



Chapter 4

Managing Marketing Information



Learning Goals

1. Explain the importance of information to the company
2. Define the marketing information system
3. Outline the steps in the market research process
4. Explain how companies analyze and distribute information
5. Discuss special issues facing market researchers



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Case Study

New Coke



New Coke product failure

- Poor sales
- Over 1,500 phone calls a day from angry customers
- Old coke returns in only 3 months

Due largely to research failure

- Tested on taste only – not intangibles
- Decisions based on 60% ratings
- All for \$4 million!



Learning Goals

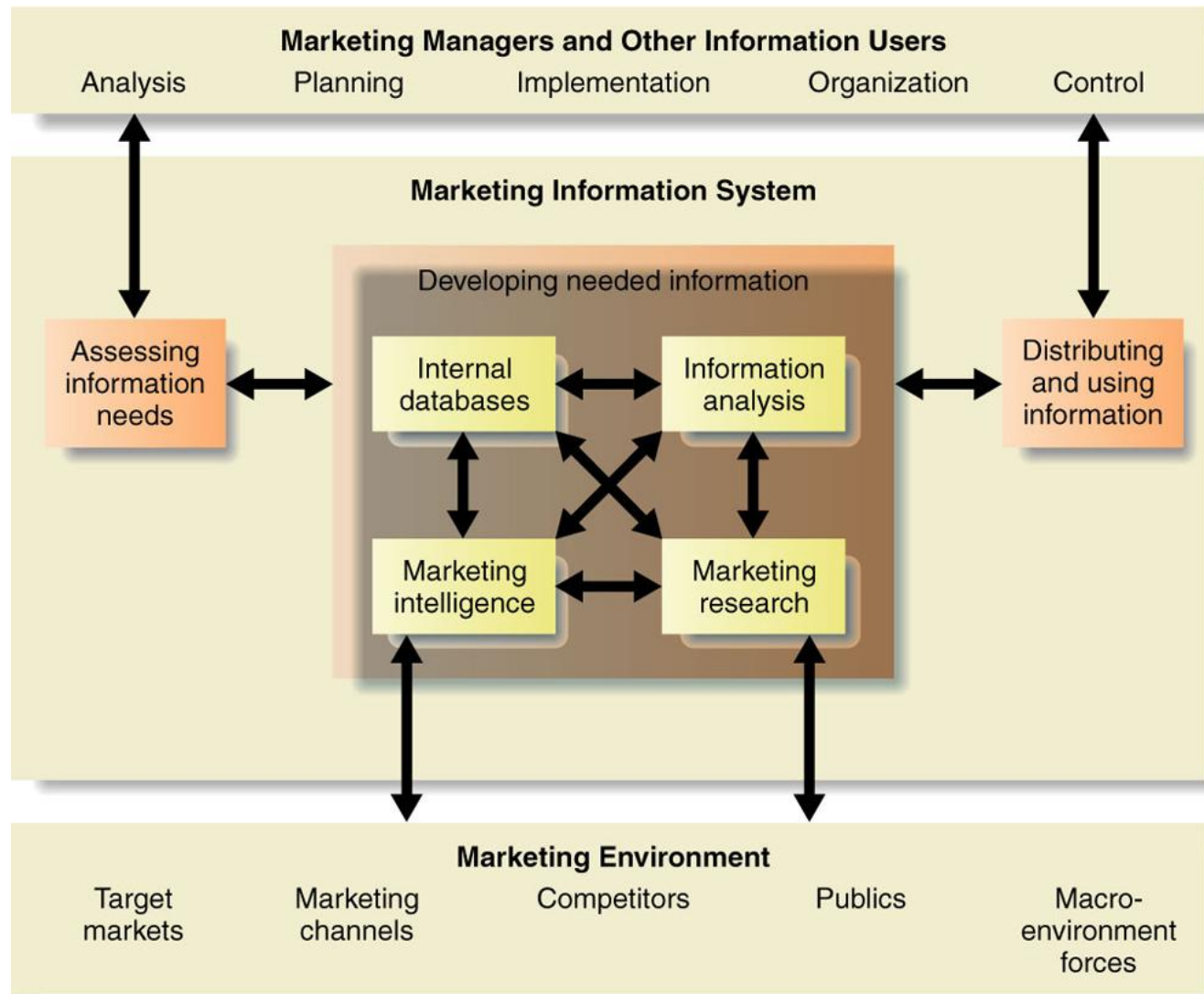
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Marketing Information System

- 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





Marketing Information System

- 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



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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

