

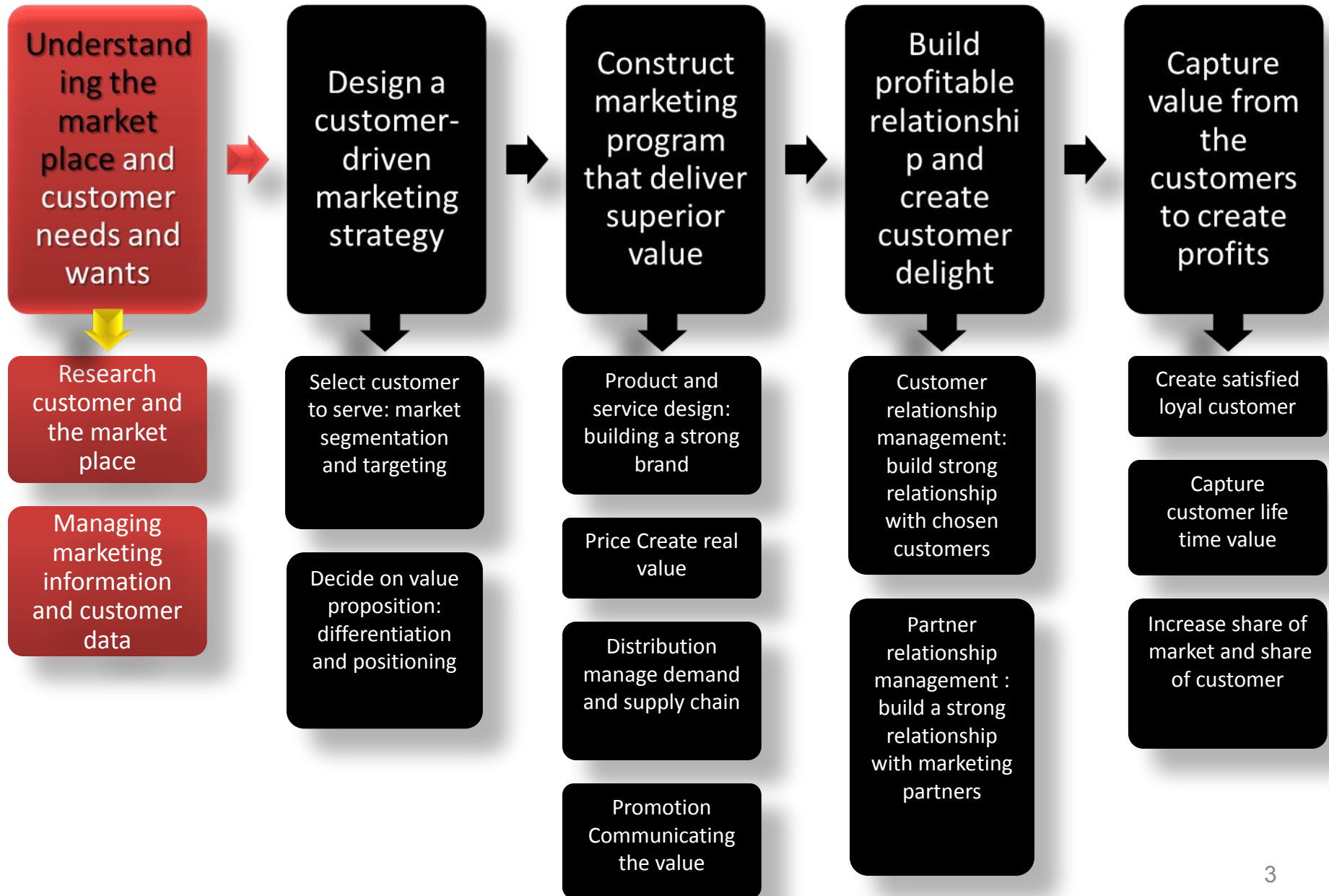
# Managing Marketing Information

Lecture 7

# Objectives

- Explain the importance of information to the company
- Define the marketing information system
- Outline the steps in the market research process

# Marketing Process



**Information  
Is  
Power**

# Kinds of Questions Marketing Information and Research Can Help Answering

- Strategic Planning:
  - What kinds of people buy our products? Where do they live?
  - How much do they earn? How many of them are there?
  - Are the markets for our products increasing or decreasing?
  - Are there promising markets that we have not yet reached?
  - Are the channels of distribution for our products changing?
  - Are new types of marketing institutions likely to evolve?

