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Manage Marketing Information



Chapter Questions

- What are the components of a modern marketing information system?
- What are useful internal records?
- What is involved in a marketing intelligence system?
- What constitutes good marketing research?
- What are good metrics for measuring marketing productivity?
- How can marketers assess their return on investment of marketing expenditures?



Marketing Research Defined

Systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing a company.

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What is a Marketing Information System (MIS)?

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

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MIS Probes for Information

- What decisions do you regularly make?
- What information do you need to make these decisions?
- What information do you regularly get?
- What special studies do you periodically request?
- What information would you want that you are not getting now?
- What are the four most helpful improvements that could be made in the present marketing information system?

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Internal Records and Marketing Intelligence

❖ **Order to payment cycle** has a system which records, the timing and size of orders placed by consumers, the payment cycle followed by consumers and the time taken to fulfill the orders, in the shortest possible time. Customers place order through sales people and companies dispatch the goods and receive payments directly or through bank. A proper record system pertaining to order – to – payment cycle management helps managers to decide on production and dispatch schedule, inventory and accounts receivable schedule and also logistics and distribution management schedules

❖ **Sales Information Systems** record everything in the sales Department, starting from Sales Call Reports to prospects history to Sales territory and quota information for better sales planning and forecasting purpose.

❖ **Databases, Warehousing, Data Mining**

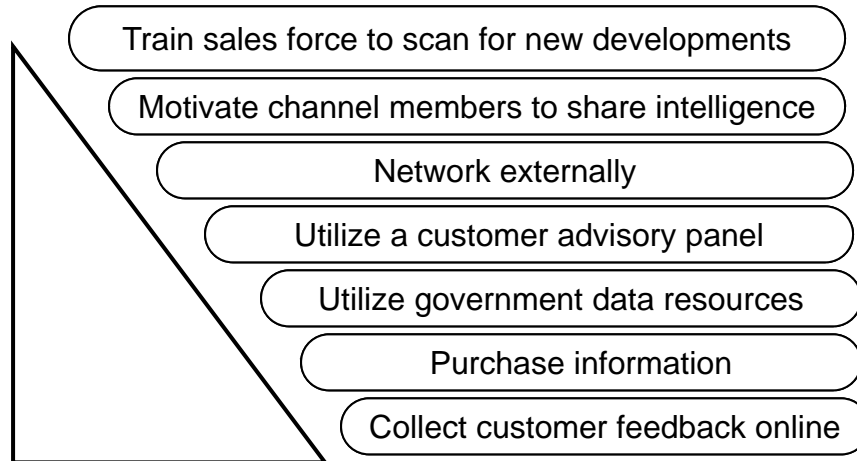
A **database** is a structured collection of data. The data is typically organized to model relevant aspects of reality (for example, the availability of rooms in hotels), in a way that supports processes requiring this information (for example, finding a hotel with vacancies). The term *database* may be narrowed to specify particular aspects of organized collection of data and may refer to the logical database, to the physical database as data content in computer data storage or to many other database sub-definitions.

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Steps to Improve Marketing Intelligence



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Sources of Competitive Information

- Independent customer goods and service review forums
- Distributor or sales agent feedback sites
- Combination sites offering customer reviews and expert opinions
- Customer complaint sites
- Public blogs

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Venus Razor



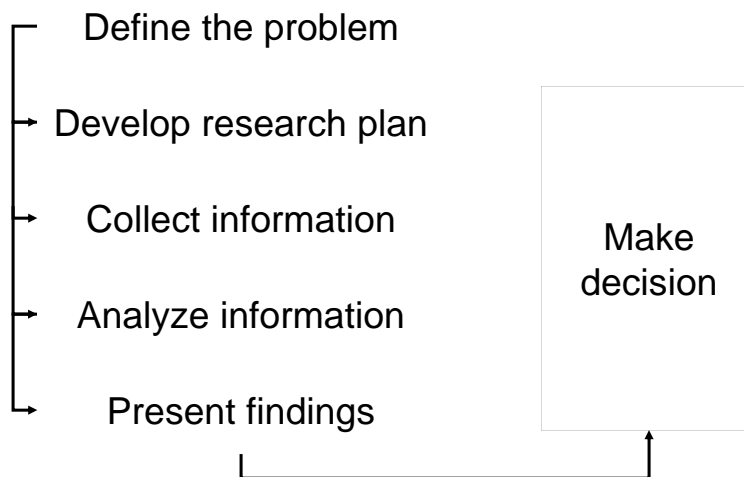
As part of a \$300 million budget for the development of its first razor designed solely for women, Gillette conducted extensive consumer research and performed numerous market tests. The razor, called Venus, was a marked departure from previous women's razor designs, which had essentially been colored or repackaged versions of men's razors. After research revealed that women change their grip on a razor about 30 times during each shaving session, Gillette designed the Venus with a wide, sculpted rubberized handle offering superior grip and control, and an oval-shaped blade in a storage case that could stick to shower walls. Research also indicated that women were reluctant to leave the shower in order to replace a dull blade, so the case was made to hold spare blade cartridges. When Gillette research later revealed four distinct segments of women shavers—perfect shave seekers (no missed hairs), skin pamperers, pragmatic functionalists, and EZ seekers—the company designed Venus products for each of them.

