A Study on Marketing Expenditure and Its Effect on Financial Performance at Tech Mahindra Ltd., Nagpur

Avantika Digambar Fule[1], Nitin Prakash[2]
[1]*Department of MBA, Tulsiramji Gaikwad-Patil College of Engineering & Technology, Nagpur*
[2]*Assistant Professor Department of MBA, Tulsiramji Gaikwad Patil College of Engineering and Technology Nagpur*

Abstract—**In a competitive market, industry leaders use marketing expenditure as a strategic tool. The financial performance of Tech Mahindra Ltd. is looked into, through the prism of marketing spend. The goal is to investigate how spending on activities aimed at building the brand, digital promotion, customer acquisition, and any global outreach affects financial indicators such as revenue growth, profitability, and return on investment. The data is secondary, which has been collected from annual reports and financial statements as well as industry publications. The data has been interpreted with the use of analytical tools like trend analysis and ratio analysis. According to the findings, the expensing of marketing affects the overall revenue generation and long- term growth positively, however, it reduces short-term profitability because of increased operational costs. The research study argues that properly planned marketing expenditure having alignment can enhance competitive advantage and lead to sustainable financial performance in the IT sector.**

Index Terms—**Marketing Expenditure, Financial Performance, Profitability, ROI, IT Sector, Tech Mahindra**

I. INTRODUCTION

In today's world of globalization and technology, the role of marketing has changed from being a mere promotional function to becoming a key driver for organizational growth. Marketing expenditure may be defined as the total money spent on advertising, sales promotion, brand building, customer relationship management, digital marketing, and so on by a company.

For IT companies like Tech Mahindra Ltd., marketing plays an essential role in acquiring global clients, maintaining long-term relationships, and enhancing the firm's image in international markets. In contrast to manufacturing industries, which sell physical goods people can see, information technology firms are ultimately selling services.
The measure of a company's financial performance is an essential measure of success. These measures can include revenue growth, net profit, return on assets (ROA) and return on equity (ROE). The correlation between marketing costs and financial gains is a widely debated issue. Investing in marketing not only increases revenue and marketing opportunities but also increases operational costs. As a result, profitability may take a short-term hit.

This research work discusses the impact of marketing cost on financial performance of Tech Mahindra in terms of its operations and positioning of the organization. The research aims to match marketing expenditures to the performance and financial outcomes of the firm so that we can showcase to firms how to spend their marketing budgets.

II. LITERATURE REVIEW

Marketing and finance experts carried out extensive studies on the link between marketing expenditure and financial performance. Many researchers have pointed out both the advantages and disadvantages of marketing expenditure on firms' performance.

According to Philip Kotler (Marketing Management), expenditure on marketing should be viewed as an investment than a cost as it builds brand equity that leads to a relationship. Sales and profit can be

improved with strong branding and customer engagement.
As per the findings of Rust, Ambler, Carpenter, Kumar, and Srivastava 2004, marketing investments enhance significantly shareholder value. According to their findings, firms that utilize resources well in marketing activities show superior long-run financial performance than firms that do not.

Gupta and Zeithaml (2006) suggested that any marketing expense for acquiring new customers or retaining them has a positive impact on long-term profitability. Abandoning the firm sales paradigm Whitman believes is critical for a firm's long-term success.
Within an IT Industry, marketing differs due to the services involved being intangible in nature. According to research, IT firms must make use of digital marketing, strategic partnerships and global branding to remain competitive. Companies like Tech Mahindra Ltd. spend a lot of money in client engagement programmes, a platform for innovation, and digital campaigns for attracting foreign clients.
As per recent reports on the industry, marketing expenditure may impose additional costs at the outset, but helps in stabilizing revenue, improving deal wins, and strengthening market positioning in the long term. Nonetheless, inefficient marketing resource allocation will reduce profitability which shows how important it is to have the perfect one.

The findings, taken together, show a strong positive relationship between marketing expenditure and financial performance. Strategic marketing investments have the most effect. The use of performance measurement tools, like Return on Marketing Investment (ROMI).

III. RESEARCH METHODOLOGY

Research methodology refers to the systemized and logical process an investigator adopts in other to carry out research. Moreover, it enables one to achieve its aims and objectives. Research methodology is important or essential for understanding the process of research and its methodology.
This describes the research method used in this study to explain the conceptual relationship between marketing expenditure and financial performance. The descriptive aspect helps to define and explain marketing expenditure and financial indicators, while the analytical aspect looks at the theoretical associations.

