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ACCOUNTING FOR MARKETING DECISIONS: ALIGNING COMMUNICATION STRATEGY WITH FINANCE

Loso Judijanto *[1]
IPOSS Jakarta, Indonesia
losojudijantobumn@gmail.com

Abdul Wahab Syakhrani
STAI Rasyidiyah Khalidiyah Amuntai, Kal-Sel, Indonesia
aws.kandangan@gmail.com

Abstract

Accounting for Marketing Decisions is an integrated approach that combines accounting principles with marketing strategies to optimise business decision-making. The concept involves using financial data and accounting metrics to plan, implement, and evaluate marketing communication strategies. The goal is to ensure that marketing decisions are not only effective in achieving communication objectives, but also in line with the company's financial goals. This approach enables companies to allocate marketing resources more efficiently, measure the return on investment (ROI) of marketing campaigns more accurately, and make data-driven strategic decisions to improve overall business performance. The results show that this integrated approach can improve marketing campaign effectiveness, optimise resource allocation, and increase return on investment (ROI). However, its implementation requires organisational changes, including cross-departmental collaboration, the development of integrated information systems, and a change in corporate culture.

Keywords: Accounting, Marketing Decisions, Communication Strategy, Finance.

Introduction

In an increasingly competitive and dynamic business era, companies are required to optimise every aspect of their operations, including marketing and finance. However, there is often a gap between the marketing and finance departments that can hinder the effectiveness and efficiency of the company as a whole (Rasche & Seidl, 2020).

Marketing departments tend to focus on increasing sales and market share, while finance departments emphasise more on cost control and profitability. This difference in focus can cause conflicts in decision making (Khoufi, 2021).

Conflicts in decision making between the marketing department and market share often occur in the business world. Marketing departments usually focus on short-term strategies to increase sales and brand visibility, such as aggressive promotions, deep discounts, or flashy advertising campaigns. On the other hand, the team in charge of market share tends to have a long-term perspective, focusing on building customer loyalty, gradually expanding the customer base, and maintaining a stable competitive

[1] Correspondence author

position in the market (Tollo et al., 2024). This difference in focus can cause tension when making strategic decisions, especially when resources are limited and must be allocated efficiently.

For example, the marketing department may propose a heavy discounting campaign to boost sales in the short term, while the market share team may prefer investments in product development or customer service improvements to strengthen long-term market position. This kind of conflict can result in a deadlock in decision-making, inconsistent strategy implementation, or even decisions that are detrimental to the company as a whole (Safira & Achsa, 2022). Overcoming this requires better communication between departments, a deeper understanding of the company's short-term and long-term goals, and a more holistic approach to strategic planning. Ideally, decisions should balance the need for short-term results with long-term aspirations for sustainable market share growth (Jorissen et al., 2022).

Taking into account the above factors, it becomes clear that there is an urgent need to integrate accounting into marketing decisions, particularly in aligning communication strategies with financial objectives.

A communication strategy is a comprehensive and structured plan designed to achieve specific communication objectives within an organisation or campaign. It involves identifying target audiences, formulating key messages, selecting appropriate communication channels, and determining the timing and frequency of message delivery. The goal is to ensure that the information conveyed can be received, understood, and generate the desired response from the message recipient (Jorissen et al., 2022). An effective communication strategy considers various factors such as audience characteristics, social and cultural context, available resources, and potential barriers in the communication process. By designing and implementing the right communication strategy, organisations can increase the effectiveness of message delivery, build stronger relationships with stakeholders, and ultimately achieve organisational goals more efficiently (Coyne et al., 2021).

Marketing communication strategy plays a very important role in the success of a business in this increasingly competitive era. Firstly, it helps companies to effectively convey the value and uniqueness of their products or services to the target market (Sagliaschi & Savona, 2021). By designing the right messages and choosing appropriate communication channels, companies can build brand awareness, increase consumer understanding of product benefits, and ultimately drive purchase decisions. In addition, a good marketing communication strategy allows companies to differentiate themselves from competitors, build long-term relationships with customers, and respond quickly to changes in market trends or consumer preferences (Habib et al., 2023).

Second, an effective marketing communication strategy can optimise the use of company resources and increase the return on investment (ROI) of marketing efforts.

By analysing customer data, identifying the most effective communication channels, and systematically measuring campaign results, companies can allocate their marketing budgets more wisely. This not only saves costs but also maximises the impact of every dollar invested in marketing activities (Habib et al., 2023). Furthermore, a coherent and consistent marketing communications strategy can strengthen brand image, increase customer loyalty, and ultimately drive sustainable business growth. In an ever-changing business landscape, the ability to communicate effectively with consumers is becoming an increasingly important competitive advantage (Rahman et al., 2021).

Thus, this research is to look further into marketing effectiveness and overall financial performance.

Research Methods

The study in this research uses the literature method. The literature method, also known as literature study or literature review, is a research approach that involves collecting, analysing, and synthesising information from various written sources relevant to the research topic. (Firman, 2018); (Suyitno, 2021).