Developing Marketing Information


Sources of Info

- *Internal data*
 - *Marketing intelligence*
 - *Marketing research*
- Internal data is gathered via customer databases, financial records, and operations reports
 - Advantages include quick/easy access to information
 - Disadvantages stem from the incompleteness or inappropriateness of data to a particular situation


This ad is targeted to businesses to reinforce the importance of a good internal data for an MIS system

> customer communications

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Odds are, you have an outdated view of your customers. But Pitney Bowes can get you up to speed fast. We'll integrate all the correspondence between your customers and your company — from letters to e-mails — into your database. So if someone writes to say they've moved to Florida, it won't remain a secret. To find out more about this, or any of our other innovative solutions, visit pb.com/customer or call 1 866 DOC FLOW.

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Developing Marketing Information

Sources of Info

- *Internal data*
 - *Marketing intelligence*
 - *Marketing research*
- *Marketing intelligence* is the systematic collection and analysis of publicly available information about competitors and trends in the marketing environment.
 - Competitive intelligence gathering activities have grown dramatically.
 - Many sources of competitive information exist.

Sources of Competitive Intelligence

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

Developing Marketing Information

Sources of Info

- *Internal data*
 - *Marketing intelligence*
 - *Marketing research*
- *Marketing research* is the systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization.

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- NEW SOUND
- BORDOM

groovy

- GROOVY
- CRUSH
- TUFF

AWESOME

- AWESOME
- LAHE
- CYBE

GIRL POWER

- GIRL POWER
- ZEN
- TIRED

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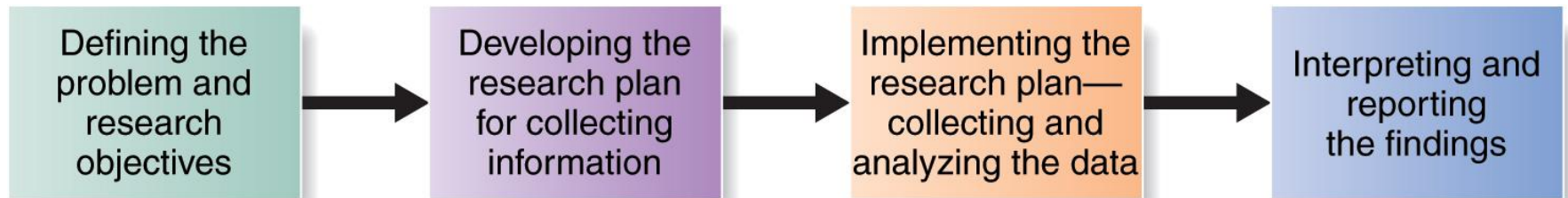
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Learning Goals

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Steps in the Marketing Research Process



Step 1: Defining the problem and research objectives

- The manager and the researcher must work together.
- These objectives guide the entire process.
- Exploratory, descriptive, and causal research each fulfill different objectives.

Step 1: Defining the Problem & Research Objectives

Example: American Airlines Case:

- American Airlines is constantly looking for new ways to serve the needs of air travelers.
 - One manager came up with the idea of offering phone service to passengers.
 - The other managers got excited about this idea and agreed that it should be researched further.
 - **The marketing manager** volunteered to do some preliminary research

Defining the Problem & Research Objectives

Example: American Airlines Case

- The marketing manager contacted a major telecommunications company to find out the cost of providing this service on B-747 coast-to-coast flights.
 - The telecommunications company said that the device would cost the airline \$1.000 a flight.
 - The airline could breakeven if it charged \$25 a phone call and at least 40 passengers made calls during the flight.
- The marketing manager then asked the company's **research manager** to find out how air travelers would respond to this new service.

Defining the Problem & Research Objectives

Example: American Airlines Case (cont.)

- *American Airlines looking for new ways to serve the needs of air travelers & the idea of offering phone service to passengers*
- ***Research Problem ?***
 - “to find out everything about air travelers’ need” – **too broad!**
 - “to find out if enough passengers aboard a B-747 flying between East Coast and West Coast would be willing to pay \$ 25” to make a phone call so that the company would break even on the cost of offering this service” – **too narrow!**
- ***Research Problem*** is finally defined as: ***“Will offering an in-flight phone service create enough incremental preference and profit for American Airlines to justify its cost against other possible investments that the company might make?”***

Defining the Problem & Research Objectives

Example: American Airlines Case (cont.)