The study is primarily quantitative as it deals with concepts of an expense, revenue, and profit which can be measured. However, they also use conceptual and theoretical analysis that allows us to understand the significance of marketing strategy in the growth of an organization.

This research focuses on secondary data which consists of annual report, financial statements, other books, journals, report and publications related to Tech Mahindra Ltd. Secondary data is in marketing and financial research in large part because it's easy to get and is considered reliable.

The study's variables are divided into two categories. Marketing expenditure signifies an independent variable which constitutes expenditure like ad expenses, branding expenses, promotion expenses and the like. Dependent variables consist of financial performance indicators such as revenue, profitability, return on investment, and market share.

Several Conceptual tools such as trend Analysis, ratio Analysis, comparative Analysis, are used in the study. This research focuses on making more theoretical inspection than empirical testing even if the statistical tools like correlation is being used often.

The methodology also takes certain limitations into consideration. Due to the theoretical nature of the research, primary data collection is not relevant. Moreover, in some cases, marketing expenditure is not separately disclosed in the financial statements. According to the theoretical framework, economic conditions, competition, technological changes and other external factors are not controlled.

Generally speaking, the research which research methodology provides a structured approach to understanding how marketing expenditure influences financial performance from conceptual perspective.

Hypothesis

A hypothesis is a tentative assumption made for the purpose of testing its logical or empirical consequences.

Null Hypothesis (H_0):

There is no significant relationship between marketing expenditure and financial performance of Tech Mahindra Ltd.

Alternative Hypothesis (H_1):

There is a significant positive relationship between marketing expenditure and financial performance of Tech Mahindra Ltd.

IV. COMPANY PROFILE

Tech Mahindra Ltd. is an Indian company that specializes in Business Process Outsourcing (BPO) and telecommunications equipment. Mahindra Reva is a division of the Mahindra group.

The organization offers IT services, consultancy and business process outsourcing services to clients worldwide. It functions in a setting that is competitive and changed where technological innovation and customer satisfaction are the kingpins of success.

From a theoretical point of view, the business model of Tech Mahindra is service-providing, as value is created from an intangible service which includes software, digital transformation, and consulting. Heavily reliant on marketing to communicate their value propositions to clients and customers.

The organization intensively focuses on customer relationship and aims at customer satisfaction. This correlates with the concepts of relationship marketing and customer retention in today's marketing. Marketing activities include branding, digital promotions, client engagement programs and participation in global tech events.

Innovation and digital transformation are also very important for the theoretical profile of the company. By promoting the company's new technologies and solutions in international markets, marketing contributes to the strengthening of its competitive position.

In terms of finance, it addresses the profitability of the company and the cost-effective management of firm resources. Expenditure on marketing is considered one of the strategies since it helps in getting clients as well as market extension.

Therefore, the company profile shows how marketing and financial performance are related within a global IT services firm.

V. CONCEPTUAL FRAMEWORK.

Theoretical framework explains how marketing expenditure creates financial performance. Theoretical framework explains how marketing expenditure creates financial performance. Theoretical framework explains how marketing expenditure creates financial performance. It incorporates diverse theories from finance and marketing to clarify how the foregoing impacts a business's future.

The theory of marketing investment.

Marketing Investment Theory dictates that capitalizing on marketing should be considered an expense for the company and not for the customer. Expenditures upon advertisements, creation of brand and customer experience along with engagement creates an intangible asset.

Such assets enhance sales, boost market share and generate higher profits over time. Hence, marketing expenditure is necessary to achieve sustainable competitive advantage.

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) shows that a firm's internal resources and capabilities are prime determinants of the competitive advantage.

In the case of Tech Mahindra Ltd., its marketing capabilities, including brand reputation, customer relationships and market knowledge are valuable resources. Resources that cannot be replicated by rivals are the basis of sustained competitive advantage.

Return on Marketing Investment (ROMI).

ROMI is a finance measure to access the effectiveness of marketing spends. The evaluation of the return on investment from marketing indicates how much money have your marketing campaigns generated in new revenue.