# Kinds of Questions Marketing Information and Research Can Help Answering

- Product:
  - Which of various product design is likely to be the most successful?
  - What kind of packaging should we use?
- Price:
  - What price should we charge for our products?
  - As production costs decline, should we lower or prices or try to higher quality products?

# Kinds of Questions Marketing Information and Research Can Help Answering

- Place:
  - Where, and by whom, should our products be sold?
  - What kinds of incentives should we offer the trade to push our products?
- Promotion:
  - How much should we spend on promotion? How should it be allocated to product and geographic areas?
  - What combination of media--newspapers, radio, television, magazines--should we use?

# Kinds of Questions Marketing Information and Research Can Help Answering

- Control:
  - What is our market share overall? In each geographic area? By each customer type?
  - Are customers satisfied with our products?
  - How does the public perceive our company? What is our reputation with the trade?

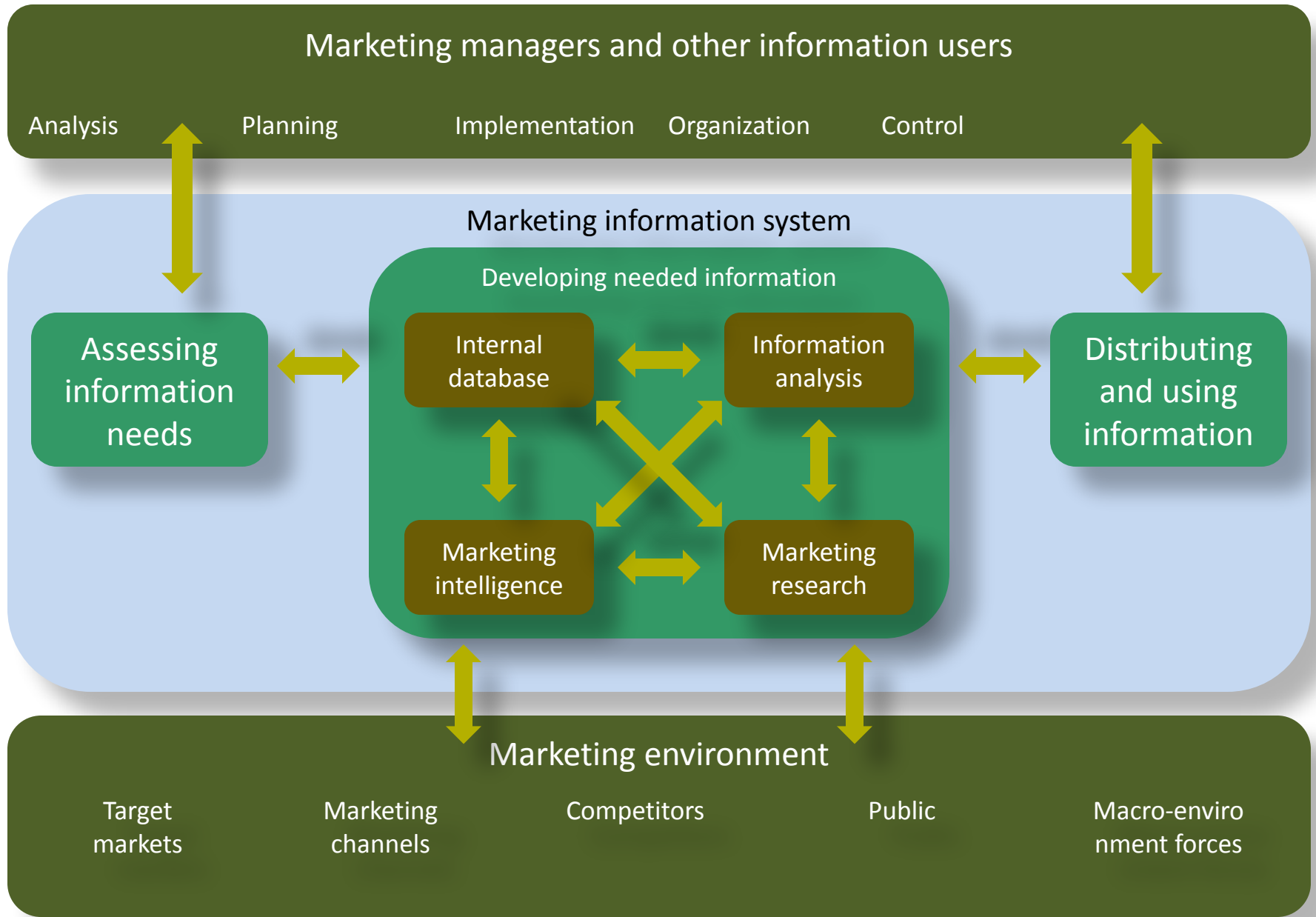


# Marketing Information System (MIS)

Consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.



# Marketing Information System (MIS)



# Marketing Information System (MIS)

- Begins and Ends with Information Users:
  - Interacts with information users to assess information
  - Develops needed information from internal and external sources
  - Helps users analyze information for marketing decisions
  - Distributes the marketing information and helps managers use it for decision making