■ **Research Objectives:**

- What are the main reasons that airline passengers might place phone calls while flying?
- What kinds of passengers would be the most likely to make phone calls?
- How many passengers are likely to make phone calls, given different price levels?
- How many extra passengers might choose American because of this new service?
- How much long-term support will this service add to American Airlines' image?
- How important will phone service be relative to other factors? (such as flight schedules, food quality, baggage handling, etc.)

Step 1: Defining the Problem & Research Objectives

Exploratory Research

- Sheds light on problem - suggest solutions or new ideas.
- Gathers preliminary information that will help define the problem and suggest hypotheses

Descriptive Research

- Ascertain magnitudes
- Describes things as market potential for a product or the demographics and consumers' attitudes.

Causal Research

- Test cause- and-effect relationships.
- Tests hypotheses about cause-and-effect relationships.

Step 2: Developing the Research Plan

- Research plan is a written document which outlines the type of problem, objectives, data needed, and the usefulness of the results.

Includes:

- Secondary data: Information collected for another purpose which already exists
- Primary data: Information collected for the specific purpose at hand

Secondary Data

- Secondary data sources:
 - Government information
 - Internal, commercial, and online databases
 - Publications
- Advantages:
 - Obtained quickly
 - Less expensive than primary data
- Disadvantages:
 - Information may not exist or may not be usable

Developing the Research Plan: Data Sources

Secondary

Data that were collected for another purpose, and already exist somewhere

(+) Obtained more quickly / at lower cost

(-) Might not be usable data.

both must be:

Relevant

Accurate

Current

Impartial

Primary

Data gathered for a specific purpose or for a specific research project

Secondary data on female spending has prompted marketing changes at retailers

GENDER WATCH WHO WEARS THE WALLET IN THE FAMILY?

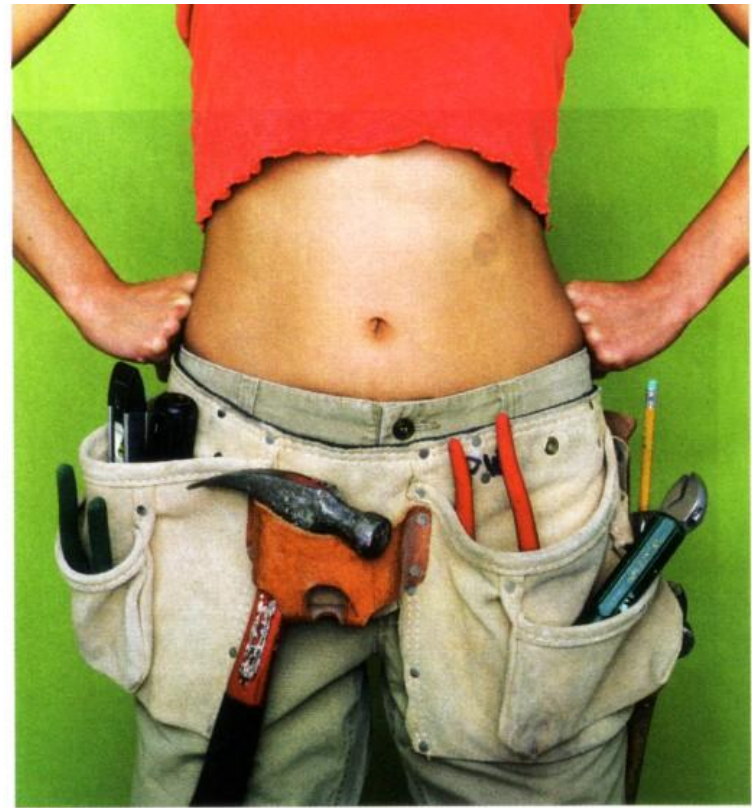
SOME MACHO industries are getting in touch with their feminine sides. **Home Depot** will spend \$1 billion this year to add softer lighting and brighter signs to 300 stores in a bid to match archrival **Lowe's** long-standing appeal to women. And **Best Buy**, sparked by the realization that women buy 55% of electronics items, will add personal-shopping assistants in some stores to explain geek-speak such as “megabyte” that some female customers may not grok.

