Unit 4   Understanding the Marketing Information Systems (MIS)

Structure:

4.1 Introduction

In the previous unit we dealt with environmental scanning and the techniques of environment scanning. We also discussed the organisation's micro and macro environment and the differences between them. The Internet is promptly changing the way business views marketing information systems. New business models present challenges and opportunities as organisations seek to adopt "**ebusiness**" methodologies in the search for competitive mileage. All organisations are experiencing the **"ripple effect"** of Internet-enabled customers, supply chains, and competitors. This pressure is especially intense in the marketing function where information technology touches the customer and is significantly becoming the driving force to create superior customer value.

The importance of marketing information is particularly evident as the economy continues to accentuate services as a primary source of value.

Services depend on information to a great extent. Information is speedily becoming a service in its own right. Mass customisation, often depicted as "one-to-one" marketing or the customising of products and services for individual customers, is heavily dependent on comprehensive and timely customer information.

Modern marketing organisations, with their focus on the Internet, demonstrate different characteristics as compared to "old economy". They create and manage the customer interface where interactions are more virtual than face-to-face. They allow IT technology to integrate and coordinate with consumers and business partners to quickly accomplish remarkable business results. The stress is on the rapid conversion of knowledge into customer value which relies on the proficiency to develop deploy, and manages highly efficient new marketing information systems. The key to competitive advantage counts on the firm's ability to convert knowledge into customer relationships and to reduce time to market and to lower the costs. To ensure survival in highly competitive markets, companies are required to develop the marketing function and scale it up on "Internet time" with sales force automation, marketing communication, market research, logistics, and product development.

Marketing information is helpful in making prudent and prompt marketing decisions. In this unit we will deal with the important concepts of Marketing Information System (MIS) and find out how the collected information from the market is collated, edited and analysed. We will also discuss how valuable insights are reported for making decisions.

Marketing managers spend most of their time in making decisions, which influence the survival and growth of organisations. Decisions made without collecting proper marketing information have often been found to be detrimental to the health of organisations. There is a need for marketing managers to collect, analyse, and evaluate information about the company's customers, environment, competitors, intermediaries, and sales force. An efficient marketing manager gathers past information to understand events, identify what is happening in the market, and to predict what may happen in the future. Timely marketing information is an efficient marketing tool, which reduces environmental uncertainty and risks involved in decision making.

The following case study provides better understanding of MIS concept.

Case Let

Information System in Restaurants

Fig. 4.1: A chubby child enjoying a meal at McDonald's

(Source: http://www.google.co.in/imgres)

A waiter takes an order and enters it online via one of the six terminals located in the restaurant dining room. The order is routed to a printer in the appropriate preparation area: the cold item printer if it is a salad, the hot-item printer if it is a hot sandwich or the bar printer if it is a drink. A customer's meal listing (bill) with the items ordered and the respective prices are automatically generated. This ordering system eliminates the old three-carbon-copy guest check system as well as any problems caused by a waiter's handwriting. When the kitchen runs out of a food item, the cooks send out an 'out of stock' message, which will be displayed on the dining room terminals when the waiters try to order that item. This gives the waiters faster feedback, enabling them to give better service to the customers. Other system features aid management in the planning and controlling of their restaurant business. The system provides up-to-the-minute information on the food items ordered and breaks out percentages showing sales of each item versus total sales. This helps the management to plan menus according to customers' tastes. The system also compares the weekly sales totals versus food costs, allowing planning for tighter cost controls. In addition, whenever an order is voided, the reasons for the void are keyed in. This may help later in management decisions, especially if the voids are consistently related to the food or service. Acceptance of the system by the users is exceptionally high since the waiters and waitresses were involved in the

selection and design process. All potential users were asked to give their impressions and ideas about the various systems available before one was chosen.

(Source: http://www.mbaknol.com)

This unit provides answers to the following questions:

- When to make a market entry with new products?
- How to modify products and service propositions to make them relevant to the evolving consumer needs?
- When to add new product lines or launch new brands to keep customers happy?
- How to map the customer expectations to build better products and services?

Objectives:

After studying this unit, you should be able to:

- define Marketing Information System (MIS)
- describe the characteristics of MIS
- discuss the benefits of MIS
- list the types of marketing information
- identify the components of MIS
- explain the features and objectives of marketing research
- describe the process of marketing research
- recognise the key advantages and disadvantages of marketing research

4.2 Characteristics of MIS

James A. (1998) defined marketing information system as "A structured, interacting complex of persons, machines and procedures designed to generate an orderly flow of pertinent information, collected from both intra and extra firm sources for use as the basis for decision-making in specified responsibility area of marketing management."

