



Marketing Costs in Accounting Measurements

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Editorial Article

Accounting for marketing costs in compare with other manufacturing costs should be as importance as cost allocation for manufacturing costs. Also, marketing costs behavior would be suitable for Cost-Volume-Profit (CVP) analysis. Foster and Gupta (1994) brought this issue up for both efficiency and effectiveness of marking departmental and functional highlights. These highlights will help managers and other users of accounting information to make a better decision regarding to these types of selling and advertising costs in current and strategic planning. Marketing costs are one of strategic factor of the cost structures of almost all organizations forms.

There are a number of issues to be considered for these types of costs in contemporary management accounting theory and practices. These costs in CVP analysis can be easily classified into fixed, variable and mixed costs depend on the cost behavior. However, marketing costs allocation between manufacturing and service departments is a challenging issue. As the marketing costs incurred to increase the sales of manufactured products or services, the question may raise to know about how to allocate the costs between products, department or activities. Traditional management accounting techniques will focus on the products and departments but Activity-Based Costing (ABC) focus on the allocation for activities. Finally, a clear cost allocation technique and base for marketing costs will be eventually very vital for the planning and budgeting purposes.

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