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The Marketing Research Process



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Step 1

- Define the problem
- Specify decision alternatives
- State research objectives

Types of Research

Not all research projects can be this specific.

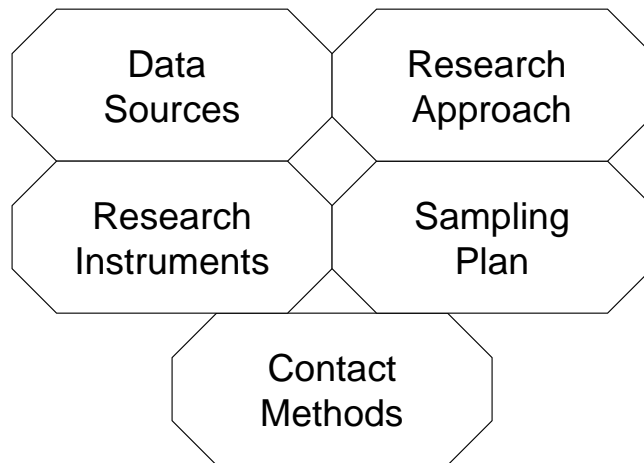
Some research is **exploratory**—its goal is to shed light on the real nature of the problem and to suggest possible solutions or new ideas.

Some research is **descriptive**—it seeks to quantify demand, such as how many first-class passengers would purchase in-flight Internet service at \$25.

Some research is **causal**—its purpose is to test a cause-and-effect relationship.



Step 2: Develop the Research Plan





Data Sources

- A market researcher can choose to collect primary data, secondary data, or both types of information
- Secondary data are data that were collected for another purpose and already exist somewhere.
- Primary data are data freshly gathered for a specific purpose or for a specific research project.
- Researchers usually start their investigation by examining some of the rich variety of low-cost and readily available secondary data, to see whether they can partly or wholly solve the problem without collecting costly primary data. When the needed data don't exist or are dated, inaccurate, incomplete, or unreliable, the researcher will need to collect primary data. Most marketing research projects do include some primary-data collection.

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Research Approaches

i. **Observational and Ethnographic:**

- **Observational:** Researchers can gather fresh data by observing the relevant actors and settings unobtrusively as they shop or consume products. Sometimes they equip consumers with pagers and instruct them to write down what they're doing whenever prompted, or they hold informal interview sessions at a café or bar. Photographs can also provide a wealth of detailed information.
- **Ethnographic** research is a particular observational research approach that uses concepts and tools from anthropology and other social science disciplines to provide deep cultural understanding of how people live and work. The goal is to immerse the researcher into consumers' lives to uncover unarticulated desires that might not surface in any other form of research.

- ### ii. **Focus groups:**
- A focus group is a gathering of 6 to 10 people carefully selected by researchers based on certain demographic, psychographic, or other considerations and brought together to discuss various topics of interest at length. A professional research moderator provides questions and probes based on the marketing managers' discussion guide or agenda. In focus groups, moderators try to distinguish consumers' real motivations and why they say and do certain things. They typically record the sessions, and marketing managers often remain behind two-way mirrors in the next room. To allow for more in-depth discussion with participants, focus groups are trending smaller in size. Focus-group research is a useful exploratory step, but researchers must avoid generalizing from focus-group participants to the whole market, because the sample size is too small and the sample is not drawn randomly.

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Research Approaches (cont'd)

- iii. **Surveys:** Companies undertake surveys to assess people's knowledge, beliefs, preferences, and satisfaction and to measure these magnitudes in the general population.
- iv. **Behavioral:** Customers leave traces of their purchasing behavior in store scanning data, catalog purchases, and customer databases. Marketers can learn much by analyzing these data. Actual purchases reflect consumers' preferences and often are more reliable than statements they offer to market researchers.
- v. **Experimental:** The most scientifically valid research is experimental research, designed to capture cause-and-effect relationships by eliminating competing explanations of the observed findings. If the experiment is well designed and executed, research and marketing managers can have confidence in the conclusions. Experiments call for selecting matched groups of subjects, subjecting them to different treatments, controlling extraneous variables, and checking whether observed response differences are statistically significant.



Research Instruments

- **Questionnaires:** A questionnaire consists of a set of questions presented to respondents. Because of its flexibility, it is by far the most common instrument used to collect primary data. Researchers need to carefully develop, test, and debug questionnaires before administering them on a large scale. The form, wording, and sequence of the questions can all influence the responses. Closed-end questions specify all the possible answers and provide answers that are easier to interpret and tabulate. Open-end questions allow respondents to answer in their own words and often reveal more about how people think.
- **Qualitative Measures:** Qualitative research techniques are relatively unstructured measurement approaches that permit a range of possible responses. Their variety is limited only by the creativity of the marketing researcher.
- **Technological Devices:** There has been much interest in recent years in various technological devices.