It is now possible for us to generalise what MIS means. As discussed in the introduction, MIS is a system of people, equipment, and procedures to gather, sort, edit, analyse, evaluate, and report data. It helps distribute timely and pertinent data for marketing decision makers.

The following are the characteristics of MIS:

- *Management-oriented –* MIS provides information that supports the management in the organisation for making efficient decisions.

- *Management directed –* By management-directed MIS we mean that it should be directed by the management because it is the management who specify their needs and requirements more effectively than anyone else.

- *Common data flow –* As data is gathered by a system analyst from its original source only once, the integration of different sub systems will lead to a common data flow. This which will further help in avoiding duplicity and redundancy in data collection, storage, and processing.

- *Strategic planning –* The preparation of MIS is strategic in nature as it is not a one or two day exercise. It usually takes three to five years and sometimes a much longer period.

- *Sub system concept –* MIS should be broken down into smaller divisions or subsystems so that more attention and insight is paid to each sub system.

Self Assessment Questions

1. The term _____ refers to a programme for managing and organising information gathered by an organisation from various internal and external sources.
2. The preparation of MIS is _____ in nature as it is not a one or two day exercise.

4.3 Benefits of MIS

The benefits of MIS are as follows:

- MIS is concerned with planning and control. It allows marketing managers to carry out the analysis, planning, implementation, and control responsibilities more effectively. MIS includes all the ingredients that are employed in providing information support to managers in making planning and control decisions.

- The output of MIS is information that sub serves managerial functions. MIS deals with information that is systematically and routinely collected

in accordance with a well-defined set of rules. This implies that a MIS is a part of the formal information network in an organisation. It provides marketing intelligence to the firm and helps in early spotting of changing trends.

- MIS assesses the information needs of different managers and develops the required information on time from the supplied data regarding competition, prices, advertising expenditures, sales, distribution and market intelligence, etc. It helps the firm to adapt its products and services to the needs and tastes of the customers.

- MIS provides inputs from marketing environmental factors like target markets, marketing channels, competitors, consumers, and other forces for creating, changing, and modifying marketing decisions in the formulation of relevant and competitive marketing strategies. It ensures effective tapping of marketing opportunities and enables the company to develop effective safeguard against emerging marketing threats.

Self Assessment Questions

3. MIS is concerned with planning and _____.
4. MIS deals with information that is _____ and routinely collected in accordance with a well-defined set of rules.
5. MIS ensures effective tapping of marketing opportunities and enables the company to develop effective safeguard against emerging marketing threats. (True/False)

4.4 Types of MIS

MIS supplies three types of information, which are:
- Monitoring information
- Recurrent information
- Customised information

Let us now discuss the different types of marketing information in detail.

- ***Monitoring information –*** Monitoring information is the information obtained from scanning external sources which include newspapers, trade publications, technical journals, magazines, directories, balance sheets of companies, and syndicated and published research reports. Data are captured to monitor changes and trends related to marketing

situation. Some of these data can be purchased at a price from commercial sources such as market research agencies or from government sources.

- *Recurrent information –* Recurrent information is the information that is generated at regular intervals like monthly sales reports; the stock statements, the trial balance, etc. In MIS, recurrent information is the data that MIS supplies at a weekly, monthly, quarterly, or annual interval, which are made available regularly. It can also provide information on customer awareness of company's brands, advertising campaigns, and similar data on close competitors.

- *Customised information –* Customised information is also called problem-related, which is developed in response to some specific requirements related to a marketing problem or any particular data requested by a manager.

Self Assessment Questions

6. Recurrent information is the information obtained from scanning of external sources. (True/False)

7. Recurrent information is the information that is generated at regular intervals like the monthly sales reports. (True/False)

8. Customised information can also provide information on customer awareness of company's brands, advertising campaigns, and similar data on close competitors. (True/False)

4.5 Components of MIS

The overall objective of any MIS is to provide inputs from marketing environmental factors like target markets, marketing channels, competitors, consumers, and other forces for creating, changing, and modifying marketing decisions in the formulation of relevant and competitive marketing strategies.

Figure 4.2 explains the different components of MIS.

Marketing Environment	Marketing Information System	Marketing Mix Factors
*Market Potential *Target Market *Competitive Environment *Intermediaries	Internal Record System — Marketing Intelligence System Analytical Marketing System — Marketing Research System	*Product *Price *Place *Promotion *Packaging *People *Process *Physical Evidence

Marketing Decisions Flowing to the Marketing Environment

Fig. 4.2: Components of Marketing Information Systems

(Source: Marketing Management-Text and Cases, 2nd Edition, Tapan K Panda, Excel Books)

As evident from the figure 4.1, a complete MIS consists of internal record system, marketing intelligence system, analytical marketing system, and marketing research system. Information relevant to marketing decisions is collected from the environment, both internal and external, through the four sub systems as illustrated in figure 4.1.