# Assessing Marketing Information Needs

- ◎ The MIS serves company managers as well as external partners
- ◎ The MIS must balance needs against feasibility
  - Not all information can be obtained.
  - Obtaining, processing, sorting, and delivering information is costly

# Assessing Marketing Information Needs

- Some useful questions to discover their information needs are:
  - What decisions do you regularly make?
  - What information do you need to make with these decisions?
  - What information do you regularly get?
  - What information would you want that you are not getting now?
  - What information would you want daily? Weekly? Monthly? Yearly?
  - Etc...

# Developing Marketing Information



# Internal Data

“Internal data is gathered via customer databases, financial records, and operations reports.”

- Advantages:

can be accessed more quickly, easily and cheaply than other information sources.

- Disadvantages

- Because internal information was collected for other purposes, it may be incomplete or in the wrong form for making marketing decisions.
- Data ages quickly.

# Marketing Intelligence

“Marketing intelligence is systematic collection and analysis of publicly available information about competitors and developments in the marketplace”

- The goal of marketing intelligence is to improve strategic decision making, assess and track competitors’ actions, and provide early warning of opportunities and threats.



# Sources of Marketing Intelligence

- Company employees
- Internet
- Garbage
- Published information
- Competitor's employees
- Trade shows
- Channel members and key customers

