

# MEASURING PERFORMANCE. THE MARKETING PERSPECTIVE

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**Key words:** operations, inventories, EOQ

Assessing marketing performance is an increasingly important task for managers and other corporate stakeholders. Many firms are looking to provide fresh growth in profit through increasing sales after years of downsizing. Multi-disciplinary perspectives on performance measurement, such as the balanced scorecard are increasing the attention given to non-financial measures of performance in general, raising the issue of which marketing measures, if any, should be included in such schemes. Investors and analysts are increasingly asking for information on the marketing performance of firms.

Managing inventories is very important for marketing performance. This paper will focus on EOQ model. Inventories pervade in the business world. Maintaining inventories is necessary for any company dealing with physical products. The total value of all inventory—including finished goods, partially finished goods, and raw materials—in the United States is more than a *trillion* dollars, which is more than \$4,000 each for every man, woman, and child in the country (Hillier, Lieberman, 2001). The costs associated with inventory are also very large, perhaps a quarter of the value of the inventory. Reducing inventories costs is increasingly a prerequisite of operational efficiency. Some Japanese companies were pioneers in introducing the *just-in-time inventory system*, a system that emphasizes production and logistics techniques meant to reduce inventories as much as possible, leading to huge savings and thereby increased operational efficiency. Operational research brought its contribution to the matter by developing inventories' modeling techniques. It is the purpose of this paper to review most important of them.

The most common inventory situation in business is that stock levels are depleted over time and then are replenished by the arrival of a batch of new units. This situation is modeled by the following economic order quantity model (EOQ model, sometimes also referred to as the *economic lot-size model*.)

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