Women may be paid less than men and make it to the CEO suite less often, but the U.S. economy is more and more female-driven. U.S. women control about \$3.3 trillion in annual consumer

spending and \$1.5 trillion more in business outlays, according to management guru Tom Peters' latest book, *Reimagine!*

What's more, women are expanding their influence: New studies show that women decide 92% of vacation plans, 62% of car purchases, and 52% of home-improvement projects, says Martha Barletta, CEO of consultant

TrendSight Group. And women control 51% of America's personal wealth, says the Federal Reserve. Even the oil change is getting a makeover: **Jiffy Lube International** will spend some \$8 million to overhaul shops, put *Vogue* magazine in its waiting rooms, and train its repair staff to explain “transmission fluid” on invoices. Now that's a female economy. —*Brian Grow*





Evaluate the Following when Judging Data Quality

- Relevance
- Accuracy
- Currency
- Impartiality



Primary Data

- Primary research decisions:
 - Research approaches
 - Contact methods
 - Sampling plan
 - Research instruments

Primary Data

Decisions

- *Research Approach*
 - *Contact Method*
 - *Sampling Plan*
 - *Research Instrument*
- Observation research using people or machines
 - Discovers behavior but not motivations
 - Survey research
 - Effective for descriptive information
 - Experimental research
 - investigates cause and effect relationships

Research Approaches

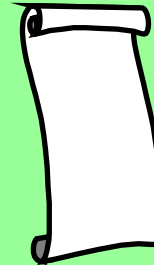
Observational

Gathering data by observing people, actions and situations
(Exploratory)



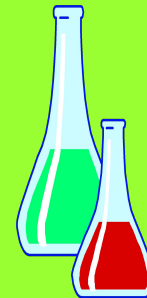
Survey

Asking individuals about attitudes, preferences or buying behaviors
(Descriptive)



Experimental

Using groups of people to determine cause-and-effect relationships
(Causal)



Primary Data

Decisions

- *Research Approach*
- *Contact Method*
- *Sampling Plan*
- *Research Instrument*

Key Contact Methods include:

- Mail surveys
- Telephone surveys
- Personal interviewing:
 - Individual or focus group
- Online research

Strengths and Weaknesses of Contact Methods Relate to:

- Flexibility
- Sample control
- Data quantity
- Cost
- Interviewer effects
- Speed of data collection
- Response rate

Strengths and Weaknesses of Contact Methods

	<i>Mail</i>	<i>Telephone</i>	<i>Personal</i>	<i>Online</i>
Flexibility	<i>Poor</i>	<i>Good</i>	<i>Excellent</i>	<i>Good</i>
Quantity of Data Collected	<i>Good</i>	<i>Fair</i>	<i>Excellent</i>	<i>Good</i>
Control of Interviewer	<i>Excellent</i>	<i>Fair</i>	<i>Poor</i>	<i>Fair</i>
Control of Sample	<i>Fair</i>	<i>Excellent</i>	<i>Fair</i>	<i>Poor</i>
Speed of Data Collection	<i>Poor</i>	<i>Excellent</i>	<i>Good</i>	<i>Excellent</i>
Response Rate	<i>Fair</i>	<i>Good</i>	<i>Good</i>	<i>Good</i>
Cost	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Excellent</i>