- *Internal record systems* **–** Internal record systems are available within the company across various departments and provide relevant, routine information for making marketing decisions. The most evident internal record system is the purchase and payment cycle systems. It records the timing and size of orders placed by consumers, the payment cycles followed by consumers, and the time taken to fulfil the orders in the shortest possible time.

- *Marketing intelligence system* **–** A marketing intelligence system is the system of collecting and collating data. This system tries to capture relevant data from the external environment. It collects and manages data from the external environment about the competitors' moves, government regulations, and other relevant information having a direct impact on the marketing environment of the firm.

- *Analytical marketing systems* **–** Analytical marketing systems are also known as Marketing Decision Support Systems (MDSS). A MDSS is a coordinated collection of data, systems, tools, and techniques with

supporting software and hardware. Using this collection, an organisation gathers and interprets relevant information from business and environment and turns it into a basis for marketing action. It involves problem-solving technology consisting of people, knowledge, software, and hardware integrated through the information technology platform into the sales management process of the organisation.

- **Marketing research systems –** Marketing research systems are based on systems and processes that help marketing managers to design, collect, analyse, and report data and findings relevant to a specific marketing situation facing the company. It also involves analysis of information, which includes a coordinated collection of data, systems, tools, and techniques with supporting software, and hardware by which an organisation gathers and interprets the relevant data and turns it into a basis for marketing action and tactics.

Thus MIS includes a set of procedures and methods for the continuous analysis and presentation of information for marketing decisions.

MIS does not operate in isolation; it is closely integrated with the various environments within which a business operates. This includes marketing planning system, marketing organisation and implementation system, and marketing control system. These four systems are also a part of coordinated marketing where other departments join to achieve marketing objectives.

However, MIS is directly concerned with marketing decisions related to product, pricing, place, promotion process, people, and physical evidence as shown in figure 4.1.

Self Assessment Questions

9. The most evident internal record system is the _____ and payment cycle systems.
10. Marketing research systems are also known as Marketing Decision Support Systems (MDSS). (True/False)
11. MIS operates in isolation. (True/False)

4.6 Marketing Research

Marketing research is the study of marketing problems, techniques, and other aspects of marketing related decision-making and their

implementation. The American Marketing Association (AMA) defines marketing research as the function which links the consumer, customer, and public to the marketer through information used to identify and define marketing opportunities and problems, refine and evaluate marketing actions, monitor marketing performance and improve understanding of marketing as a process.

Let us now study the concept of marketing research in detail.

4.6.1 Features of marketing research

Features of marketing research may be listed as follows:

- *Systematic process* **–** Marketing research has to be carried out in a sequential and systematic manner and the entire process needs to be planned with a clear objective.

- *Objective* **–** It is essential that the methods used and interpretation of results is objective in nature. The research should neither be carried out to establish an opinion nor should it be purposely matched with the preset results.

- *Multi-disciplinary* **–** Marketing research borrows concepts from other disciplines like statistics for obtaining reliable data and from economics, psychology, and sociology for better understanding of buyers.

4.6.2 Objectives of marketing research

The objectives of marketing research can be divided into two parts:

- *Academic objectives* **–** These objectives can be to gain awareness about a phenomenon or to achieve new insights into it. The academic object of marketing research is the acquisition of knowledge and it is the thirst for knowledge coupled with curiosity that has been the guiding force behind a rich variety of research work, independent of any material incentive.

- *Utilitarian objectives* **–** The primary goal of marketing research is to understand the marketing culture, environment, and decision process and thereby gain a greater measure of marketing control.
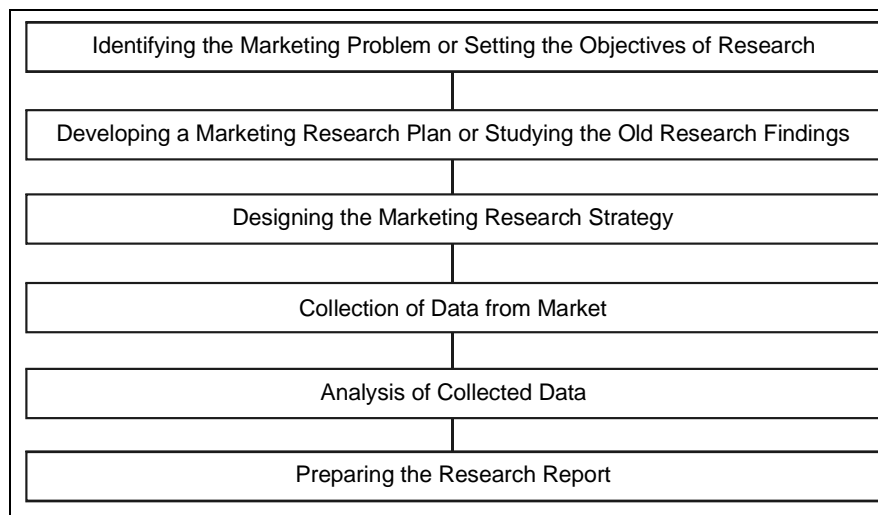

Activity 1:

Give some examples of research projects dealing with consumer behaviour that might be either academic or utilitarian, depending on who the 'client' of the project is.

