

PART 2: CAPTURING MARKETING INSIGHTS

COMPONENTS OF A MODERN MIS
INTERNAL RECORDS
MARKETING INTELLIGENCE
ANALYZING THE MACROENVIRONMENT
FORECASTING & DEMAND MEASUREMENT

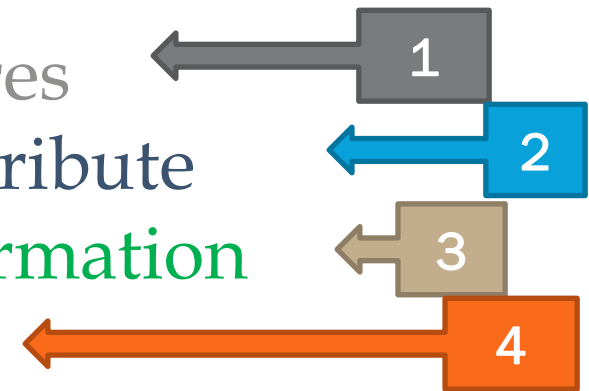
MG 220 Marketing Management
Part-II (Kotler)

COMPONENTS OF A MODERN MIS

(MARKETING INFORMATION SYSTEM)

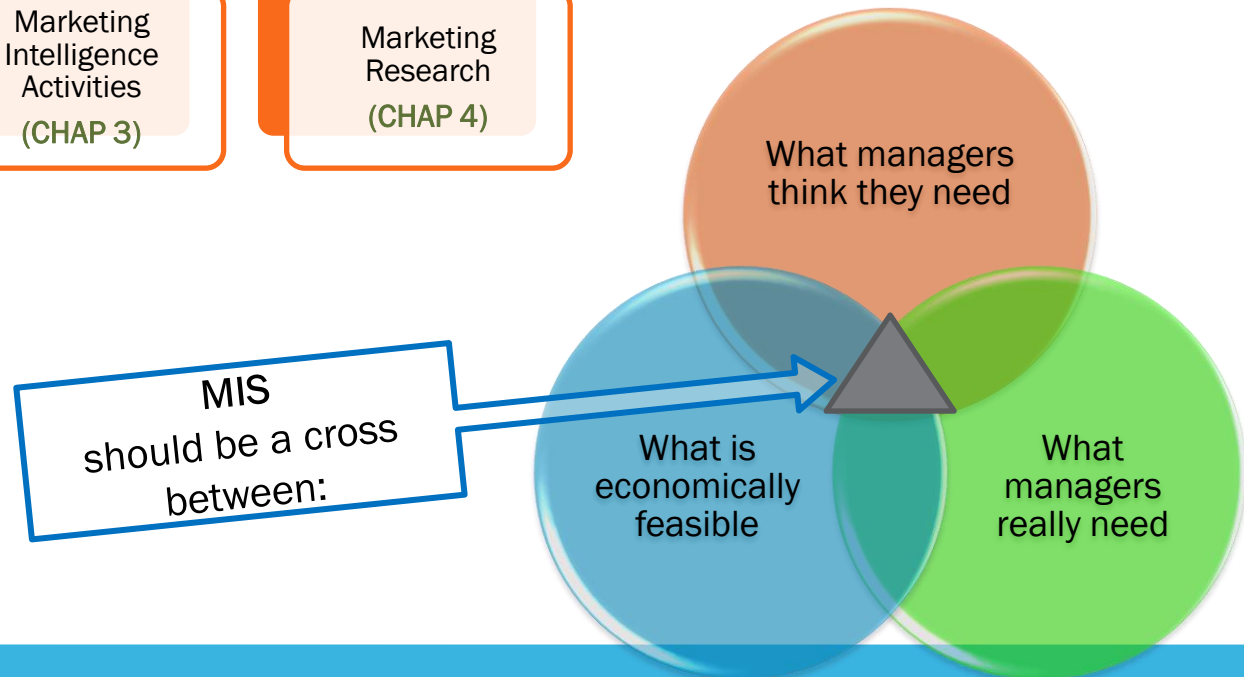
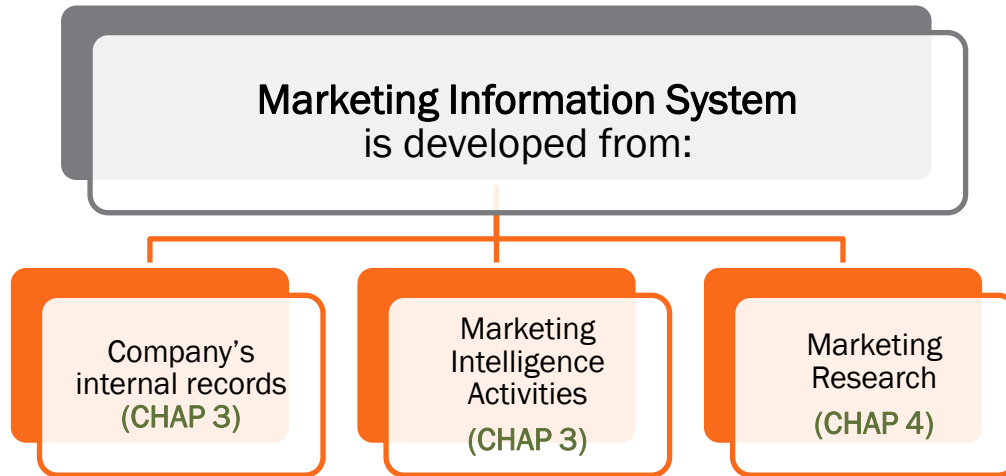
Marketing Information System consists of:

People, Equipment and Procedures
to Gather, Sort, Analyze and Distribute
needed, timely and accurate information
to marketing decision-makers



COMPONENTS OF A MODERN MIS

(MARKETING INFORMATION SYSTEM)



INTERNAL RECORDS

Order-to-payment cycle

- Review of sales process & its complete transaction flow
- Doing it accurately and timely is the key

Sales Information Systems

- Timely & accurate reports on current sales
- Need to correctly interpret sales data

Database, Data Warehousing and Data Mining

- Databases of Customer & product, salespersons' databases
- Use them to interact correctly with customers

MARKETING INTELLIGENCE

Marketing Intelligence System

A set of procedures and sources managers use to obtain **everyday information** about **developments in marketing environment**

Developed through:

1. Train and motivate **salesforce** to gather & report information
2. Motivate **channel** distributors, retailers etc. to pass information
3. **Network** externally (purchasing competitors' prod, attend events etc.)
4. **Customer** advisory panels (interact with selected customers)
5. **Government data** resources (census reports etc.)
6. Purchase information from **research** houses etc.
7. Online **customer feedback** for competitive intelligence
8. Collecting Marketing Intelligence on **internet**

ANALYZING THE MACROENVIRONMENT

Successful companies recognize and respond profitably to unmet needs and trends

Fad – an “unpredictable”, short-lived and without social, economic, political significance.

(a new style of clothing)

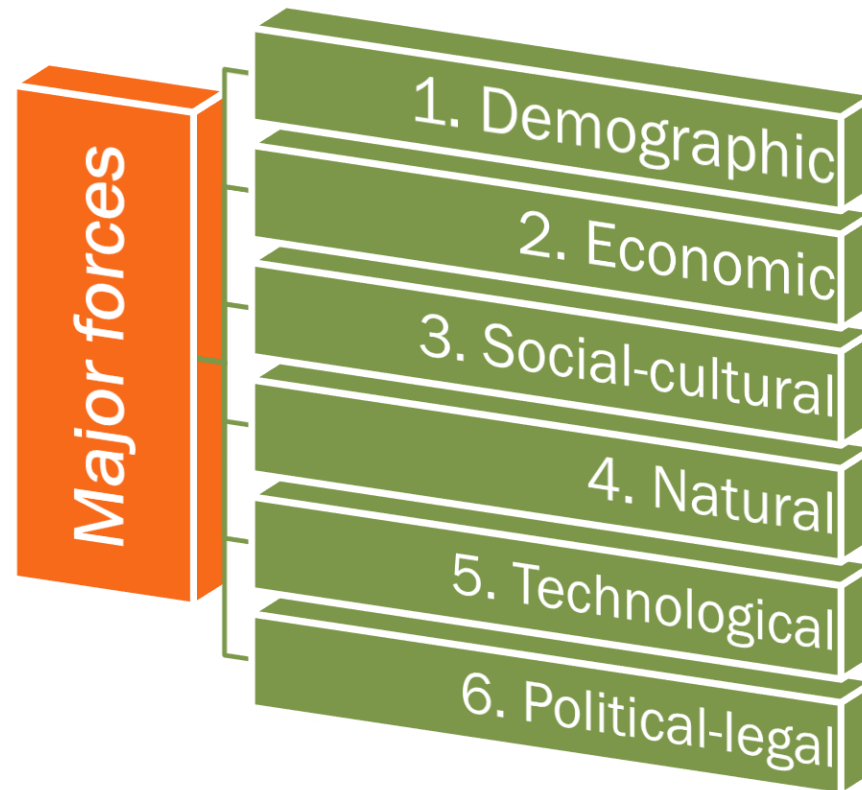
Trend – a direction of sequence of events that has some momentum and more predictable and durable than fads.

