

Unit-3

Marketing Information System

Concept of marketing information system

Components of the marketing information system.

Marketing research areas and process

Marketing Information System (MkIS)

- A marketing information system is a tool that helps companies gather and analyze information about their customers, competitors, and market trends. It helps companies make informed decisions about their marketing strategies and products.
- It is a Management Information System (MIS) designed to support marketing decision making.
- According to Philip Kotler, “ A marketing information system consists of people, equipment and procedures to gather, sort, analyze, evaluate marketing decision makers”.
- It refers to the systematic collection, analysis, interpretation, storage and dissemination of market information from both internal and external sources, to the marketers on a regular and continuous basis.
- MkIS allows a company to use all relevant information for developing its marketing strategies more effectively.
- So MKIS is a software program that provides information about marketing research.

Benefits of MKIS

1. Monitoring the environment: a MKIS helps to regularly monitor the dynamic nature of marketing environment. So marketer become more capable of projecting potential threats and opportunities.
2. Implementation of the marketing concept: information is crucial to effectively implement the marketing concept. If firms are to base their marketing offers on the needs and desires must guide product development, modification and deletion decision.
3. Better market segmentation: a well designed MKIS helps the firms in segments a market more accurately and purposeful.
4. Helps demand assessment (evaluation): demand assessment on regular basis is essential to cope with the changed situation. A well designed MKIS helps in assessing demand more correctly.
5. Evaluation of marketing decision variables: development of a MKIS within the firm helps management in timely and purposeful evaluation of marketing decision-making variables. Like price, promotion, distribution channels.
6. Provide up-to-date information: a well-designed MKIS provides a fast and more complete information flow for management decision making management can store sufficient information within the firm.
7. Upgrades management's performance: a well designed MKIS helps mgmt. in evaluation and controlling marketing decision-making variables on regular basis, which helps improving mgmt. efficiency; as such the basic objective of the mgmt. will be achieved. Thus, the mgmt. performance will go on improving.

Components of MkIS

1. **Internal record system (Internal Data Bases)**: internal record data is the collection of information obtained from data sources within the company. Like from accounting department (financial statements, records of sales, cash flow), from operations department (production schedules, shipments (cargo), inventories), from sales force (reseller and competitors activities), from marketing department (buying behavior, customer satisfaction, service problems) and other records (special report, annual report, audit report etc.)
 - By analyzing this information marketing managers can spot important opportunities and problems.
- a. **Customer's order and complaints**: it is the major source of information. It provide information about the demand of the products. Similarly, customer's complaints provide the information regarding the quality, packaging, functions, distribution, price, promotion etc. of the products.
- b. **Top-level management decision**: Another important source of information is the top-level decision. They make a variety of decisions that affect how the organization runs. These kinds of data can be used by marketers to inform their choices.

- c. Invoices: invoices is the dispatch bill and it contains more useful information about price, discount, location, name of purchaser, sales quantity, products sold etc. so, marketers can make plans based on the information of invoice.
- d. Sales reports: Each product item sold by the company in each market segment can be evaluated for sales trends, issues, and potential using the sales reports. It gives details regarding each territory's sales goals and actual sales, as well as the overall sales of each product.
- e. Financial report: it provides the information about income, expenses, loan, capital, liabilities, budget, and the overall financial conditions of the organization.
- f. Marketing research reports: organization prepares the marketing research report by doing the marketing research. The main aim of marketing research is to solve the marketing problem that the company is facing.
- g. Others: except aforementioned sources of information, marketing manager can also use other sources of information such as audit report, inventory report, annual report etc.

2. **Marketing intelligence system:** it is a set of procedures and sources used by managers to obtain their everyday information about relevant developments in the marketing environment. The aim of this system is to collect the happening information about the marketing environment (external)
- Marketing managers often carry on marketing intelligence by reading books, newspapers, journals, magazines and trade publication, talking to customers, suppliers, distributors and talking with other managers and personnel within the company.
 - The sources of information regarding marketing intelligence are categorized into two parts: formal and informal.

Formal sources:

- a. Marketing intermediaries: it include the dealer, distributors, wholesaler and retailers. These intermediaries handle several competitive products and they may aware to some extent about the policies and strategies of different organizations regarding product, price, promotion and distribution.
- b. Vacancy announcement: organization can announcement (real or fictitious) of vacancy by targeting the staffs of competitor organization. when the staffs of other organization apply for the job, the manager can collect the information during the time of interview.
- c. Sales forces: they are appointed by organization who are closely in contact with the customers. They can directly see and hear what is actually happening in the market pace.
- d. Private agencies: there are various private agencies in the market who regularly collect and sell information to interested parties. Organization can purchase marketing information from those agencies.
- e. Experts: organization may appoint the experts to collect the market information. They are more skilled for scanning the marketing environment.
- f. International sources: information can also be collected through the international sources. Articles published by ILO, GATT, IMF, WTO etc. are the major source of information.