4.6.3 Marketing research process

The process of marketing research involves the following steps:

1. Identifying the marketing problem
2. Developing marketing research plan
3. Designing marketing research strategy
4. Collection of data
5. Analysis of collected data
6. Preparation of report

Figure 4.3 represents the steps in marketing research.

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┌─────────────────────────────────────────────────────────────┐
│  ┌───────────────────────────────────────────────────────┐  │
│  │ Identifying the Marketing Problem or Setting the       │  │
│  │           Objectives of Research                        │  │
│  └───────────────────────────────────────────────────────┘  │
│  ┌───────────────────────────────────────────────────────┐  │
│  │ Developing a Marketing Research Plan or Studying the    │  │
│  │           Old Research Findings                         │  │
│  └───────────────────────────────────────────────────────┘  │
│  ┌───────────────────────────────────────────────────────┐  │
│  │        Designing the Marketing Research Strategy        │  │
│  └───────────────────────────────────────────────────────┘  │
│  ┌───────────────────────────────────────────────────────┐  │
│  │           Collection of Data from Market                │  │
│  └───────────────────────────────────────────────────────┘  │
│  ┌───────────────────────────────────────────────────────┐  │
│  │            Analysis of Collected Data                   │  │
│  └───────────────────────────────────────────────────────┘  │
│  ┌───────────────────────────────────────────────────────┐  │
│  │           Preparing the Research Report                 │  │
│  └───────────────────────────────────────────────────────┘  │
└─────────────────────────────────────────────────────────────┘
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Fig. 4.3: Steps in Marketing Research

(Source: Marketing Management-Text and Cases , 2nd Edition, Tapan K Panda, Excel Books)

However, there is no strict rule for the researcher to follow the path as mentioned below. He/she may modify the steps depending on the information available from the client organisation, nature of the problem, and the type of answers he/she wishes to find from the research.

Let us now study the steps in detail.

1. Identifying the marketing problem

The first step in marketing research is identifying and understanding the marketing problem. What is the problem? What type of information is

required to solve it? What segments of the related information are already available? Marketing researchers also make use of the available literature for an in-depth background study of the problem, which will help them to define the research objectives clearly.

Once the problem is defined, a series of research objectives can be laid down for further work. Marketing researchers often conduct preliminary research to find out the problem and clarify the nature of the problem. This kind of research is known as **exploratory research**. The objective of exploratory research is to investigate and explore rather than provide a conclusion. This kind of research is undertaken with an objective that other types of research will follow and the subsequent researches will be directed at finding out the solution to the problem.

A **focus group** is the most popular method of conducting exploratory research. Focus group interviews are loosely structured interviews of six to ten people who give their comments and reflections on the symptoms and the 'why' part of the problem, so that the researcher can draw inferences from their responses to build the program.

2. Developing marketing research plan
When the marketing problem is clearly identified and formulated, marketing researchers should develop a plan to collect the relevant information. While developing the research plan, they should also familiarise themselves with the existing research findings. They can also take the help of library sources, as well as experienced consultants, persons with practical knowledge, etc.

The research design is a master plan that helps in the identification of specific techniques and procedures that will be used to collect and analyse data about a problem. The research design so formulated should be compared with the objectives developed in the preceding stage to ascertain that the sources of data, data collected, scheduling, and cost of collecting data are contributing towards achievements of the research goal.

Types of data and methods of data collection
Data can be of the following two types:

- **Primary data –** Original data derived from a new research study and collected at source, as opposed to previously published material.

- *Secondary data –* Data already gathered for one use that is then utilised for another purpose. For example, a person researches income distribution using data collected by the Department of Commerce.