(eating out trends in Pakistan)

Megatrends – large social, economic, political and technological changes that are slow to form and [once in place], they influence us for sometime.

(access to cellular services all over Pakistan)

ANALYZING THE MACROENVIRONMENT



FORECASTING AND DEMAND MEASUREMENT

One of the major objectives of
Marketing research

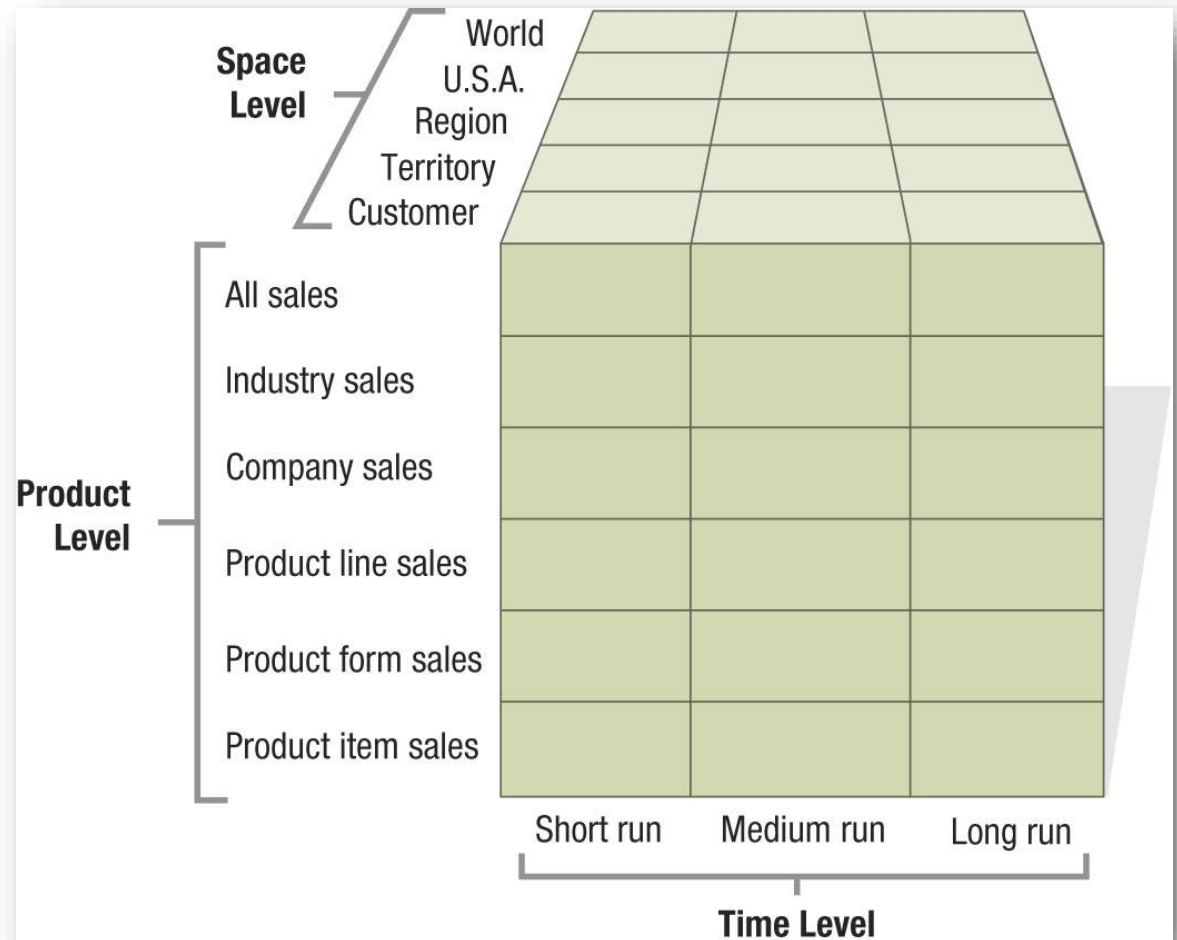
Marketing's tasks to identify opportunities
and also give measured forecasts

