

Management's View of the Marketing Information Problems*

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Looking back at some of my experiences, I think that this paper twenty years ago would be entitled "Marketing's View of Management's Information Problems." It hasn't been too many years since Management, for the most part, manufactured as much as production facilities allowed and expected it to be sold. During the last twenty years, the Marketing Concept has grown rapidly within the industry and today marketing is recognized, in most companies, as one of the major corporate functions. Today management looks to marketing for information on what can be sold, how, and at what profit.

It is apparent from the increasing amount of money being spent on market and marketing research, that management views marketing information as essential to the conduct of its business. The problems associated with marketing information are twofold: how to obtain accurate information at the time it is needed and how to make the most effective use of these data. As we consider these problems, it is important to recognize that the chemical industry is changing quite rapidly in the nature of its markets, as well as in technology.

When I speak of management, I am referring to those individuals in a company who will make operational decisions based on, or that should be based on, marketing information. In chemical companies, these decisions are made in most of the operating departments and at a variety of management levels. Regardless of the level at which the decision is made or the nature of the function involved, management is taking actions that will affect the future of the business. In total, these decisions will determine the company's growth and influence its profits.

It is obvious that there is no one management view toward marketing information. The nature of the decisions influenced by these data are too diverse, and similarly, the individuals making the decisions are equally varied. There are, however, common elements that exist in management's view of marketing information. Let us consider the uses of marketing information in a typical chemical company.

During the last half of the business year, most companies prepare a "budget" or "profit plan" for the succeeding year. This plan is keyed to a sales forecast which specifies in considerable detail the sales volume and price of each product as a function of time and

point of delivery. Plans of the operating departments for the coming year are based on this annual forecast. For example:

- Finance—plans to provide money in the amount at the time it will be needed
- Purchasing—contracts for the necessary raw materials and supplies
- Manufacturing—programs, production, and inventory levels
- Personnel—plans to provide the necessary people
- Traffic—arranges for carriers
- Marketing—programs, advertising, promotions, technical service, sales coverage, etc.

It is obvious that the validity of the annual sales forecast for the coming year exercises a very great influence on profitability of operations for that year. Because of our inability to predict the future accurately, the sales forecast is revised regularly, usually every quarter.

I think it is safe to say that many managements consider that their sales forecasting techniques are far from perfect. There is, therefore, a tremendous interest on the part of management in improved methods for preparing and revising the "annual sales forecast."

At the top management level, marketing information is a "must" for decisions in the area of capital expenditures for enlarged production facilities, new plants, introduction of new products, and acquisitions. Information bearing on these problems is usually developed as a special study by a staff department which will require market research studies.

Management is more and more concerned over the high cost and productivity of technical research and development. As a result, technical research and development is more and more calling on marketing or market research for information on future needs and markets to guide them in their programs and expenditures.

It is apparent that all types of marketing intelligence, not just market research, are significant. We must consider, in addition to the broad areas already mentioned, the many specific decisions which are, or should be, based on marketing information. These include such matters as price revisions, realignment of branch offices and sales territories, evaluations of competitors' activities, both domestic and foreign, the effect of changes in technology, etc. In other words, marketing information can be a major factor influencing many of management's decisions.

I would now like to focus on some problems commonly encountered by management in using various types of marketing information.

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One problem that management encounters in using marketing information is that of projecting, extrapolating, or estimating the future on the basis of the past trends. Validity of data becomes a consideration. Insofar as it is factual, marketing information essentially is chronological and historical. Therefore, it requires extension to the future in order to be useful in decision making. Here, it is most important that the historical and/or statistical data used be correct; errors in statistical data are always magnified and small slips project into major pitfalls.

Similarly, trends change rather abruptly and the past is not an infallible guide to the future. Frequently, too, very little historical data can be found that bears on a really new and potentially profitable venture. These factors, combined with the unavailability of rigorous proof for conclusions drawn from marketing information, give rise to one problem in management's view of these data. This problem I call the "confidence factor." I am sure that many of you have had an experience in which your management considered your marketing information as too optimistic and factored the data so conservatively that a promising project was abandoned. Conversely, I expect many of you have seen your management move ahead with a project when the best marketing information you could assemble indicated it to be unattractive. The problem of establishing confidence by management in its marketing information is complicated because it involves people, communications, data, and prediction of the future. I do not have a panacea to offer to marketing researchers that will magically cause management to have confidence in their judgments. However, in seeking helpful suggestions, I have thought about the reports that have been submitted to me for action as a member of management. Frequently, I found that it required hard study to understand the point. Some of these reports were more preoccupied with how the data was obtained than with its significance. Often times, too, it was not apparent to me how much of a safety factor the author had used in his extension of data to the future. On occasion, I have had reports submitted in which it was obvious from the text that the marketing researchers were so strongly in favor of the project, or *vice versa*, that I worried about the objectivity of their data. In one particular market research study, I discounted the findings because I felt I had lived with the particular commodity since its introduction and knew the answer a lot better than the market research department. Time has proven the market research projections correct. As I look back now I realize that at one time or another, I have also been guilty of these same shortcomings in the presentation of marketing data to management and in not having confidence in the marketing data presented to me.

It would not be fair to place the problem of management's confidence in marketing information entirely with marketing sources. Many managements have built their businesses, and successfully, on "seat of the pants hunches." Managements of this type are sometimes slow in accepting the validity of marketing information when it conflicts with their hunches. Then, too, I know of cases where management did not take the marketing research staff sufficiently into its confidence in assigning a study, with the result that the project was not planned to develop the data management was seeking. Another

problem for which management is somewhat responsible has to do with the inability of some executives to trust data unless they have been responsible for their development.