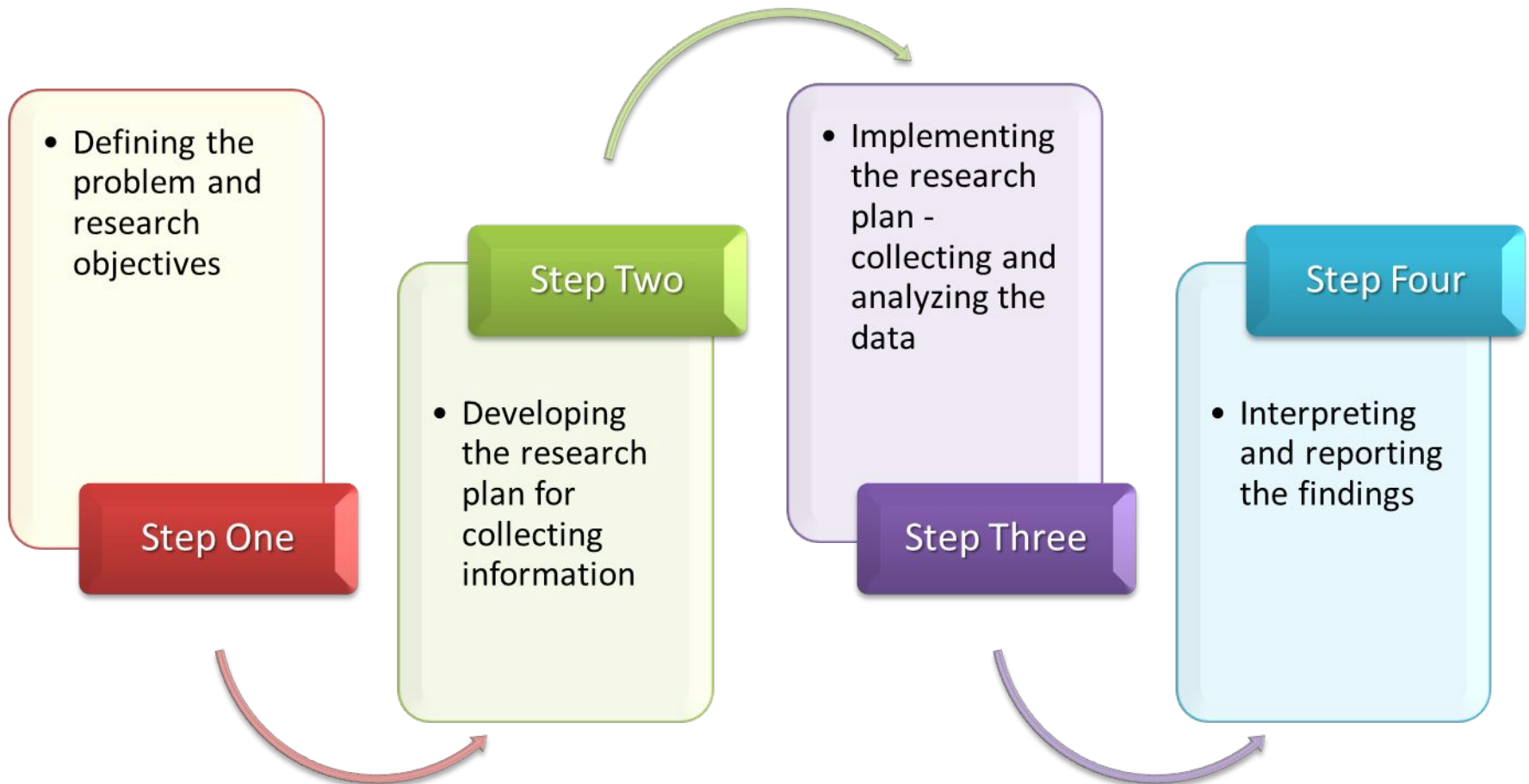
# Marketing Research

“Marketing research is the systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization.”