(selected topics are included under this heading)

FORECASTING AND DEMAND MEASUREMENT

THE MEASURES OF MARKET DEMAND

The 90 types
of Demand



FORECASTING AND DEMAND MEASUREMENT

THE MEASURES OF MARKET DEMAND

Different ways of looking at “market”

Potential Market: Set of consumers who profess a sufficient level of **interest** in a market offer (able to buy?)

Available Market: Set of consumers who have **interest**, **income** and **access** to a particular offer. (**Qualified Available Market** => **Eligible or allowed**)

Target Market: Part of Qualified Available market, the company decides to pursue (most attractive segment)

Penetrated Market: Set of consumers **who are buying** the company's products

FORECASTING AND DEMAND MEASUREMENT

VOCABULARY FOR DEMAND MEASUREMENT

Market Demand:

For a product is the total volume that would be bought:

- by a defined customer group
- in a defined geographical area
- in a defined time period
- in a defined marketing environment
- under a defined marketing program

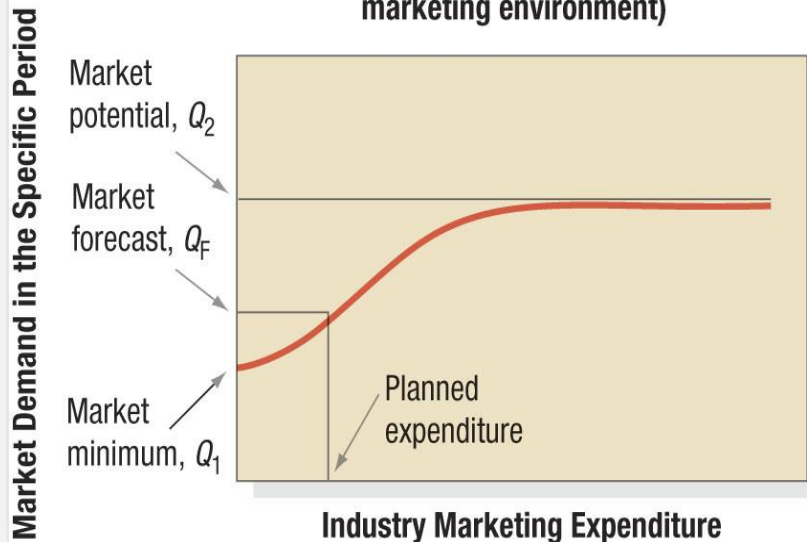
Marketing Demand is **NOT** a number

But a function (correlation) of stated conditions

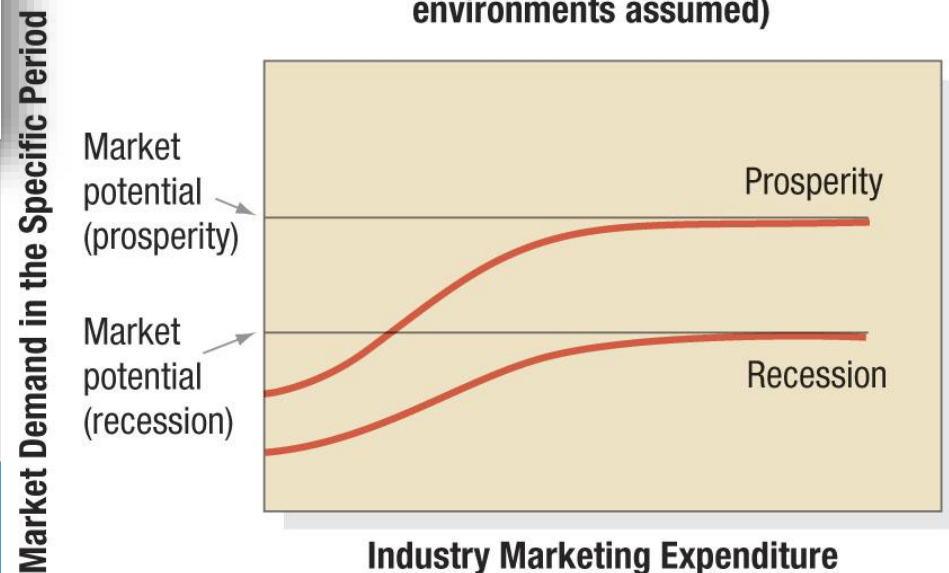
FORECASTING AND DEMAND MEASUREMENT

VOCABULARY FOR DEMAND MEASUREMENT

(a) Marketing Demand as a Function of Industry Marketing Expenditure (assumes a particular marketing environment)



