

Chapter 7

Decision Analysis in Financial Marketing Using Multi-Criteria Decision-Making Methods

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ABSTRACT

In the trend of digital marketing, the back and front office activities are automatized. For any business organization of various departmental activities, finance and marketing play a vital role. Finance and marketing are the most important functional areas of operations in any business organization, as they directly impact the financial growth as well as market steadiness of the business. As very crucial decisions taken in these functional areas of operations affect the other departments, the decisions in these financial marketing should be taken with utmost care. Henceforth, this results in greater impact on economic growth of the organization. Therefore, the decisions in finance and marketing activities should consider various factors (critical to quality) before arriving at a conclusion. In order to attain the final decision, multi-criteria decision-making (MCDM) methods can be applied. These MCDM methods consider the conflicting factors to evaluate the finance and marketing activities.

INTRODUCTION

As financial areas of operation are the lifeblood for determining whether a business is profitable or not, decision making in Financial Marketing plays a crucial role in Business World. The business executives can able to assess the financial allegations of investments and other activities related to business, only after understanding the financial analysis and valuation. Effective marketing involves understanding the needs of customers, demands of customers from season to season, cost negotiation to meet and

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withstand in the market, advertisements to please and attract customer, retaining existing customers, planning and implementing. Finance and marketing are directly proportional, with a good marketing strategy in place one can effectively attain a decent financial value in their business. For an organization to survive in the recession period, it must have control over its cost incurred in various operations. So most of the contemporary business organization maintain a project team at each division to manage the cost incurred. To address the needs of customers, identify the various cost control parameters criteria relevant to the requirement of customers on various occasion and cost parameters at various divisions has to be identified. For developing such marketing decision models, a finite number of alternate decisions and the elements or attributes which influence to take correct decisions should be recognized. The limited set of alternatives (alternate decisions) are evaluated with respect to the identified set of attributes. There are many complexities in taking decisions in various activities of marketing in large businesses. Therefore marketing executives need decision support models for taking suitable decisions in order to gain more profit. Several Multi-criteria decision making (MCDM) methods have been used so far to build reliable decision-making models. There are various steps in taking reliable decisions using such MCDM methods. A decision matrix is constructed with a set of alternatives and attributes which are used to evaluate those alternatives. It is important to find the relative importance of the attributes as it plays a very significant role in decision making. Multi-criteria decision-making methods are used to find the assessment scores by considering the relative importance of the attributes. The assessment scores are then used for appropriate decision making.

Also, these MCDM methods can help the finance manager to make decisions on profit planning as profit is determined by various factors like pricing in the market, analysing demands in market, demand-supply chain and cost. Finance manager needs to manage the fund's allocation and fundraising from various sponsors for predicting the profit. Marketing managers play a greater role in promoting the product to the customer with attractive designs and trending patterns. They have to focus on right product delivery with zero per cent damage to right customers, identifying various price drivers to fix the product price, product promotion channels, location identification for the business, identifying best distribution networks and mapping products to customers (identifying right customers for the product). Altogether Financial marketing has to take various decisions from framing a budget plan to deliver the right product to the customers. So, here we discuss the decision making in various financial marketing services using MCDM approaches.

In the world of technological advancements, various functional areas of operation in business must adapt to the technological advancement for surviving in the market. The standard and vital functional areas of operation in any business is finance and marketing. Though automated software is prevailing in the market to automate the back-office activities and functional areas of the business, there are no best software tools for assisting in decision making. These software tools automatize the manual operations, thus alleviating the manpower or labour costs involved. The financial and marketing researchers acknowledge that there is wide requirement for better decision making systems to address the decision problems in finance and marketing. Each functional areas of operation such as marketing & sales, Supply chain management, Accounting & finance and Human resources are interdependent among each other, for instance, accounting and finance module collaborates with other functional areas of operation as shown in Table 1. Table 1 also portrays the collaborative activities of Marketing and Finance with other functional areas of operation.

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