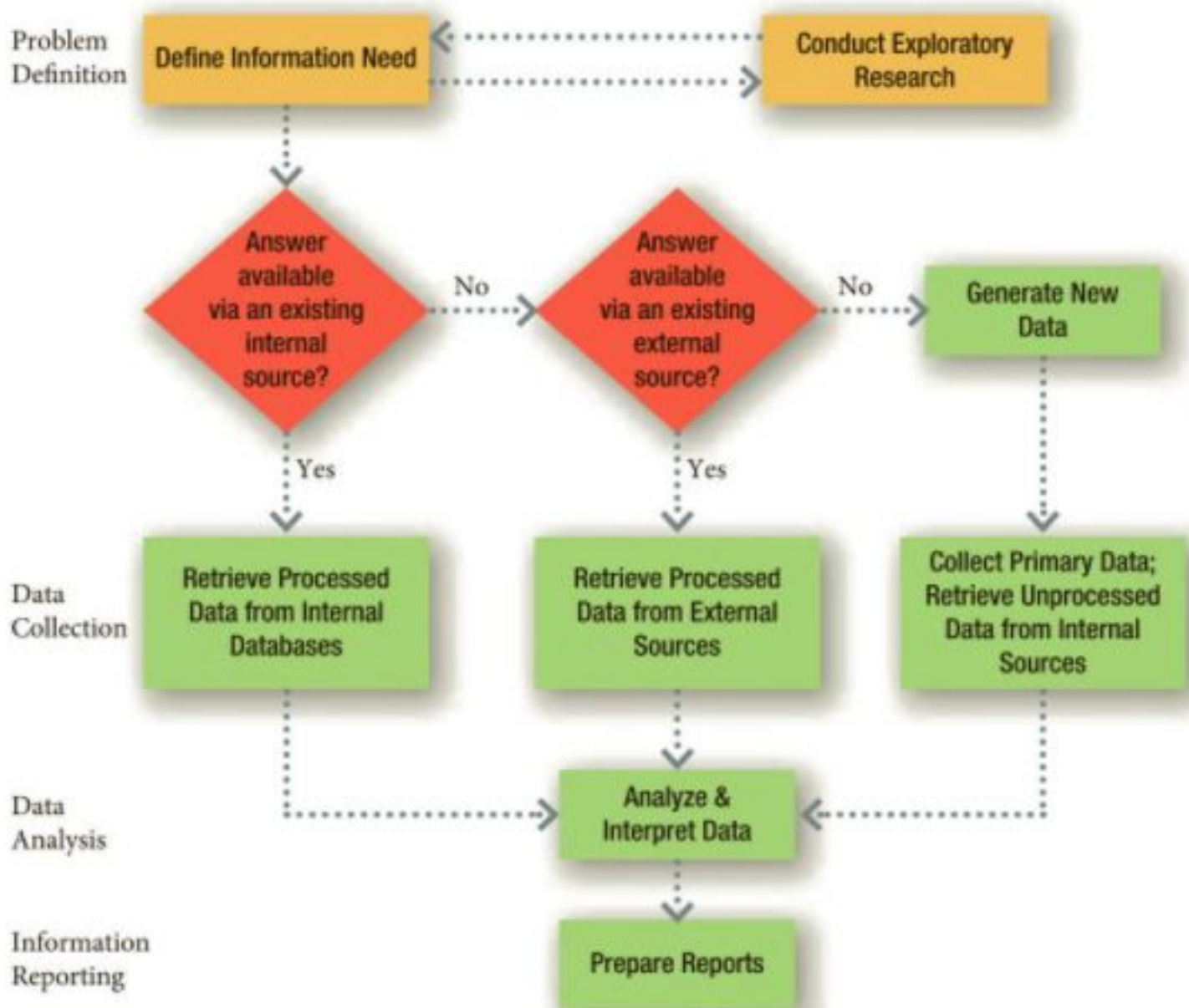
# Marketing Research

- ◎ Marketers often need formal studies of specific situations.
  - It can help marketers understand customer satisfaction and purchase behavior.
  - It can help them assess market potential and market share.
  - It can measure the effectiveness of pricing, product, distribution, and promotion activities.

# The Marketing Research Process



**Exhibit 2.1** ▶ The Marketing Research Process



# Step 1: Defining The Problem And Research Objectives

- ⦿ Defining the problem and research objectives is often the hardest step in the research process.
- ⦿ Don't confuse the symptoms of the problem with its cause when defining the problem. *(Example: Increase store traffic)*
- ⦿ The statement of the problem and research objectives guides the entire research process.