(b) Marketing Demand as a Function of Industry Marketing Expenditure (two different environments assumed)

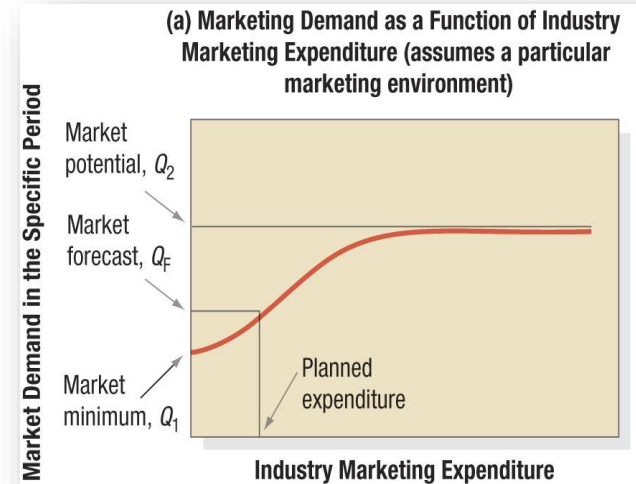


FORECASTING AND DEMAND MEASUREMENT

VOCABULARY FOR DEMAND MEASUREMENT

Market Demand:

- ❖ Market Minimum
- ❖ Market Potential
- ❖ Marketing Sensitivity of Demand
(Demand's reaction to marketing effort)
 - Expansible market (demand reacts highly to marketing)
 - Non-expansible market (demand reacts less to marketing)
- ❖ Market Penetration Index
Current level of market demand to potential demand
- ❖ Share Penetration Index
Current level of market share to its potential market share



FORECASTING AND DEMAND MEASUREMENT

VOCABULARY FOR DEMAND MEASUREMENT

Company Sales Forecast:

- ❖ After understanding company demand, choose a level of marketing effort =>
Company sales forecast is the expected level of company sales based on a chosen marketing plan and an assumed marketing environment.

Based on this:

- ❖ **Sales Quota** is the sales goal set for a product line, company division. Assigned to: stimulate sales efforts ($SQ > SF$)
- ❖ **Sales Budget** is conservative estimate of expected volume of sales and is used for internal decisions like purchasing, cash flow etc. ($SB < SF$)

PART 2: CAPTURING MARKETING INSIGHTS

MARKETING RESEARCH SYSTEM
MARKETING RESEARCH PROCESS

MG 220 Marketing Management
Part-II (Kotler)

