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The Influence of Marketing Communication on Financial Situation of the Company – A Case from Automobile Industry

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Abstract

Marketing communication is a way how to provide selected information to customers, ideally with the fastest and in the most efficient form. Well set marketing communication of the company can presume the increment in the number of its customers which is often the significant factor of increase in sales. However, costs are linked with transforming marketing idea (using selected marketing communication channel and tool) into the final form which address customers. The goal of this paper is to use knowledge from the marketing communication of automobile company Tesla Motors, Inc. in order to gain information about efficient communication channels and tools which are currently used. We observe the relation of marketing strategy compared to financial situation, respectively financial characteristics. of selected communication channels and tools. Using real case of Tesla Motors authors suggest recommendations of efficient marketing communication in current environment as: a) effective from financial perspective b) beneficial in terms of building relationships with customer.

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1. Introduction

In this research, we examine and analyze some financial indicators to evaluate the major effects of marketing communication on financial situation of selected companies. The effects that we consider are based on existing theories of the role of financial indicators.

The goal of this article is point out connection between marketing tools of selected company and their financial indicators. This can show a importance of marketing communication in current global market. Problem of these days is way how companies use marketing tools in order to make more profit, draw attention of customers and attract them, maintain and increase their market share and other company's selected intention to be able to compete.

We assume that if marketing communication of company is correctly transposed than is noticeable the growth of its financial indicators. Other argument is that marketing communication is one of many element which influence on financial growth of company.

The paper is divided into 5 sections. In section 2 theoretical approaches of marketing communication are discussed. Section 3 presents the methodology for evaluating the direct financial efficiency of marketing communication. Section 4 investigate the financial situation and marketing communication in Tesla Motors company. Finally, section 5 concludes the paper.

Methodology. Our main focus is to investigate the effect of marketing on the financial situation, growth and wealth of the company. Following the arguments stated above, important for us in front of financial indicators are following indicators: profits, revenues, ratios and stock-price. For measuring profits, we took into account gross profits of the company. We also investigated revenues and quarterly revenue growth as well as 52-week change in stock price and total assets of the company.

In this research, we use data to examine the evolution of the major effects of marketing communication on financial situation of the company. The effects that we consider are based on existing theories of the role of financial indicators. We conduct our empirical analysis on financial data from a category of automobile industry. In the automobile industry, marketing communication is vital part of this environment. As mentioned earlier, our aim is to distinguish between the two existing effects of marketing communication – indirect and direct.

We take into account direct effects of marketing communication. In our definition, the direct effects refer to marketing communication that influences consumers to buy products of the company and influences the financial situation of the company via financial indicators. In contrast, the indirect effect refers to marketing communication that allows consumers to update their prior beliefs and reduce uncertainty about the true quality of the new product via a Bayesian learning process.

2. Theoretical Aspects

2.1. Marketing communication

The main goal of marketing communication is transfer of the message between the sender and the receiver (Vodak et al., 2016). The contribution of a successful transferred message can be demonstrated by the number of real customers who are willing to pay money for provided value (e.g. a product or a service). By quantifying profits paid for products the firm is able to assess the success rate of particular marketing communication, i.e. messages transferred from the company to customers.

Marketing learns from business results [3]. Therefore it is necessary to understand financial indicators, i.e. economic aspects and results of marketing communication in context of company operation. Marketing is part of a management process. The result of this management process is knowledge, anticipation and influencing customers in an efficient way ensuring meeting goals of the company [4].

The most common forms of marketing communication are advertisement, sales support, public relations, personal sale, direct marketing and event marketing [5] [6] [7]. All of these forms of marketing communication of a company create the company marketing. Moreover, they investigate the market a specify its demands and character, investigate and test the market reactions, focus on defined segments of customers and communicate with them. The task of marketing in the market environment (where competitors provide similar or the same products) is to provide product

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