# Step 1: Defining The Problem And Research Objectives

<b>Decision Problem:</b>	<b>Research Problem:</b>
The problem facing the decision maker for which the research is intended to provide answers	A restatement of the decision problem in research terms
Need information to fill the gap	How to gather information to fill the gap

# Step 1: Defining The Problem And Research Objectives

<b>Decision Problem:</b>	<b>Research Problem:</b>
Develop package for a new product	Evaluate effectiveness of alternative package design
Increase market penetration through opening new stores	Evaluate prospective locations
Increase store traffic	Measure current image of store
Introduce a new product	Design a test market through which the likely acceptance for the new product can be assessed



# Step 1: Defining The Problem And Research Objectives

- ⦿ After the problem has been defined carefully, the manager and researcher must set the research objective.
- ⦿ Marketing research project might have one of three types of objectives.
- ⦿ Exploratory, descriptive, and causal research each fulfill different objectives.
- ⦿ Managers often start with exploratory and later follow with descriptive or causal research.

# Step 1: Defining The Problem And Research Objectives

- Exploratory research:
  - the objective is to gather preliminary information that will help define the problem and suggest hypotheses.
    - *Example: Why people do not buy our products?*
- Descriptive research:
  - the objective is to describe things, such as the market potential for a product or the demographics and attitudes of consumers who buy the product.
    - *Example: What are the characteristics of our consumers?*
- Causal research:
  - the objective is to test hypotheses about cause-and-effect relationships.
    - *Example: What will be the consequences of a price increase of 10%?*

# Step 2: Developing the Research Plan

- ◎ The research plan is a written document that outlines the type of problem, objectives (exploratory, descriptive, or causal research), data needed (qualitative or quantitative), outline sources of existing data (secondary or primary), spells out the specific research approaches (observation, survey, experiment), contact methods (mail, telephone, personal interview, or online), sampling plane (who, how many, and how to choose –probability or non-probability), instruments that researchers will use to gather new data (questionnaire, or mechanical instruments), the usefulness of the results, and the research costs.

# Types Of Research Data

## ◎ Types of research data:

### ● Qualitative data

Data which are concerned with describing meaning. They provide a more in depth and rich description.

*e.g., Opinions, preferences, feelings, behaviours, etc...*

### ● Quantitative Data

Is data measured or identified on a numerical scale. Numerical data can be analyzed using statistical methods

*e.g., Sales, market share, market size, profit, price, number of consumer complaints.*

# Types Of Research Data

◎ There is two types of data sources:

- Secondary data:

Information collected for another purpose which already exists.

- Primary data:

Information collected for the specific purpose at hand

# Secondary data

- ◎ Researchers usually start gathering secondary data.
- ◎ Companies can buy secondary data reports from outside suppliers.
- ◎ Government information, Internal, commercial, online databases, and publications, all are sources of secondary data.
- ◎ Advantages:
  - Obtained quickly
  - Less expensive than primary data
- ◎ Disadvantages:
  - Information may not exist or may not be usable.

# Secondary data

- Evaluate the Following When Judging Data Quality
  - Relevance: fits research project needs
  - Accuracy: reliably collected and reported
  - Currency: up-to-date enough for current decisions
  - Objectivity: objectively collected and reported

# Primary Data

- ◎ Designing a plan for primary data collections calls for a number of decisions.
  
- ◎ Primary research decisions:
  - Research approaches
  - Contact methods
  - Sampling plan
  - Research instruments



# Planning Primary Data collection

Research Approaches	Contact Methods	Sampling Plane	Research Instruments
Observation	Mail	Sampling unit (who)	Questionnaire
Survey	Telephone	Sample size (how many)	Mechanical instruments
Experiment	Personal interviewing (Focus group or individual)	Sampling procedure (how to choose people) -Probability samples -Non-Probability samples	
	online		

## Primary research decisions

### ◎ Research approaches:

#### ● Observational research:

(best suited for exploratory research)

“Is gathering primary data by observing relevant people, actions, and situations. “

- Observation research using people or machines. Mystery shoppers, and web site “cookies” are some examples.
- Discovers behavior but not motivations.