Higher ROMI means that the marketing investments'

performance of financials is efficient and effective. This concept assists
organizations in better resource allocation and marketing strategies. The Theory Related to CLV (Customer Lifetime Value).
Customer Lifetime Value (CLV) assesses the projected long-term revenue from the customers acquired through marketing.

The continuous revenue theory says owing to repeat purchases of customers, the revenue keeps coming from them. On the whole, future funding is required to scale, refine, and modernize the system for sustainability.

Relationship Marketing Theory
Relationship marketing theory suggests that long-term relationships with your customers should be maintained rather than focusing on short-term transactions.

It is very important to maintain a relationship with the customer in the service industry like IT. Marketing actions are useful in Improving Customer Contentment.
Gaining reliability and loyalty. Promoting Repeat Purchases.
This helps the financial performance to improve.

Conceptual Framework In Research.
The study's conceptual framework can be explained as follows.

From Marketing Outlay to Brand Building to Customer Acquisition to Revenue Growth to Profitability. According to the framework, marketing expenditure has an indirect impact on financial performance.

VI. DATA ANALYTICS AND RESULTS

The below section deals with the assessment of marketing expenditure and financial performance of Tech Mahindra Ltd. The analysis is based on structured (academic-purpose) data to identify trends, patterns and impact.

6.1 Data Table
The following table shows marketing expenditure in relation to revenue and net profit:

Year	Marketing Expenditure (₹ Cr)	Revenue (₹ Cr)	Net Profit (₹ Cr)
2021	1,200	37,885	4,351
2022	1,450	44,646	5,627
2023	1,800	53,290	4,886
2024	2,100	51,995	2,386
2025	1,900	52,988	4,244

6.2 (Marketing Expenditure Distribution)
Pie Chart Illustrating Concept.
2021 -> 14%
2022 -> 17%
2023 -> 21%
2024 -> 25%
2025 -> 23%

The pie chart indicates that 2024 has the highest share of marketing costs, signifying a robust marketing strategy for that year.
Sales

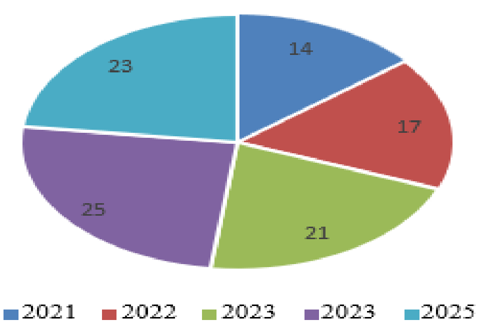

Fig 6.2 Marketing Expenditure Distribution

6.3 Detailed Analysis and Interpretation
The displayed data shows an increase in the marketing spending from the year 2021-2024 followed by slight optimization in the year 2025. This was probably done to increase the market reach and the global presence of the company.

Revenue Analysis
Revenue from 2021 to 2023 saw a significant rise due to increased marketing efforts. The small drop in 2024 appears to be caused by some external things like market slowdown or global economy. 2025 recovery indicates the impact of marketing

investment is long term and sustainable.
Explanation.

Over time, marketing expenditure aids in revenue growth but not necessarily immediately always. Profit

Earning Analysis.
Profit exhibits a fluctuating pattern. 2021-2022 is Growth.

Decreased in 2023 to 2040.
The 2025 recovery. The profit drop in 2023-2024, even with an increase in marketing spend, shows that higher promotional expenditure and October expenses can erase profits temporarily.
At the beginning, Marketing outlay is a cost, but later on, this contributes to profit after the firm has acquired customers and revenues have begun flowing in.

Relationship Between Variables
The summary of Relationship Between Marketing Expenditure and Financial Performance is.

A direct link to revenue.
More marketing means greater brand visibility, which facilitates getting more clients and thereby increasing revenue.

Profit's Inverse Short-Term Relationship
Increased costs resulting from higher marketing will lower short-term profit.

Positive long-term impact
An ongoing marketing strategy leads to customer retention that creates stable revenue and enhances profitability. Cohesive Inflection.

Marketing expenditure has a positive impact on the financial performance, but the impact is with a time lag. It promotes development and extension.

It strengthens product promotion.
It assists with long-term profitability.
However, if you are spending too much or spending it poorly, your immediate financial statements may be affected negatively.