Qualitative Techniques

- **Word associations** involve asking subjects what words come to mind when they hear the brand's name.
- **Projective techniques** involve giving people an incomplete stimulus and ask them to complete it, or give them an ambiguous stimulus and ask them to make sense of it.
- **Visualization** requires people to create a collage from magazine photos or drawings to depict their perceptions.
- **Laddering** is a series of increasingly more specific "why" questions can reveal consumer motivation and consumers' deeper, more abstract goals.

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Questionnaire Do's and Don'ts

- Ensure questions are free of bias
- Make questions simple
- Make questions specific
- Avoid jargon
- Avoid sophisticated words
- Avoid ambiguous words
- Avoid negatives
- Avoid hypotheticals
- Avoid words that could be misheard
- Use response bands
- Use mutually exclusive categories
- Allow for "other" in fixed response questions

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Technological Devices

- **Galvanometers** can measure the interest or emotions aroused by exposure to a specific ad or picture.
- The **tachistoscope** flashes an ad to a subject with an exposure interval that may range from less than one hundredth of a second to several seconds. After each exposure, the respondent describes everything he or she recalls.
- **Eye cameras** study respondents' eye movements to see where their eyes land first, how long they linger on a given item, and so on. Technology has now advanced to such a degree that marketers can use devices such as skin sensors, brain wave scanners, and full body scanners to get consumer responses. Some researchers study eye movements and brain activity of Web surfers to see which ads grab their attention. Technology has replaced the diaries that participants in media surveys used to keep.
- **Audiometers** attached to television sets in participating homes now record when the set is on and to which channel it is tuned. Electronic devices can record the number of radio programs a person is exposed to during the day.
- Using **Global Positioning System (GPS)** technology, researchers can count how many billboards a person may walk or drive by during a day.



Sampling Plan

- Sampling unit: Who is to be surveyed?
- Sample size: How many people should be surveyed? Large samples give more reliable results, but it's not necessary to sample the entire target population to achieve reliable results
- Sampling procedure: How should the respondents be chosen? Probability sampling allows marketers to calculate confidence limits for sampling error and makes the sample more representative.



Contact Methods

- The **mail questionnaire** is one way to reach people who would not give personal interviews or whose responses might be biased or distorted by the interviewers. Mail questionnaires require simple and clearly worded questions.
- **Telephone interviewing** is a good method for gathering information quickly; the interviewer is also able to clarify questions if respondents do not understand them. Interviews must be brief and not too personal.
- **Personal interviewing** is the most flexible method. The interviewer can ask more questions and record additional observations about the respondent, such as dress and body language. At the same time, however, personal interviewing is the most expensive method, is subject to interviewer bias, and requires more administrative planning and supervision.
- **Online surveys:** An approach of increasing importance, the Internet offers many ways to do research. A company can embed a questionnaire on its Web site and offer an incentive to answer it, or it can place a banner on a frequently visited site such as Yahoo!, inviting people to answer some questions and possibly win a prize.

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Pros and Cons of Online Research

Advantages

- Inexpensive
- Fast
- Accuracy of data
- Versatility

Disadvantages

- Small samples
- Skewed samples
- Technological problems
- Inconsistencies

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What is a Marketing Decision Support System (MDSS)?

- Some organizations use marketing decision support systems to help their marketing managers make better decisions.
- A marketing decision support system is a coordinated collection of data, systems, tools, and techniques with supporting hardware and software by which an organization gathers and interprets relevant information from business and environment and turns it into a basis for marketing action.

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Barriers Limiting the Use of Marketing Research

- A narrow conception of the research
- Uneven caliber of researchers
- Poor framing of the problem
- Late and occasionally erroneous findings
- Personality and presentational differences

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Complementary approaches to measuring marketing productivity

- A. Marketing metrics** are the set of measures that helps marketers quantify, compare, and interpret marketing performance.
- B. Marketing-mix models** analyze data from a variety of sources, such as retailer scanner data, company shipment data, pricing, media, and promotion spending data, to understand more precisely the effects of specific marketing activities.



Table 4.4 Marketing Metrics

External

- Awareness
- Market share
- Relative price
- Number of complaints
- Customer satisfaction
- Distribution
- Total number of customers
- Loyalty

Internal

- Awareness of goals
- Commitment to goals
- Active support
- Resource adequacy
- Staffing levels
- Desire to learn
- Willingness to change
- Freedom to fail
- Autonomy



Sample Customer-Performance Scorecard Measures

- % of new customers to average #
- % of lost customers to average #
- % of win-back customers to average #
- % of customers in various levels of satisfaction
- % of customers who would repurchase
- % of target market members with brand recall
- % of customers who say brand is most preferred

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Tools to Measure Marketing Plan Performance

- Sales analysis
- Market share analysis
- Expense-to-Sales Analysis
- Financial Analysis
- **Review Question**
 1. What are the various steps a company can take to improve the quality of its marketing intelligence function?
 2. What is the chief advantage of using each of the following contact methods: mail questionnaire, telephone interview, and personal interview?

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