#### ● Survey research:

(best suited for descriptive research)

“gathering of primary data by asking people questions about their knowledge, attitudes, preference, and buying behavior”

# Primary research decisions

- ⦿ Research approaches:

- Experimental research:

(best suited for gathering causal information)

“the gathering of primary data by selecting matched group of subjects, giving them different treatment, controlling related factors, and checking for differences in group responses”

- Investigates cause and effect relationships.

# The Impact of the Internet Experimental Research

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- *The Internet:* provides an unprecedented opportunity for market testing and optimization.
- *Digitization:* will make it progressively easier to experimentally alter aspects of a business and quickly see how customers respond.
- **Experimentation:**
  - **Allows things that don't exist to be tested**
  - **Features random assignment of subjects to treatments**
  - **Controls for other extraneous variables**
  - **Design plan is key**

# The Impact of the Internet Experimental Research

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## How can web-based experimentation be used?

- Customer buying experience on the web
  - Site content
  - Availability of links
  - Spatial layout
  - Usability
- Pricing tests
- Comparison shopping websites
- Service businesses

# Discussion Question

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**What specific behaviors, actions, or situations might an observational researcher track if employed by a bank?**



# Primary research decisions

- ⊙ Contact methods
  - Key Contact Methods Include:
    - Mail surveys
    - Telephone surveys
    - Personal interviewing:
      - Individual or focus group
      - Online research
  - ⊙ Each contact method has strengths and weaknesses
    - Strengths and Weaknesses of Contact Methods Relate to:
      - Flexibility
      - Sample control
      - Data quantity
      - Cost
      - Interviewer effects
      - Speed of data collection
      - Response rate

# Primary research decisions

- Strengths and Weaknesses of Contact Methods

	Mail	Telephone	Personal	Online
Flexibility	Poor	Good	Excellent	Good
Quantity of data that can be collected	Good	Fair	Excellent	Good
Control of interview effects	Excellent	Fair	Poor	Fair
Control of sample	Fair	Excellent	Good	Excellent
Speed of data collection	Poor	Excellent	Good	Excellent
Response rate	Fair	Good	Good	Good
Cost	Good	Fair	Poor	Excellent



# Primary research decisions

- ◎ Sampling plan

- Sample:

“subgroup of population from whom information will be collected”

- Sampling Plan Decisions:

- Sampling unit (who)
- Sample size (how many)
- Sampling procedure: (how to choose people)
  - Probability samples
  - Non-probability samples

# Primary research decisions

## ⊙ Research Instruments:

### ● Questionnaires

- Include open-ended and closed-ended questions
- Phrasing and question order are key

### ● Mechanical instruments

- Nielsen's people meters
- Checkout scanners
- Eye cameras

# Marketing Info. System

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- Research Instruments:
  - Questionnaires
    - Include different types of questions
      - *Open-ended question:*  
What are the most important benefits you seek when buying a car?
      - *Closed-ended question:*  
What is your gender?  
\_\_\_\_\_ Male \_\_\_\_\_ Female
    - Phrasing and question order are key

**The manner in which questions are phrased can influence the validity of the data collected. Critique the following questions:**