  Figure 4.4 shows the sources of secondary data.
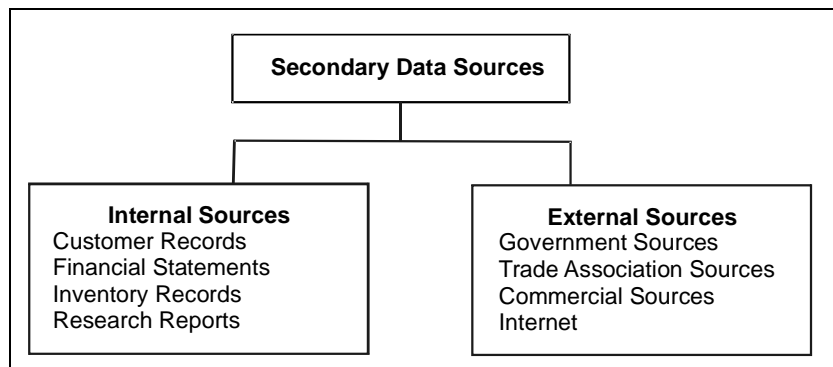
Fig. 4.4: Sources of Secondary Data

(Source: Marketing Management-Text and Cases, 2nd Edition, Tapan K Panda, Excel Books)

Alternatively, it is also possible to develop a research plan by using primary data. Primary data is not recorded before and is not available in any report or formatted sources. It is collected from the respondents directly for the purpose of a specific research.

Primary data can be collected by the following four ways:

- *Census –* The method by which data is collected from all the members of population is called census. Every ten years, the Government of India conducts census to record the population and its characteristics. Though it covers the whole population, it is a time consuming and expensive exercise.

- *Survey –* To overcome problems posed by census method, many researchers follow the survey approach. A survey is any research effort in which data is gathered systematically from a representative sample of population. This data can be collected by contacting respondents through telephone, mail, e-mail, or through personal contact method. Personal or telephonic survey methods have certain advantages, which include direct interaction between the researcher and the respondent. When surveys are conducted properly, they bring certain advantages in

the form of cost control, representativeness of sample, accuracy, and timeliness of result for the benefit of the firm. However, if they are not done properly, there is a risk of systematic bias, leading to incorrect and worthless results. The nature of the marketing problem suggests the kind of survey technique to be followed by the researcher.

Table 4.1 explains the advantages and disadvantages of different kinds of survey techniques.

Table 4.1: Advantages and Disadvantages of Different Types of Survey Techniques

Variable	Door to Door	Shopping Mall	Internet Survey	Telephone interview	Mail in questionnaire
Cost	Highest	Moderate to High	Low	Low to Moderate	Lowest
Speed of data collection	Moderate to fast	Fast	Instantaneous	Very fast	Researcher has no control over the return of the instrument
Influence of the interviewer on answers	High	High	None	Moderate	None
Possibility of respondent misunderstanding	Low	Low	High	Moderate	Highest – No interviewer available for clarification
Flexibility of Questioning	Very Flexible	Very Flexible	Extremely Flexible	Moderately Flexible	Highly standardized format
Respondent Cooperation	Good	Moderate	Varies, depending on the nature of website	Good	Moderate – Poorly designed questionnaire will get no response
Length of Questionnaire	Long	Moderate to Long	Moderate	Moderate	Varies – depending on purpose

- *Observation –* It is a method of collecting primary data in which occurrences are observed. Marketers also use observational technique for data collection; particularly when they are interested in learning the 'how' behaviour.

Observational techniques can be personal, mechanical, natural, or contrived techniques. An observation by individual observers is a personal observational technique, whereas when mechanical devices like cameras are used, it is called mechanical observation. When the process of taking note happens naturally, it is called natural observation, but in many instances, the observer creates a contrived situation for the occurrence of the event.

- *Experiments –* Marketing researchers conduct experiments to discover the cause and effect relationships. An experiment allows a researcher to change variable inputs and then measure its effect on the dependant variable under controlled environment. The researcher can manipulate the degree of treatment of the variable on the subject and measure the corresponding effects on the desired variable.

Table 4.2 depicts the various techniques of probability and non-probability sampling.

Table 4.2: Techniques of Sampling

Probability Methods of Sampling	Explanation
Simple Random Sampling	Every member of the identified population has an equal chance of selection
Stratified Random Sampling	The entire population is divided into number of stratum (exclusive groups) and random samples are drawn from each one of the stratum
Cluster or Area Sampling	The entire population is divided into mutually exclusive groups on geographic basis so that the researcher can draw samples from each area
Non-Probability Methods of Sampling	
Convenience Sampling	The researcher chooses the most accessible population as per his convenience.
Judgmental Sampling	The researcher selects sample members from the population who he judges as good prospects for the desired information
Quota Sampling	The researcher finds and interviews a prescribed, pre-decided number of samples in each of the categories.

3. Designing marketing research strategy

Marketing researchers should design the research strategy in accordance with the requirements of the problem. They should make certain hypotheses, the testing of which would be considered helpful in solving the problem.