Fortunately, for both management and for the marketing researcher, an increasing percentage of executives have had personal experience with market research and, consequently, understand how the data are developed, their validity, and their limitations. Also, there is a trend in some company organizations to place responsibility for development of marketing information organizationally as close as possible to the executive or department that will be using these data. In summing up my comments on the "confidence factor," on management's acceptance of marketing data, I think we expect continued improvement. Factors contributing to the improvement include better understanding between people, better communications, better organization, and statistical data that are more timely as well as more complete.

Earlier I stated that there is a greater need today than ever before for management to rely on marketing information, and I will say now that this need will be even much greater in the future. Our chemical companies are already becoming so diversified that they are dropping the word chemical from their names. Not only are we diversifying into unrelated industries, but we are integrating backward to basic raw materials and forward to the end products which we are merchandising directly to the consumer through retail outlets and in some cases to homes *via* direct salesmen. Not satisfied with these new headaches, we are rapidly moving into the world markets on a big scale.

Up until a few years ago, management, as well as marketing in the chemical industry, didn't have to worry about why the blonde preferred one red lipstick over another, or whether the steel drum we shipped our chemicals in had eye appeal, or if the trade name we had been so successful with here in the States, was offensive to a foreign country. These and hundreds of other problems are now before us and, as I see it, management has got to look more and more to marketing or marketing research for the answers.

This means that market management staffs will probably have to be enlarged, and new skills, new sources, and statistical data developed; in some cases, foreign branches will be set up.

As we look at this ever-growing need for marketing information, one very major factor bothers me and that is the cost. I know for a fact that many bad decisions have been made by management in the past because they felt that the costs of sufficient market studies were too much. As we expand our marketing operations to cover wider fields, we can expect this cost to grow unless we can find better ways and means of gathering data and information.

There is one idea, although not original, that I believe deserves further study and consideration; namely, that the chemical industry establish a Statistical Data Information Center which all member companies could use. Many companies have their own statistical data files, but to maintain them and keep them up to date is costly.

There is much published data here and abroad that is essential to the market research man in his work. Many, many days are spent on most projects in running down

the available published data, checking their validity, etc. I believe that considerable money could be saved by the industry if a well-organized, well-run, statistical data center is set up and the information made available to the supporting companies. Such a center could be a boon to the smaller company that cannot justify maintaining its own statistical files, and, for the larger company that does maintain such files, the cost would be reduced. The fact that we are becoming ever more active in the foreign markets could make this industry data information center even more important, for I am sure most of you know that statistical data availability is different in nearly every country or at least it is not always available from the sources we are accustomed to in this country.

A Statistical Data Center properly planned and manned with competent personnel that would make available all authentic published data on a given subject or subjects on reasonable notice would, in addition to saving cost for the industry, speed up the work of the researcher. If this idea develops to be practical, then the question arises as to who should sponsor such a project. I would suggest that it be sponsored by the American Chemical Society under the auspices of the Chemical Marketing and Economics Division and the Division of Chemical Literature.

SUMMARY

In brief, my thoughts on Management's View of the Marketing Information Problem are:

1. Market research has grown immensely in stature and importance over the last 20 years.
2. Management has reached a stage where it must depend on marketing information to guide it in sound decisions.
3. The need for accurate and timely marketing information will become even more important over the next 20 years.
4. Progress has been and is being made in developing new sources of information, as well as in organizing and utilizing the available information. Statistical data being published today are greatly improved, both in scope and quality. Competition will be ever keener and those companies that move ahead will be the ones that are progressive and have the necessary information to make the right decisions.

We must continue to improve in the development of marketing information, thereby improving the "confidence factor." In this connection, the Statistical Data Center covered earlier is one forward step that will improve the "confidence factor."

Language and Cultural Problems in the Promotion and Marketing of United States Chemical Products Abroad*

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The new branches of the communication sciences, psychological and cultural linguistics, offer powerful tools for those who wish to use them in dealing with people in other countries and cultures. The effective marketer always must know his customer, but this truism is too frequently ignored when he goes outside his own culture. The inherent friendliness of the American businessman may be thought impertinent or impudent; the words he uses to persuade at home may be considered rude or even obscene in some cultures.

"Let the *seller* beware!" should be the motivating catch phrase in foreign marketing. Let him beware of offending his potential clientele by word or deed. Let him also beware of well-schooled competitors from countries closer to the target markets. The acquisition of psychologically and emotionally charged vocabularies, whether in English or another language, can be a very potent aid to persuasion.

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We shall divide our discussion of the effective promotion of American chemical products abroad into language and cultural phenomena. Language problems are not necessarily outside of the English which is our usual first language. Nor are the cultural problems necessarily separable from those of language. We shall attempt to show the interaction by explication using cases-in-point. We shall divide out examples by region of the world and by ethnic group.

The English Language.—It is quite definitely true that English has become the international language of business, but it is not true that there is *an* English language. American English varies from one part of the country to another. Words and constructions which amount to colloquialisms are of little value when one must deal with British English-speaking people. Misunderstandings which arise over seemingly small matters of choice of words can cause tense situations. An example could be the use of the word "demand" in the U. K. to mean "purchase order" in the U. S. Likewise the American term "requisition" has a meaning of "taking by authority"