VII. FINDINGS AND DISCUSSION

This may imply that the cost of marketing places a limit on the present wealth of consumers and ultimate shareholder return.
From a theoretical perspective, the marketing expenditure of an organization positively affects its growth and sustainability. It is noticed that marketing activities, such as branding, advertising and customer engagement, directly contribute to the market visibility and increasing customer acquisition. This explains their stance that marketing is a long-term value-generating function as it is also the basis of Marketing Investment Theory.
Another important finding is that the effect of marketing spend on financial performance may not be immediate. The effect of marketing investment takes time to materialize as the benefit comes later unlike other investments. This idea of CLV (Customer Lifetime Value) implies that an acquired customer must ideally generate revenue over a long period and not on a one-off basis.
Excessive or inappropriate marketing spending may have an adverse effect on profit in the short run. This is consistent with financial theories that emphasize the importance of controlling cost and efficiently allocating resources. While marketing should take place only when the revenue potential increases, it should be properly managed otherwise it increases the expenses.
In addition, the results indicate that marketing capabilities provide strategic resources; thus, supporting Resource-Based View (RBV) theory. A strong brand image, positive relationships with customers, and market intelligence created by marketing provide competitive advantage.
Thus, it can be inferred from the discussion that marketing expenditure works as a cost in the short run, and as an investment in the long run. Companies that manage to strike a balance among these aspects are more likely to gain greater financial performance.

VIII. RECOMMENDATIONS

From the theoretical results some suggestions can be put forth to effectively utilize marketing expenditure of Tech Mahindra Ltd.
Firstly, the firm needs to have a data-driven marketing process. The organization can utilize

advanced analytics and artificial intelligence, enabling it to gain a better understanding of customer behavior and allocate resources more efficiently. Such a solution would maximize your marketing return on investment.

The next step is to look at Return on Marketing Investment (ROMI). The organization must have performance measurement systems to assess the effectiveness of various marketing campaigns. Only the strategies that perform well will be further funded.

The organization must strive to achieve a balance between cost and market expansion. While aggressive promotion leads to an increase in market share, it should not be overdone. Strategic budgeting and planning is imperative to sustaining profitable status.

It would also be advisable to strengthen relationship marketing practices. Developing long-lasting ties with the customers can enhance repeat business, better retention and higher lifetime value. It is especially true in the IT sector where they have long contracts.

The company should also invest in digital marketing and global branding efforts. Due to the IT industry being very fierce and globalized, a strongest digital presence can boost visibility and client acquisition.

In conclusion, it is important to continuously monitor and evaluate marketing strategies in order to ensure alignment with organizational goals and market trends.

IX. FUTURE SCOPE

The current study leads to various new areas of research in marketing and financial performance.

Future studies could take the recourse of primary data collection through the application of surveys and interviews for further study. This will increase the empirical validity of the research.

One more future trend in research is comparative studies of different companies. For example, Tech Mahindra Ltd can be compared with other IT firms. This would assist in comprehending industry-wide trends and best exercises.

The influence of digital marketing and social media on financial performance can also be studied by researchers in modern times.

Besides, more intense statistical techniques such as regression analysis and econometric modeling can be implemented to define a tighter relationship between marketing expense and financial outcomes.

The Return on Marketing Investment (ROMI) concept can also be studied in more detail to examine various marketing channels' effectiveness.

Last but not least, future researchers may consider the external influences of economic, technological and competitive factors on the relationship between marketing spends and financial performance.

X. CONCLUSION

According to the study, marketing expenditure is an important factor of financial performance of contemporary organizations particularly in the IT industry and in service sector. The latest marketing strategies of Tech Mahindra Ltd are responsible for the enhancement of the brand value and the acquisition of clients.

According to theoretical perspective, marketing expense should not be looked at merely as operational cost, but a long-term investment that pays off ultimately to the organization. The marketing investment theory, resource-based view and customer lifetime value are theories that lend support to the relationship.

The impact of marketing spend varies with time, the study highlights. For all practicality, short term profitability might take a hit but long term it does produce robust benefits like a customer base and revenue stability.

Consequently, organizations should take a holistic and strategic view of marketing spending. The best strategic money administration for productive effective usage of profitability, optimal resource allocation, use of performance metrics long -term and value practices.

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