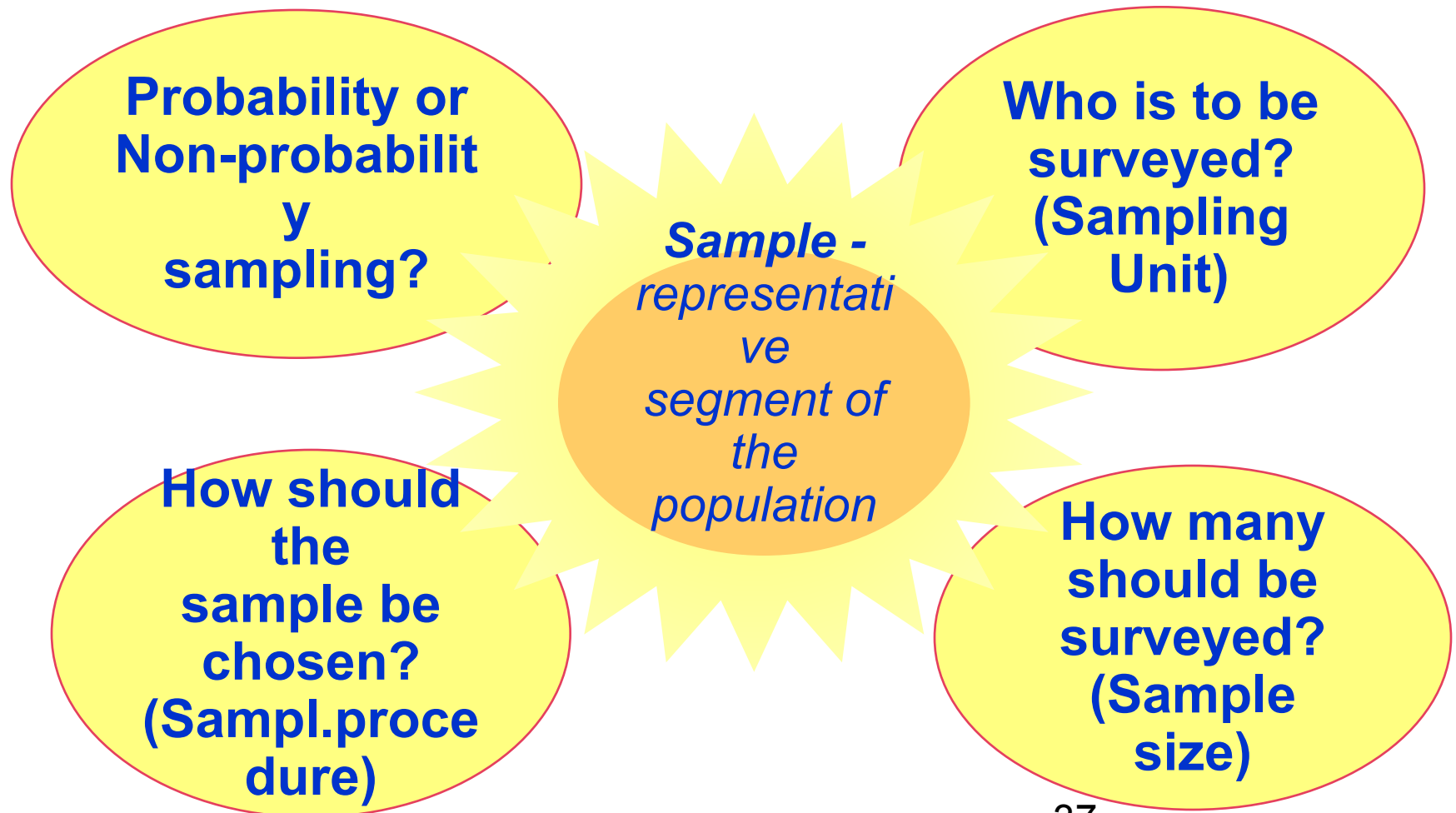
Primary Data

Decisions

- *Research Approach*
- *Contact Method*
- *Sampling Plan*
- *Research Instrument*

- Sample: subgroup of population from whom information will be collected
- Sampling Plan Decisions:
 - Sampling unit
 - Sample size
 - Sampling procedure:
 - Probability samples
 - Non-probability samples

Sampling Plan



Sampling Plan

■ **Probability Sampling**

- Simple random sample ħ every member of the population has an equal chance of selection
- Stratified random sample ħ the population is divided into groups, random samples are drawn from each group
- Cluster (area) sample ħ e.g. groups such as blocks

■ **Nonprobability Sampling**

- Convenience sample ħ The most accessible population members are selected to obtain information
- Judgement sample ħ The researcher uses judgement to select population members who are good prospects for accurate information
- Quota sample ħ finds and interviews a prescribed number of people in each of several categories

Primary Data

Decisions

- *Research Approach*
- *Contact Method*
- *Sampling Plan*
- *Research Instrument*

- Questionnaires
 - *Include open-ended and closed-ended questions*
 - *Phrasing and question order are key*
- Mechanical instruments
 - *Nielsen's people meters*
 - *Checkout scanners*
 - *Eye cameras*

Eye Cameras



- Eye cameras track the consumer's eyes as they look at marketing materials
- Applications
 - print ads – where do people look first?
 - Web pages – do people view banner ads?
 - Other web applications?



Discussion Question

A digital camera manufacturer wants to determine what is most important to older (50+) camera buyers

Suggest a research approach, contact methods, sampling plan, research instruments



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 finding, draws conclusions and reports to management
- Managers and researchers must work together to interpret results for useful decision making

American Airlines Case: Main Survey Findings

- The chief reasons for using in-flight phone service are:
 - emergencies,
 - urgent business deals,
 - mix-ups in flight times, and so on.
- Making phone calls to pass the time would be rare. Most of the phone calls would be made by businesspeople on expense accounts.
- About 5 passengers out of every 200 would make in-flight phone calls at a price \$25 a call; 12 would make calls at \$15.
 - Thus a charge of \$15 would produce more revenue ($12 \times \$15 = \180) than \$25 a call ($5 \times \$25 = \125).
(Still, this is far below the in-flight breakeven cost of \$1000)

American Airlines Case: Main Survey Findings *(cont.)*

- The promotion of in-flight phone service would win American about two extra passengers on each flight.
 - The net revenue from these two extra passengers would be about \$ 620, but this still would not help meet the breakeven cost.