Results and Discussion

The Role of Accounting in Marketing Decisions

Management Accounting is a branch of accounting that focuses on providing financial and non-financial information for internal decision-making within an organisation. Unlike financial accounting which is intended for external parties, management accounting is designed to assist managers in planning, controlling, and making operational decisions (Li, 2020). Its scope includes budgeting, cost-volume-profit analysis, cost of goods manufactured determination, variance analysis, performance measurement, and investment evaluation. Management accounting uses various techniques and tools such as activity-based costing, balanced scorecard, and target costing to produce relevant and timely information. Thus, management accounting plays an important role in improving operational efficiency, assisting in the optimal allocation of resources, and supporting the achievement of the organisation's strategic goals (Khoufi, 2021).

Marketing Decisions are a series of strategic decision-making processes carried out by the marketing team or marketing manager to achieve the company's marketing objectives. This process involves in-depth analysis of various factors such as consumer behaviour, market conditions, competition, and industry trends. Marketing decisions cover various important aspects, including market segmentation, consumer targeting, product positioning, new product development, pricing, distribution strategies, and marketing communications. Each decision is made by considering the marketing mix (4P: Product, Price, Place, Promotion) and aims to maximise value for customers and increase the Company's competitive advantage (Houqe et al., 2023). Effective marketing decisions require a combination of quantitative data (such as market research and sales analysis) and qualitative insights (such as a deep understanding of consumer needs and wants). In the digital era, marketing decisions also increasingly involve online marketing strategies, the use of big data, and personalisation of the customer experience to achieve optimal results (Sani, 2020).

Accounting plays a crucial role in marketing decision-making by providing accurate and relevant financial information. Through cost, revenue, and profitability analyses, accounting helps marketing teams understand the financial performance of a particular product or service. This information is critical in determining pricing strategies, marketing budget allocation, and evaluating the effectiveness of promotional campaigns. For example, contribution margin analysis can help marketing managers decide which products to prioritise in a marketing campaign or how to adjust pricing strategies to maximise profitability (Tung, 2022).

Accounting also plays a role in planning and controlling marketing activities. Through the preparation of marketing budgets, accounting assists in efficiently allocating resources to various marketing initiatives. In addition, accounting provides tools to measure and evaluate marketing performance, such as return on investment (ROI) analysis for advertising campaigns or calculation of customer acquisition costs. This information enables marketing teams to make data-driven decisions about the continuation, modification, or discontinuation of specific marketing strategies (Genç, 2024).

Furthermore, management accounting contributes to long-term strategic marketing decisions. Through techniques such as activity-based costing, companies can more accurately identify costs associated with specific products, distribution channels, or customer segments. This information can lead to strategic decisions such as focusing on more profitable market segments, developing new products, or restructuring distribution channels (Seif, 2024). In addition, break-even analysis and financial forecasting assist marketing teams in assessing the feasibility and profit potential of new marketing initiatives or market expansion. Thus, strong integration between accounting and marketing enables more holistic and long-term value creation-oriented decision-making for the Company (Weerasinghe et al., 2023).

Aligning Communication Strategy with Finance

Marketing Communication Strategy is a comprehensive approach used by companies to convey messages about their products or services to target audiences. The strategy involves planning and executing a variety of integrated communication tactics to achieve marketing objectives. Key elements in a marketing communications strategy include advertising, sales promotion, public relations, direct marketing, personal selling, and digital marketing (Nagaraj, 2020). Each of these elements is designed to complement and reinforce each other, creating a synergy that increases the overall effectiveness of the campaign. The main goal of this strategy is to build brand awareness, create consumer preferences, encourage purchases, and ultimately build long-term customer loyalty (Dang et al., 2024).

In today's digital age, marketing communication strategies are increasingly focusing on multichannel and omnichannel approaches. This means companies are not only relying on traditional communication channels, but also utilising various digital platforms such as social media, email marketing, search engine optimisation (SEO), and content marketing. Message personalisation is becoming increasingly important, with companies using data and analytics to tailor their communications to consumers' individual preferences and behaviours (Nazar, 2021). In addition, effective marketing communications strategies also take into account changes in consumer behaviour, such as the increasing use of mobile devices and a preference for visual and interactive content. The success of these strategies is measured through various metrics, including engagement rates, conversions, and return on investment (ROI), allowing companies to continuously optimise their approach based on the data and insights gained (Jin et al., 2024).

Aligning communication strategy with finance is a crucial step in ensuring a company's operational effectiveness and efficiency. This process involves close integration between the communications and finance departments to create synergies that benefit the organisation as a whole. An effective communication strategy can help explain the company's financial objectives to internal and external stakeholders, increase transparency, and build trust (Goel et al., 2021). Meanwhile, a good understanding of the financial aspects allows the communication team to design messages that are more targeted and relevant to the company's financial condition. This alignment also helps in a more efficient allocation of resources, ensuring that investments in communication activities provide an optimal return for the Company (O'Leary, 2020).