THE MARKETING RESEARCH SYSTEM

CONCEPT

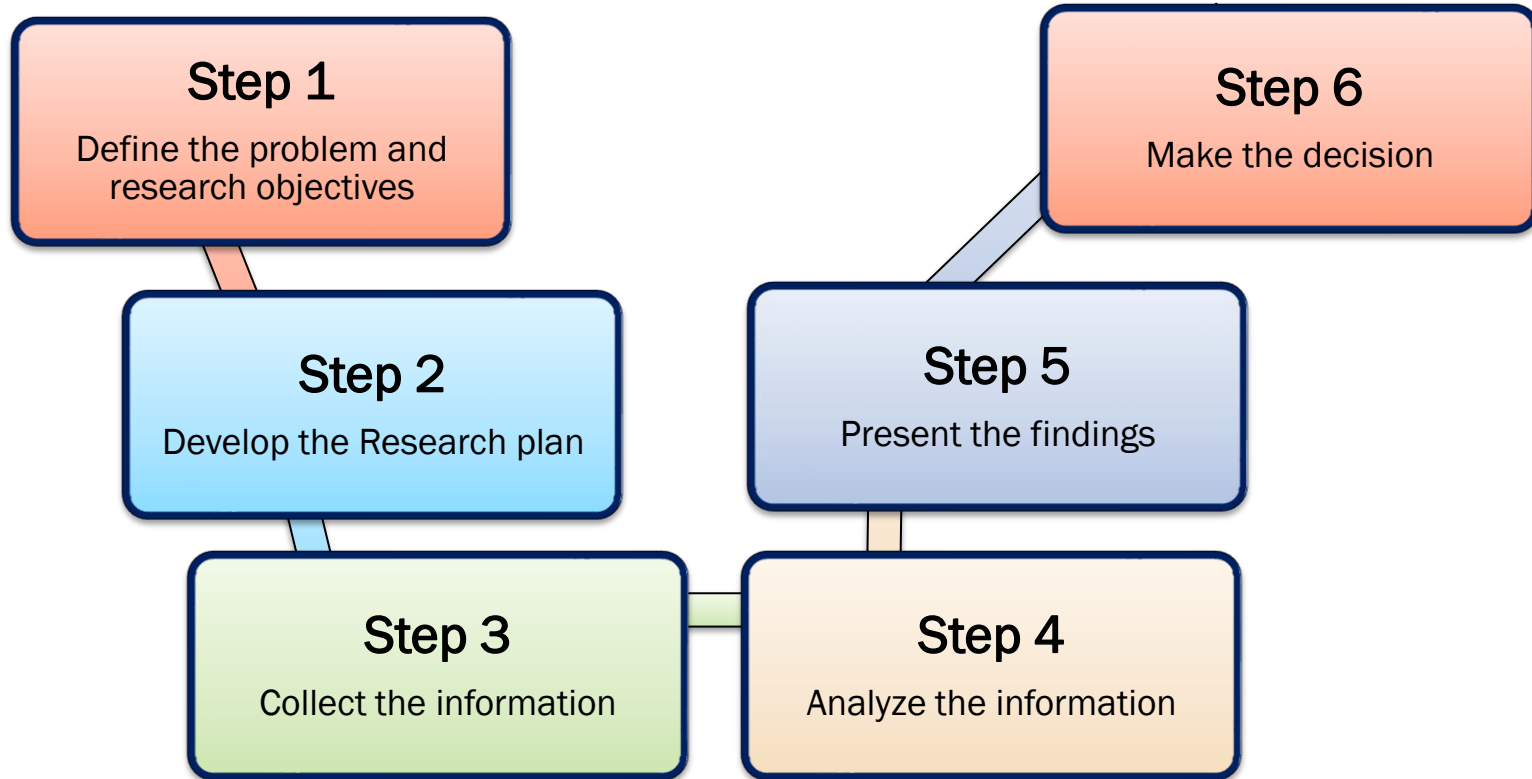
Marketing Research

The systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company



THE MARKETING RESEARCH PROCESS

SCHEMATIC



THE MARKETING RESEARCH PROCESS

STEP 1: DEFINE THE PROBLEM & RESEARCH OBJECTIVES

Marketing Management defines the problem

Not too broad

What features should be in our new mobile phone model

Not too narrow

Should the internet connectivity be through 3G if we increase plan price by 45%

Balanced, well-thought and result-oriented

What should be enhancements in camera and internet services compared to existing models

THE MARKETING RESEARCH PROCESS

STEP 2: DEVELOP THE RESEARCH PLAN

Most efficient plan for gathering information

Decisions for:

- ❖ Data sources
- ❖ Research Approaches
- ❖ Research Instruments
- ❖ Sampling Plan
- ❖ Contact Methods

THE MARKETING RESEARCH PROCESS

STEP 2: DEVELOP THE RESEARCH PLAN

Decisions for Data Sources

❖ **Secondary data** – collected for another purpose

Readily available | Good starting point | Low cost

Research from past models | competitor analysis

❖ **Primary data** – specifically for this project

Focus of Main research | critical information

Needs to be designed completely based on given problem

THE MARKETING RESEARCH PROCESS

STEP 2: DEVELOP THE RESEARCH PLAN

Decisions for Research Approaches

❖ **Observational Research**

Unobtrusive observing of customers

(video/voice recorder at service desk selling mobile phones)