- Offering in-flight phone service would strengthen the public's image of American Airlines as an innovative and progressive airline.
 - However, it would cost American about \$200 per flight to create this extra goodwill.



Good Marketing Research

1. Is scientific
2. Is creative
3. Uses multiple methods
4. Realizes the interdependence of models & data
5. Acknowledges the cost & value of information
6. Maintains “healthy” skepticism
7. Is ethical

Marketing Research Industry

- \$ 9 Billion a year is spent on marketing/advertising/public opinion research services around the world
- US spending on MR is \$ 4.6 billion
- About 39% of the world's spending for research services goes to the 10 largest MR organizations.
- About 51% is held by the 25 largest worldwide organizations
- Approximately 31% of all research budget (cost) are spent on
 - syndicated research.
 - 19% is spent on custom qualitative studies
 - The remainder is spent on custom quantitative studies

Marketing Research Industry in Turkey

- **Syndicated Services** (MR data gathering and reporting)
 - AC Nielsen: Retail Measurement Services - Scan Track - Brand Track- CATI and CAPI
 - AGB: Daily, weekly and monthly reports on the figures/ statistics of research, share, rating figures, distribution of ratings on different target groups
 - Bilişim International Research Org.: Monthly Advertising Expenditure Surveys
 - HTP Research and Consulting Services: Household consumption panel (weekly visits, monthly report, 12 major cities, 300 households)
 - Information Resources Inc/Panel: Retail audit (Electronic data collection) -Retail information (Supermarket information, Infoscan)

Analyzing Marketing Information

- Information gathered in internal databases and through marketing intelligence and marketing research may require more analysis
 - Statistical analysis and analytical models are often used
- Managers may need help in applying the info. to their mktg problems and decisions
 - **Marketing decision support systems (MDSS)**
“coordinated collection of data, systems, tools and techniques with supporting software and hardware, by which an organization gathers and interprets relevant information from business and environment and turns it into a basis for marketing action”
 - marketing and sales software programs
 - decision models

Customer Relationship Management

- **Customer relationship management (CRM) software** helps manage information by integrating customer data from all sources within a company, analyzing in depth, and applying the results to build stronger relationships
 - “Customer touch points” are analyzed in order to maximize “customer loyalty”.
 - Data warehouses
 - Data mining techniques
 - ***“...CRM is not a technology solution....is just one part of an effective overall customer relationship strategy...”***
 - 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

Distributes *Routine* Information for Decision Making

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*Information Must be Distributed to the **Right Managers** at the **Right Time**.*

Distributes *Nonroutine* Information for Special Situations

Other Considerations

- Marketing research in small businesses and not-for-profit organizations
- International marketing research
- Public policy and ethics
 - Consumer privacy issues
 - Misuse of research findings

Market Research Companies AC Nielsen

- AC Nielsen helps define the problem by packaging data around common problems, including customer satisfaction and new product sales
- It develops the sampling plans, collects and analyzes the data
- Firms purchase these reports as secondary data.

Market Research Companies AC Nielsen

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18 January U.S. Consumers Continue Trend Of Shopping Less Often In Traditional Grocery Stores, According To ACNielsen

21 December ACNielsen Finds U.S. Truly Is A Fast Food Nation

21 December Asians the World's Greatest Fast Food Fans
Filipinos, Taiwanese and Malaysians edge ahead of the Americans, while two thirds of Hong Kongers frequent at least once a week

Trends & Insights

Europe
Consumer Confidence Survey 2nd Half 2004 (PDF, 631k)
More than half of consumers in Europe's largest countries say their economies have deteriorated in the last six months and, with few signs of economic recovery, are bracing themselves for another tough year ahead.

Do Consumers Do As They Say?
Consumer panel data brings the ability to view behavioral and attitudinal measures from the same households and yields consumer insights not possible through standalone custom survey research projects. They also enable us to answer a key question: Do consumers do as they say?

In Search of Loyalty
Is customer loyalty becoming an oxymoron? Or can retailers develop a long-term bond that will keep customers coming back?

AC Nielsen Answers
Email
Password

What's Hot Around the Globe
Insights on Growth in Food and Beverages 2004

"I am up against slow growth and rising margin pressure."

More Trends & Insights



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