In practice, aligning communication strategy with finance can involve several concrete steps. Firstly, involving the finance team in the planning of the communication strategy to ensure that the messages are accurate and in line with the company's financial reality. Second, developing key performance indicators (KPIs) that link communication activities to financial outcomes, such as increased sales or cost efficiency. Third, use financial data to support the communication narrative, for example in annual reports or investor presentations (Vasilakopoulos et al., 2023). Fourth, train communications teams on the basics of business finance to improve their understanding of the financial implications of communications activities. Finally, regularly evaluate the effectiveness of the communications strategy in achieving the company's financial goals and make necessary adjustments. With this integrated approach, companies can maximise the positive impact of their communication efforts on overall financial performance (Shah, 2023).

In addition, aligning communication strategy with finance also involves developing an integrated reporting system. This allows the communications department to have real-time access to relevant financial data, so that it can respond quickly to changes in market conditions or company performance. The system also helps in measuring the return on investment (ROI) of communication campaigns, allowing companies to optimise communication budget allocation based on measurable results (Magni, 2020).

The role of technology in aligning communication and financial strategies cannot be ignored either. The use of advanced analytics tools and customer relationship management (CRM) platforms can help integrate communications data with financial metrics, providing deeper insights into the effectiveness of communications strategies in driving business outcomes (Özer & Çam, 2020). In addition, the use of artificial intelligence (AI) and machine learning can assist in predicting market trends and consumer behaviour, allowing companies to design more proactive and cost-efficient communication strategies.

Cross-departmental collaboration is key in this alignment process. Communications and finance teams need to hold regular meetings to discuss shared goals, challenges and opportunities. This helps create a shared understanding of the company's priorities and how each department can contribute towards achieving those goals. In addition, the formation of cross-functional teams for special projects can facilitate the exchange of knowledge and skills between the two departments (Buchanan & Shen, 2020).

In conclusion, aligning communication strategy with finance is a complex yet crucial process in the modern competitive business environment. This approach not only improves the effectiveness of corporate communications, but also ensures that every communication effort makes a real contribution to the company's financial performance. With good integration between communications and finance, companies can create a strong and consistent narrative, increase transparency, and build trust with stakeholders. Ultimately, this alignment enables companies to make more informed decisions, allocate resources more efficiently, and achieve sustainable growth over the long term. Therefore, companies that successfully align communications strategy with finance will have a significant competitive advantage in a changing market.

Accounting and Marketing Integration Model

The Accounting and Marketing Integration Model is a holistic approach that combines accounting principles with marketing strategies to create added value for the company. This model recognises that business success depends not only on accurate financial records, but also on the ability to communicate the value of products or services to customers. By integrating these two disciplines, companies can make more informed and strategic decisions (Gan, 2023).

One key aspect of this model is the use of accounting data to guide marketing decisions. For example, analyses of product profitability can assist the marketing team in determining the allocation of advertising budgets or the focus of promotional campaigns. Conversely, information from market research and consumer behaviour analysis can assist the accounting team in predicting cash flow and planning budgets more accurately. This integration allows companies to optimise marketing expenditure and maximise return on investment (ROI) (Wang, 2024).

The model also emphasises the importance of integrated performance measurement. Traditional metrics such as net profit or contribution margin are combined with marketing metrics such as customer lifetime value (CLV) or customer retention rate. This approach provides a more comprehensive picture of a company's financial health and the effectiveness of its marketing strategy. In addition, this model encourages the development of reporting systems that can accommodate the needs of both departments, facilitating better communication and faster decision-making (Solberg & Huse, 2024).

Implementation of the Accounting and Marketing Integration Model requires organisational culture change and cross-functional skill development. The accounting team needs to understand the basics of marketing and market analysis, while the marketing team should be familiar with basic financial concepts and accounting reporting (Magni, 2020). Close collaboration between the two departments, supported by the right technology and visionary leadership, can generate significant synergies. The result is a more cohesive business strategy, higher operational efficiency, and ultimately, increased competitiveness and profitability of the Company (Yang & Zhou, 2021).

Conclusion

This research concludes that;

Firstly, the integration between accounting and marketing is a very important strategic step for modern companies. By aligning financial data and marketing communication strategies, companies can make more informed and effective decisions. This enables optimisation of marketing budgets, increased return on investment (ROI), and more efficient achievement of business goals. This integrated approach also helps companies identify new market opportunities and respond more quickly to changes in the business environment.

Second, the implementation of accounting for marketing decisions requires a paradigm shift within the organisation. Close collaboration between accounting and marketing teams is required, as well as the development of information systems that can accommodate the needs of both departments. The company needs to invest in cross-functional training to ensure that both teams have sufficient understanding of their respective disciplines. In addition, support from top management is needed to create an organisational culture that encourages integration and data-driven decision-making.

Finally, aligning communications strategy with finance opens up opportunities for companies to create significant added value. By understanding the relationship between marketing activities and financial performance, companies can design campaigns that are not only effective in reaching the target audience, but also generate a positive impact on the bottom line. This approach also allows companies to more accurately measure the effectiveness of their marketing strategies and make necessary adjustments in real-time. Ultimately, the integration of accounting and marketing contributes to the improvement of a company's competitiveness and long-term sustainability in an increasingly complex and dynamic business environment.

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