Informal sources:

- a. Reading magazines, newspapers, trade journals to collect the information.
- b. Interaction with customers, channel members, suppliers to collect the information.
- c. Interaction with staff who are working within the organization
- d. Reports of research and development

3. **Analytical systems or Marketing Decision Support System (MDSS):** MDSS is a 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.
- A growing number of organizations are using a MDSS to help their marketing managers make better decisions. Eg: tally software for accounting, SAP software for planning, inventory management, customer relation management, sales and marketing, finance and accounting etc., /statistical model like averages, %, regression, factor analysis/others like Markov model, game theory, chai square etc.
4. **Marketing research system:** marketing research is the process of systematic design, collection and analysis of data and reporting the findings to the concerned parties about the marketing problems. Eg: market potential, market share, effectiveness of pricing, product, distribution, promotion, advertising research, sales research, motivational research.
- Marketing research can develop large amounts of marketing information.

Marketing Research

- Marketing research system: marketing research is a systematic investigation of marketing problems and its solution. If an organization facing some marketing problems then the organization conducts the marketing research to solve those problems. Marketing problem may be market segmentation, kind of product, advertising theme for a product etc.
- It is the process of systematic collection and analysis of the data and reporting of the findings to the concerned parties about the marketing problems.
- Features of marketing research: (objectives)
 - Systematic (well organized, planned, should follow step-by-step)
 - Objectivity
 - Informative (research should include adequate, essential information)
 - Problem based
 - Decision: the main output of the research is decision making. On the basis of information collected, analyzed and interpreted, the marketing manager must be able to make decisions. This decision should be helpful to solve the existing problem of the company.

Marketing research process

1. Defining the problem and establishing the objectives:

- Problem is gap between actual state and desired state. To identify the problem the researcher must be able to establish the '**cause and effect**' relationship between the variables. Sales decline may just be a effect, cause could be inferior quality, ineffective promotion, unaffordable price, poor supply chain. So causes becomes the major research problem and effect becomes the consequence.
- After the problem is identified for the research purpose, research objective should be defined. If the objectives are not according to the problem identified, the output of the research may not fulfill the basic goal of the marketing organization

2. Developing the research plan:

- Research approaches /Types (exploratory, descriptive, survey, experimental, case study, qualitative, quantitative)
- Data sources (primary-original information, secondary-already exists somewhere)
- Population, sampling (unit, size, procedure)
- Contact methods (mail, phone, personal interview, online interview, focus group discussion)
- Instrument (questionnaire, mechanical instruments-mechanical devices like camera, calculator, telescope, audiometer etc. are used)
- Data collection procedure
- Analytical tools
- Reliability and validity

3. Collecting the information: in this step, the researcher should proceed for gathering the desired information. While collecting information , the researcher should follow the following procedures:
- Prepare the list of population to be interviewed
 - Make arrangement for travel to the identified areas
 - Contact the target group population and start interviewing or distribute questionnaires and collect them from the target group.
 - Check whether the information collected from the population are relevant and adequate
 - If data are relevant and adequate, proceed for tabulation, analysis and interpretation.

4. Analyzing the information: information obtained from the target population is in the raw form. Before using this information in the research, they must be tabulated and analyzed systematically by using following tools
- Tabulation
 - Graphic presentation
 - Statistical tools (central tendency, frequency, percentage, rank, standard deviation, f-test, t-test, regression, chi square test, correlation)
 - Decision models
 - Hypothesis testing
 - SPSS (Statistical Package for the Social Sciences)

5. Presentation of the findings and submission of the report: after analyzing of data, it is the responsibility of the researcher to evaluate the research study to see whether the tools used are appropriate or the result obtained from the tools are correct. If everything is all right, research conclusion and recommendation provided to specified units of the company in the form of report.
- Research report consists of five chapter in general like: introduction, literature review, research methodology, data presentation analysis and discussion, implication and conclusion. After the report is presented to the concerned unit, the task of the marketing researcher comes to an end.

Areas of Marketing Research

1. Advertising research: advertising is the process of giving the information about the product and services to the target customers. The effectiveness of advertising must be identified by the advertising research. Advertising research includes the motivation research, copy research, media research etc.
2. Price research: Price is the amount of money a buyer pays to a seller for a product or service. The factors affecting price must be identified by the marketers through price research. Price research include level of price, discount, price policy, pricing method etc.
3. Corporate responsibility research: the importance of corporate responsibility and its impact must be identified through the corporate responsibility research. This include consumer's right to know study, ecological impact study, social values and policies study etc.

Areas of Marketing Research

4. Product research: A product can be a physical item, service, experience, or idea that a business sells to address a customer's need or desire. Marketer must conduct the product research in the new product acceptance and potential study, competitive product studies, testing of existing products, packing research etc.
5. Sale and market research: there are various factors that influence the sales of goods and services. Therefore, marketers must conduct the research to identify the effectiveness of these factors on sales. The sales and market research include the identification market potentials, market share analysis, determination of market characteristics, sales analysis, distribution channels studies, etc.
6. Distribution research: distribution is the process of making a product or service available for the consumer or business user who needs it. The marketer must identify the factors affecting distribution and effectiveness of distribution channel, appropriateness of location, warehousing, inventory control, transportation etc.

Questions:

- Define marketing information system.
- Mention the components of MkIS.
- What do you mean by marketing intelligence?
- What is MDSS?
- Give the meaning of marketing research.
- Write the process of marketing research.
- Write down the areas of marketing research.
- Describe the areas of marketing research in detail. 5
- What are the components of marketing information system? 10
- Define marketing research. Explain its process. 10