A research strategy also covers issues like the cost structure for the research, the time and scheduling for the research, and the nature of the contact method, like personal contact, email, telephone, etc. Marketing researchers should also set up a research strategy chart for smooth conduct of the proposed research. Let us now illustrate a research strategy chart for better understanding of students, through an example of a toothpaste brand research.

Example: A toothpaste company may design its marketing research strategy in the manner depicted in table 4.3.

Table 4.3: Marketing Research Strategy of Toothpaste Company

Research	Descriptive research
Data Sources	Secondary data
	Primary data
Research Approach	Survey method
Research Instrument	Questionnaire
Type of Questionnaire	Structured non-disguised
Type of Questions	Close-ended questions
Sampling Plan	
• Sampling Unit	Purchasers of toothpastes
• Sample Size	500 persons
• Sampling Procedure	Simple random sampling
Contact Method	**Personal**
Mode of collecting data	The respondents will be chosen randomly and requested to grant interviews. The questions will then be asked in a firm, determined sequence. The secondary data will be collected from various books, journals, reports (both published and unpublished), etc.
Data Processing	i. A number of tables to be prepared to bring out the main characteristics of the collected data.
	ii. Inferences to be drawn from the data collected

4. Collection of data

Marketing researchers would either select primary methods or secondary methods or both for data collection. Their decision depends on the nature of study and objective, availability of financial resources and time, and the desired degree of accuracy.

As explained in the earlier section, primary data can be collected through experiment or survey. If researchers conduct experiments, they require some quantitative measurements of the data, with the help of which they examine the truth contained in the marketing research hypothesis. But in the case of a survey, data can be collected through different contact methods. We have explained these contact methods in the research design portion of marketing research process.

Table 4.4 depicts the types of questions that are asked in a questionnaire.

Table 4.4: Types of Questions Used in Designing a Questionnaire

Name	Description	Illustration
	Close ended questions	
Dichotomous Questions	A question with only two possible options	What is your gender? a. Male b. Female
Multiple Choice Questions	A question which has more than two options	What is your age group? a. 20-30 b. 30-40 c. 40-50 d. 50-60
Likert Scale	A statement with which the respondents shows their degree of agreement or disagreement	Government's population planning is not sufficient in controlling the population problem in India? 1. Strongly agree 2. Agree somewhat 3. Neither agree nor disagree 4. Disagree somewhat 5. Disagree completely
Importance Scale	A scale that rates importance of a factor	How important is price in selecting a brand of toothpaste? 1. Extremely important 2. Very important 3. Somewhat important

		4. Not very important
		5. Not at all important
Intention to Buy Scale	A scale that rates consumer's intention to buy a product	In a book store, if you happen to come across a book on cookery, what will be your buying idea? 1. Definitely buy 2. Probably buy 3. Not sure 4. Probably not buy 5. Definitely will not buy
Rating Scale	A scale that rates some attributes from poor to excellent	Food quality in Jet Airways is 1. Excellent 2. Very good 3. Good 4. Fair 5. Poor
Semantic Differential Scale	A scale connecting two bipolar words. The respondents select the point that reflects their opinion	Jet Airways Large -------------------------------Small Modern--------------------------Traditional Expensive---------------------Low cost
	Open Ended Questions	
Completely Unstructured	A question that respondent can answer in any way they feel like	What do you think about Coca Cola?
Word Association	Words are presented to the respondents one at a time and they respond to each word on what comes to their mind	What is the first word that comes to your mind when you think of the following 1. Surf------------------------------- 2. Nirma----------------------------- 3. Rin----------------------------------
Sentence Completion	A sentence is given to the respondents and they are asked to complete the sentence	When I think of Horlicks, I ------------------ --
Story Completion	A small story is given to the respondents and they are asked to	Rita is a young woman who woks in a multinational firm. She has just completed her bath and is planning a

	complete the story	make up for the day as she has to attend a party in the evening. She is thinking about what to wear for the day……. (Now complete the story)
Picture Interpretation	A picture of two characteristics is given in which one is making a statement and the response box for the other is free. The respondent is asked to identify with the other and complete the response box	Which sedan should I buy? You should buy a…………………
Thematic Appreciation Tests	A picture is presented and respondents are asked to make up a story about what they think is happening or may happen in the story	

5. Analysis of collected data

Data collected from various sources are processed. They are edited for the purpose of improving accuracy level. Editing is a process of weeding out irrelevant information from the data. It is done to find out the consistency, accuracy, completeness, and legibility of the responses and its usability for the desired research. Responses found unsuitable are removed from the sample list. Editing can be done sequentially when the responses are being collected or at the central table after all the responses have been collected.

The researcher has two sets of data, namely

- *Qualitative data analysis* **–** It can be done by drawing inferences from the responses or by conducting content analysis.

- *Quantitative data analysis* **–** It is classified by evaluating how many variables are to be measured.