❖ **Focus Group Research**

Gathering of consumers for discussing the problem Carefully selected and observed

(selected mobile phone customers can be invited)

❖ **Survey Research**

Learning more about consumers. Mass activity

(A survey among existing mobile phone customers)

THE MARKETING RESEARCH PROCESS

STEP 2: DEVELOP THE RESEARCH PLAN

Decisions for Research Approaches

❖ **Behavioral data**

Purchasing behavior data or usage data or preference data

(Data from datacenters showing what is usage of different functions)

❖ **Experimental Research**

A small activity emulating real product/service and getting feedback

(Few prototypes given to selected consumers and their behavior/feedback is observed)

THE MARKETING RESEARCH PROCESS

STEP 2: DEVELOP THE RESEARCH PLAN

Decisions for Research Instruments

❖ **Questionnaires**

A set of questions | carefully developed and pre-tested

Closed-end questions: MCQs | Open-ended questions: descriptive
(A questionnaire developed for users)

❖ **Qualitative measures**

Qualitative analysis of consumers' behaviors and interpretation

May involve psychological tests | Possible only for small group
(observe consumers using phones)

❖ **Mechanical devices**

Devices (galvanometers, eye cameras) to observe user's reaction
on exposed to product

(view user's experience on seeing a prototype)

THE MARKETING RESEARCH PROCESS

STEP 2: DEVELOP THE RESEARCH PLAN

Decisions for Sampling Plan

- ❖ **Sampling Unit** - *Who is to be surveyed*
Based on product, problem etc.
(High-end users, corporate clients, access to data networks)
- ❖ **Sample size** - *How many people to be surveyed*
Again based on requirements, budget etc.
General rule: Larger sample => better results
(Total potential user base in Pakistan: 10Mn => e.g. sample: 1K)
- ❖ **Sampling Procedure** - *How respondents shall be chosen*
Probability & Non-probability sampling techniques
(Convenience and judgment sampling for mobile phone users)

THE MARKETING RESEARCH PROCESS

STEP 2: DEVELOP THE RESEARCH PLAN

Decisions for Contact Methods

Mail Questionnaire

Access to people who cannot or do not want to be interviewed

Use Simple questionnaire

Very low response rate

(send a questionnaire to existing user with monthly invoice)

Telephonic interview

Quick and convenient. Questions might be clarified easily

Response rate is good | but cannot be too long or personalized

(Make a call to 500 of existing users for a quick interview)

Personal interview

Most versatile and elaborate method

Most expensive and requires lot of administrative work

Arranged (meeting) | Intercept (in malls etc.)

(Interviewing customers visiting service centers)

Online interview

Efficient and highly used

Inexpensive | faster | More 'honesty' | Versatile using technology

Small and skewed sample | technological problems

(Use online advertising or even website to request a survey)

THE MARKETING RESEARCH PROCESS

STEP 3: COLLECT THE INFORMATION

This is the execution of Step 2

Most expensive and most prone to error

Errors can be:

- ❖ Respondents not available. Need to re-engage
(typical for high-end clients)
- ❖ Respondents refuse to cooperate
(typical for high-end clients)
- ❖ Give dishonest or biased answers
(biased because of very recent experience)
- ❖ Interviewers can be biased or dishonest
(just filling false information)

Still: Getting the right respondents is critical

THE MARKETING RESEARCH PROCESS

STEP 4: ANALYZE THE INFORMATION

Data tabulation

Frequency distributions

Statistical analysis

Discover!

THE MARKETING RESEARCH PROCESS

STEP 5: PRESENT THE FINDINGS

Researchers' findings

Related to management's defined problem

Irrelevant information not required

(Give a finding of what features are wanted by what kind of customers - users, new users, age-wise etc.)

THE MARKETING RESEARCH PROCESS

STEP 6: MAKE THE DECISION

Management's task

Based on what researcher has provided

(Marketing and Product Development team takes the final decision based on available results and information)

THE MARKETING RESEARCH PROCESS

OVERCOMING BARRIERS TO USE OF MARKETING RESEARCH

Narrow conception of research

Uneven (or even low) caliber of researchers

Poor framing of the problem

Late and occasionally erroneous findings

Personality and presentational differences

Remaining topics in Chap 4 are NOT included