**1. What is your age?**

**18 – 25     25 – 45     46 – 65**

**2. What is your income?    \$ \_\_\_\_\_**

**3. How important is fast and friendly service to you when selecting a fast food establishment?**

**Very important**

**Important**

**Somewhat important**

**Not important at all**

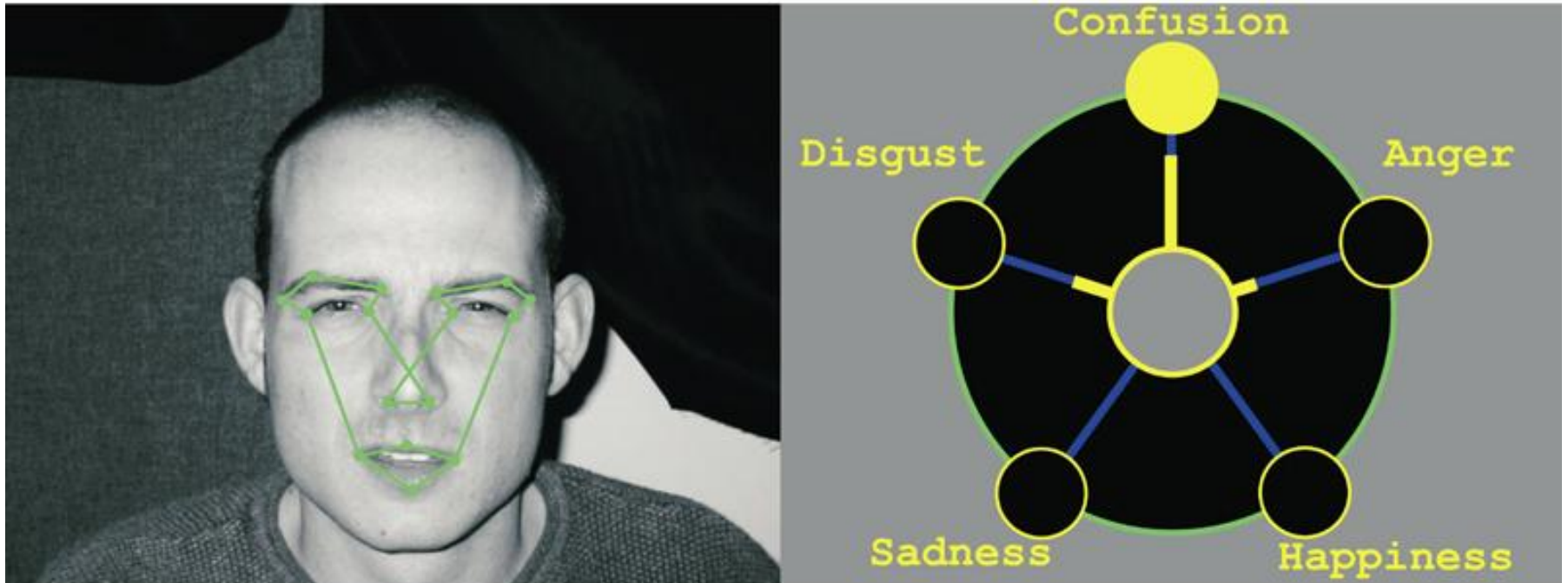
# Marketing Info. System

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- Research Instruments:
  - Mechanical instruments
    - Traffic counters
    - Retailer store checkout scanners
    - Video-taped store traffic
    - People meters
    - Website logs, cookies, software
    - Physiological measurement equipment

**Mechanical measures of physiological processes include eye movement, pulse rate, eye dilation, and as shown below, changes in facial expressions.**

**Marketers can adjust offers accordingly.**



# Step 3: Implementing the Research Plan

- Data is collected by the company or an outside firm
- The data is then processed and checked for accuracy and completeness and coded for analysis
- Finally, the data is analyzed by a variety of statistical methods

# Step 4: Interpreting and Reporting the Findings

- The research interprets the findings, draws conclusions and reports to management
- Managers and researchers must work together to interpret results for useful decision making



# Analyzing Marketing Information

- Statistical analysis and analytical models are often used
- Customer relationship management (CRM) software helps manage information by integrating customer data from all sources within a company
- CRM software offers many benefits and can help a firm gain a competitive advantage when used as part of a total CRM strategy

# Distributing and Using Marketing Information

- Routine reporting makes information available in a timely manner.
- User-friendly databases allow for special queries.
- Intranets and extranets help distribute information to company employees and value-network members.