Information for Marketing Decisions

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Chapter 4

Chapter Objectives
To show why marketing information is needed
To explain the role and importance of marketing information systems
To examine a basic marketing information system, commercial data bases, data-base marketing, and examples of MIS in action
To define marketing research and its components and to look at its scope
To describe the marketing research process

Good Marketing Information Enables Marketers To:
- Gain a competitive edge
- Reduce financial and image risks
- Determine consumer attitudes
- Monitor the environment
- Gather competitive intelligence
- Coordinate strategy
- Measure performance
- Improve advertising credibility
- Gain management support for decisions
- Verify intuition
- Improve effectiveness

Good Information Also Allows Marketers to:
- Assess SWOT
- Take Appropriate Action in Environment
- Maximize Performance

Intuition Is Not Enough
Relying on:
- Intuition
- Executive judgment
- Past experience is insufficient.
Continuous monitoring of the environment and SWOT analysis must be maintained.

The Scientific Method
It is imperative, when collecting and analyzing marketing information, to use the Scientific Method OAT, and to be:
- Objective
- Accurate
- Thorough

Information Age Knowledge Worker
Interrelationships of Marketing Information Gathering

- Marketing Information System (MIS)
- Marketing Research Process

An MIS is a "set of procedures and methods designed to generate, analyze, disseminate, and store anticipated marketing decision information on a regular, continuous basis."

Customer Data Base
- Targeting Customers
- Tracking Activities
- Profiling and Sorting
- Remote Access
- Global Email Interactive Tech Documents
- Fully Integrated Data-Base Marketing
- Plentiful data, once beyond reach, is here.

- Extensive commercial data sources are now available for research.
- Volumes of Census data are now on Web and CDs.
- Multiple sources of information are now transmitted rapidly via Internet and Intranet, and stored in Data Warehousing.

Through database marketing, companies can effectively reach and interact with customers.

A Basic Marketing Information System

Environment → Company Objectives
- Marketing Plans
- Marketing Intelligence Network
- Marketing Research Continuous Monitoring
- Warehouse Implementing Marketing Plans
- Implementation Feedback

Marketing and Sales Systems
- Campaign Planning
- Market/competitor analysis
- Field sales support
- Telemarketing
- Direct Mail
- Sales force management

Marketing Data Base
- Customers
- Prospects
- Suspects

Financial and Operational Systems
- Order entry
- Inventory control
- Billing
- Collections/accounts receivables

Company Planning
- Strategic planning
- Research and development
- Product planning
MIS in Action
An in-depth study found that:
- More than 3/4 of U.S. firms have a marketing information system
- Of those, 95 percent are computer-based
- Most believe MIS is critical to decision making
- Many use annual reports, sales call reports, and purchased reports to amass competitive intelligence

Marketing Research
- Involves collecting, tabulating, and analyzing data about specific issues related to the marketing of goods, services, organizations, people, places, and ideas.

Global marketing research expenditures total several billions of dollars each year.

Single-Source Data Collection
This is a result of high-tech advances. It facilitates the tracking activities of individual consumer households.

Ethical Considerations
Technology has both elicited and compounded the escalation of ethical research issues and global considerations, forcing marketers to weigh all research methodologies very carefully.

The Marketing Research Process
1. Issue (Problem) Definition
2. Examination of Secondary Data
3. Generation of Primary Data
4. Analysis of Data
5. Recommendation
6. Implementation of Findings

Secondary Data
- Accounts Receivables/ Payables
- P & L Statements
- Government Publications, such as Census Figures
- Nongovernment Publications

Primary Data
- Survey
- Observation
- Experiment
- Simulation

Types of Data Collection
- In person
- Telephone
- Mail
- Human
- Mechanical
- Internet
1. Identify Problem/Issue

- Single greatest challenge
- Involves developing a focused statement
- Often requires exploratory research to gain ideas and insights

Issue (Problem) Definition

- Develop statement regarding issue to be investigated.
- Conduct exploratory research, also called ‘qualitative’ research.
- Refine statement regarding issue to be investigated.
- Once the issue is clarified, conclusive research, also called ‘quantitative’ research, is used.

Basic Definition Steps Include:

- Statement of Objectives
- Identify Core Component of Needs
- R.O.I.? or Increase Market Share?

2. Examination of Secondary Data

Secondary data have been previously gathered for purposes other than current research. Secondary data:

- are existing data
- have been previously generated for other reasons
- should always be reviewed before any new data are generated

Internal Secondary Sources

- Budgets
- Sales figures
- P & L statements
- Accounts receivable and payable
- All prior research
Secondary Data: External

Outside Company:
- Government: Census Data, Department of Labor
- Nongovernment: Commercial research organizations, publications such as magazines and books

Advantages of Secondary Data
- Inexpensive
- Available
- Speedy
- Inside, "confidential" information
- Credible sources
- Aids exploratory research

Disadvantages of Secondary Data
- May be obsolete
- May lack suitability
- Questionable methodologies
- Undisclosed findings
- Conflicting results
- Reliability may not be proven

3. Primary Data

Primary data relate to a specific marketing issue. Primary data are:
- collected to solve specific problem at hand
- necessary when available secondary data may be insufficient
- usually required for conclusive research

Primary Data

Advantages
- Precise
- Current
- Known methodology
- Secret
- Reliability

Disadvantages
- High costs
- Time consuming
- Perspective may be limited
- Corporate limitations

Primary Data
- Survey
- Observation
- Experiment
- Simulation

Primary Data Types
- In person
- Telephone
- Mail
- Human
- Mechanical
- Internet
Types of Primary Data Collection

- **Survey**: Communicates in person, by phone, by mail, or by Internet, and gathers information from respondents.
- **Observation**: Views and notes consumer behavior.
- **Experiment**: One or more factors manipulated under controlled conditions.
- **Simulation**: A computer based method to test variables replicating real-world applications.

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Survey Instrument: Semantic Differential

- Survey technique
- Uses bipolar (opposite) adjective scales to develop a consumer profile regarding item under consideration
- Could describe company, person, products, idea

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Research Design Outline

- Who collects data?
- What information: exploratory/conclusive?
- Who or what to be studied?
- Technique to be used? (survey/observation experiment/simulation)
- Other considerations:
  - Cost Factors?
  - Methodology?
  - Time Frame?
  - When & Where?

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4. Data Analysis

- Questionnaire information is coded and numbered.
- Response categories are labeled.
- Tabulations calculate summary data for each response category.
- Analysis is the evaluation of responses, usually by statistical techniques, pertaining to the question under investigation.

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5. Recommendations

- Firm’s future actions are based on research findings.
- The report is written in language for the intended audience.
- They incorporate a rationale and findings.
- Research reports should be kept in the data warehouse of a firm’s marketing intelligence network for future reference.

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6. Implementation of Findings

- Research reports represent feedback to marketing managers.
- These managers are responsible for utilizing findings to achieve short-term and long-term goals.
- Implementation works best when marketing managers take part in research design, have broad control over marketing decisions, and have confidence that results are accurate.
Chapter Summary

- This chapter describes why marketing information is needed.
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- It defines marketing research and its components and looks at its scope.
- It describes the marketing research process.