6. Report preparation

Keeping the objectives of the study in mind, the researcher should prepare the study report. The findings should be written in a concise, simple, and objective-oriented language. Graphs and examples in the main report

should be limited to those needed to convey essential facts to support the research statement.

4.6.4 Importance of marketing research

With the change from a seller's market to a buyer's market, it was deemed necessary to acquire information on the needs, preferences, and evaluation of the consumer. The most relevant requirement was to ensure that the right product reaches the right person at the right place at the right price. Besides, it was also necessary to get feedback from the customers as to whether they are getting optimum satisfaction and thus continue to make changes in the marketing mix so that consumers remain loyal to the product. Consequently, the whole task requires entrepreneurial flair and skill, which ultimately calls for marketing research. Thus, marketing research is a very useful tool in enhancing the decision-making ability of the marketer in the dynamic environment of today.

Activity 2

Indicate whether marketing research is relevant to each of the following organisations and if so, how each might benefit.

(a) Central Ministry in the government, (b) Retail shop, and (c) A bank

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4.6.5 Advantages and limitations of marketing research

Here e lists the advantages of marketing research over other methods of decision making on marketing problems:

- It is used to measure market potential, characteristics, and share of markets for a particular brand or company.

- It helps in obtaining information that could lead to the formulation of short and long-range forecasts.

- It helps in taking better advertising decisions.

However, like any other managerial tool, marketing research is not free from flaws. Following are the limitations of marketing research:

- Although marketing research uses techniques of science, it is not exact science. The results obtained are not accurate as compared to physical and chemical sciences.

- Political, legal, technological, and social variables are uncontrollable from the standpoint of the individual marketing decision maker. The results are affected if these variables change.
- Consumers, dealers, wholesalers, retailers, etc., are the basic constituent's entities on whom marketing research is carried out. Human beings act artificially when they are targeted for research work. Many aspects of human behaviour affect the results of marketing research.

Self Assessment Questions

12. The _____ object of marketing research is the acquisition of knowledge.
13. The objective of _____ research is to investigate and explore rather than provide a conclusion.
14. A _____ is the most popular method of conducting exploratory research.
15. _____ data includes the data already gathered for one use that is then utilised for another purpose.

4.7 Summary

Let us recapitulate the important concepts discussed in this unit:

- Marketing success depends on making correct and timely decisions.
- Marketing managers need reliable and timely information about a large number of external and internal factors relevant to decision areas. Practically every decision area relevant to marketing requires the input of information.
- The term 'Marketing Information Systems' refers to a programme for managing and organising information gathered by an organisation from various internal and external sources. Its focus is on data storage, classification, and retrieval.
- Marketing research is a growing and widely used business activity, because a manufacturer needs to know more about his final consumers.
- The marketing manager, using a variety of sources, obtains many types of information on which to base his/her decisions. Certain data, such as daily sales figures and monthly or quarterly totals are continuously and regularly supplied.

- Other information such as consumer survey results is generated only on special request. Other information, perhaps informally gathered competitive information, comes to the manager on an unscheduled basis.

4.8 Glossary

Descriptive studies: In such studies, information is collected from a representative sample of respondents and the information collected is analysed by using statistical methods.

Exploratory research: This includes the discovering of general nature of the problem and to correctly understand the involved variables.

Exploratory research: This is the preliminary investigation of a marketing problem and is undertaken in order to understand and identify the problem.

Focus group: Focus group is a popular technique for exploratory research and brings together about eight to ten people with similar backgrounds to meet a moderator/analyst for a group discussion.

Marketing Information Systems (MIS): MIS is a programme for managing and organising information gathered by an organisation from various internal and external sources.

Primary research: Original research done by individuals or organisations to meet specific objectives is called primary research.

Research: Systematic and objective investigation of a subject or problem to discover relevant information for principles.

Secondary data: Secondary data is any information originally generated for some other purpose rather than the current problem under consideration and can be either internal or external to the organisation.

4.9 Terminal Questions

1. What is Marketing Information Systems? Write down the characteristics of MIS.
2. What are the various types of MIS?
3. Briefly explain the benefits and components of MIS.
4. Explain the six steps in a marketing research process.

5. Discuss the importance and objectives of marketing research.

6. 'It is possible to get information about the market needs of FMCG product's package size'. Is the statement true or false? If yes, then what needs to be done to get the information?

4.10 Answers

Self Assessment Questions

1. 'Marketing Information Systems'
2. Strategic
3. Control
4. Systematically
5. True
6. False
7. True
8. False
9. Purchase
10. False
11. True
12. Academic
13. Exploratory
14. Focus group
15. Secondary

Terminal Questions

1. Marketing Information Systems (MIS) is a programme for managing and organising information gathered by an organisation from various internal and external sources. The characteristics of MIS are management-oriented, management directed, common data flow, strategic planning, and sub system concept. For more details, refer section 4.2.

