision - Meaning, Factors, Process, Examples, WallStreetMojo. https://www.wallstreetmojo.com ›

93. What is business risk management? (2021), Allianz Trade, https://www.allianz-trade.com ›

94. What role for the finance department today?(2023), Sqorus, https://www.sqorus.com › w.

95. What Is The Importance Of Finance In Business? (2023), oboloo, https://oboloo.com › blog.

96. Why is finance necessary for marketing? (2023), Quora, https://www.quora.com › Why-is-finance-necessary-for.

97. Why Collaboration Between Marketing and Finance is Essential for Growth, (2023), Mike Pye + Co, https://mikepyemarketing.com › Blog.

98. Which is a more lucrative sector, finance or marketing? (2021), Quora, https://www.quora.comж› Which-is-a-more-lucrative-sect.

99. Woodruff, J., (2019), Role of Finance in a Business, Chron, https://smallbusiness.chron.com ›