2. MIS supplies three types of information, which are: monitoring information, recurrent information, and customised information. For more details, refer section 4.4

3. MIS includes all the ingredients that are employed in providing information support to managers in making planning and control decisions. The components of marketing information systems are:

internal records system, marketing intelligence system, marketing research system, and analytical marketing system. For more details, refer, section 4.3 and 4.5.

4. The marketing research process is conducted in a systematic manner and involves six stages from identification of problems to report preparation. For more details, refer section 4.6.

5. Marketing research is important as it links consumer to the organisation by means of information. The objective of conducting marketing research can be either academic or utilitarian. For more details, refer section 4.6.

6. The statement is true. The marketing manager can conduct primary research to ascertain what packet size customers want. For more details, refer section 4.6.

4.11 Case Study

It's Not a Kids Play

What do kids think? What do they feel? How do they take decisions? It is important for marketers to know, the answers of these questions. This is what the millennial round of New GenerAsians, Cartoon Network's survey on opinions, behaviour, and preferences of kids in the Asia-Pacific region has tried to unearth. There are rather some surprising findings. Or perhaps not surprising, for respondents were kids.

Fig. 4.5: Shopping by Kids

Kids now influence many purchase decisions. For some products like clothes and toys, they make their own choices

(Source: http://yourkidmatters.com/wpcontent/uploads/2007/12/kidsshopping.jpg)

Anthony Dobson, Vice President, international research and strategic planning, Turner International Asia Pacific Ltd. says, "This survey is more comprehensive than the 1998 one. We have added two new countries, New Zealand and Vietnam. We also included ten cities in India and interviewed 2,045 kids in India. It is also user-friendlier and more brand-focused. I am sure business will find it extremely useful."

Conducted by A. C. Nielsen, kids were asked open-ended questions face-to-face. The fieldwork was conducted from October to December 1999About 7,752 kids were interviewed, across four age groups: 7-9 years, 10-12 years, 13-15 years, and 16-18 years. A region that has not been included, however, is West Asia.

One area was optimist. When asked whether there will be no pollution by the time the kid 'grows up', 17% of the respondents in India thought it would 'definitely/probably' happen. In the entire region, 36% thought it would 'definitely/probably' happen.

Internet access trends are interesting. In Singapore, 56% of the kids had access to the Internet. The figure was 38% in Malaysia, 16% in Thailand, and 2% in India (it has, however, shown commendable growth since 1998). The survey found that kids in the entire region accessed the Internet from school, most of the time.

Here is a look at aspirations. When asked at what age they will be able to afford mobile phones, Indian kids put the age as 21 years. In the entire region, the average was about 22 years. Also, in India, the latest trend (one which is everlasting) was watching TV for boys and trendy clothes for girls. An overwhelming majority of kids in the Asia-Pacific said the best things about their lives were schoolwork and exams. Most agreed that achieving good grades was very important. Do kids hate school?

For Indian kids, favourite commercial was Pepsi's, followed by Colgate, Close-Up, Coca-Cola, and Pepsodent ads. Perhaps distribution has something to do with it, or these ads' themes.

As far as Weekly Pocket Money (WPM) goes, an average of the kids gets $1.5 in India, while it was $2.9 in Vietnam, and $19.4 in Hong Kong. Out of this, Indian kids spent about 53% of their WPM. The most spendthrift are kids in the Philippines. Chinese kids spent the least.

And the favourite jeans brand in India is 'Ruf N Tuf'. 'Action' is the favourite sports shoe brand. Watches show the same trend. Titan is the favourite brand. In the region, another favourite is Casio. Now, the most talked about category - colas. Pepsi is the favourite, followed by Coke and Thums Up.

The survey is in-depth, no doubt. But is it accurate? Have kids given answers that parents want? Is it generic? Says Duncan Morris, director, A. C. Nielsen Media International, "Yes, there are dangers in face-to-face interviewing. But the size of the sample more or less evens out the discrepancies. Moreover, the data is really indicative."

The entire survey costs $1,200. Realising most companies wouldn't want the entire study; Turner International also offers country topline findings for $300. And, really what do kids think?

Discussion Questions:

1. What are the key benefits of the research to the Internet service providers in India?
   (**Hint:** The research indicates that only 2% kids had Internet access in India, so there is huge scope for Internet service providers in countries like India.)

2. Which is the most popular commercial ad in India.
   (**Hint:** Pepsi's was the favourite commercial ads for Indian kids.)

(Source: Vivek Pareek, "Kids Will Be Kids," A & M, April 15, 2000)

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