

Get the Facts Straight

Marketing-Information Management

Objectives

- A** Discuss the nature of marketing-information management systems.
- B** Explain the role of marketing-information management in marketing.



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Consider for a moment the many types of decisions that marketers are required to make.

So What

Depending on each person's primary responsibilities, s/he might choose the best target markets for new products, select advertising media for existing products, or even specify products to be discontinued. How do you think that marketers make these decisions? Do they base their decisions on gut instinct? Not a chance. Rather than relying on their own personal knowledge of problems, marketers base their decisions on reliable, relevant marketing information. And where do they get this information? From a marketing-information management system.



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Just the Facts, Please

You've probably heard the age-old dilemma about which came first: the chicken or the egg. People have been arguing about it for thousands of years. In fact, there's little chance that they'll stop anytime soon. In marketing, though, cause-and-effect relationships are usually a bit more clear-cut.



Take data and information, for example. Which comes first? Ask a marketer, and s/he'll tell you that data definitely come before information. **Data** are facts and figures—nothing more. **Information**, on the other hand, is data presented in a useful form. For data to become information, they must be processed, organized, and presented in an understandable, meaningful manner. For a more in-depth look at the difference between data and information, go to <http://www.differencebtw.com/difference-between-data-and-information/>.

Marketing information, therefore, is marketing data available from inside and outside a business that have been processed and organized in a useful way. While marketing data are good to have on hand, they don't become truly valuable until they're turned into marketing information.

- ▶ *Marketing information is crucial for success. It keeps businesses knowledgeable, up to date, and running smoothly.*



In fact, most businesses wouldn't survive without marketing information. Businesses need marketing information to make educated decisions, to solve problems efficiently, and to plan for the future. Marketing information helps marketers to learn about the markets they serve, what products are working in those markets (and how well), why the products are successful, and how much impact price has on customers' buying decisions. In addition, marketing information helps marketers to understand what has happened in the past, what is going on now, and what to expect in the future. With such knowledge, marketers can increase their businesses' profits by improving sales and reducing losses.

Marketing data can be used to generate all kinds of helpful marketing information. This information might include details about:

- Products
- Vendors and suppliers
- Pricing
- Promotional effectiveness
- Customers
- Competitors
- Economic trends and conditions

For instance, marketers often look to marketing information to learn more about their customers, including where they live, what they need, and what they want. Marketing information can also give marketers clues about how their competitors are doing, what these competitors are offering, and how good the competitors' products really are. Marketing information, in other words, takes a lot of guesswork out of marketers' jobs.



▲ *Customer satisfaction surveys are one method of gathering primary information about a particular product, experience, or feature.*

Marketing Information: Primary Versus Secondary

There are two different categories of marketing information and information sources—primary and secondary. Both categories of information help marketers to learn more about their markets. However, there are some rather significant differences between them.

59%
12,000

Marketing information may be developed from either quantitative or qualitative data. Do you know the difference? Quantitative data are numerical. Qualitative data, on the other hand, focus on opinions and personal interpretations.

I was satisfied with...
I did not like...

Primary information is developed from data that are collected for use in one particular situation. These primary data are gathered in a systematic manner to solve a problem, to explore an opportunity, or for any other specific purpose useful to a business. For example, a business that is planning to introduce a new product might survey prospective customers to determine demand for the product. Some ways in which primary data are gathered (both physically and virtually) include questionnaires, focus groups, personal interviews, and test markets.

Secondary information, on the other hand, comes from data that have already been collected for other purposes. These data are popular with marketers because they can be obtained quickly and less expensively than primary data. Checking the secondary data can help marketers to have a better understanding of a problem and to think of ways to handle the situation. Reviewing customer-service phone logs, for instance, might help a marketer to pinpoint issues that customers are experiencing with a particular product along with possible ways to resolve these issues. Examples of secondary data include company reports and records, as well as reports prepared by government agencies, trade associations, or research institutes. For more on primary vs. secondary marketing information, see <http://www.cleverism.com/market-research-techniques-primary-secondary/>.

Does It Have the Right Stuff?

Keep in mind that not all types of marketing data and information will be equally useful or beneficial for all businesses. Some businesses may rely on secondary data for most of their needs. Other businesses may find it necessary to gather primary data on a regular basis. Regardless of the type or need, all marketing information should share the following characteristics:

- **Organized.** Marketing information should consist of precise data, facts, and figures presented in an orderly fashion. Exact, easy-to-understand information is much more likely to help marketers.
- **Accurate.** The information should be error-free and reliable. Both positive and negative data should be included.
- **Sufficient.** Enough data must be gathered to truly help marketers. Too little data can give a distorted picture of the real situation and be misleading. At the same time, too much data and information can present too many alternatives and cause confusion.
- **Relevant.** The information must be closely related to the situation at hand to be of the most use to marketers.
- **Timely.** The marketing data and information must be up-to-date. The data must be gathered at a time when they will be of the most value to the business—not too early or too late. The explosion of social media has led to a rise in real-time marketing that relies on timely data. Read more about it at <http://www.emarketer.com/Article/Real-Time-Marketing-Grows-Importance-Social-Analytics-Improve/1009669>.
- **Accessible.** The marketing data and information should be readily available so that they can be gathered and used without major effort or excessive cost.
- **Cost-effective.** The benefits of using the marketing information should be greater than the costs of gathering the data that are used to generate this information.



▲ *When you are working with a large amount of information, organization is a must!*

Bringing It All Together

To gather, analyze, and organize all of the marketing data and information that it needs, almost every business uses a marketing-information management system. A **marketing-information management system** (MkIS, for short) is an organized way of continuously gathering, sorting, analyzing, evaluating, and distributing marketing information.

THE GRAY ZONE

Yasmine, Inc. is a large corporation that specializes in hair-care items such as shampoos, conditioners, and styling products. Christina, a senior associate in marketing-information management, leads a team of eight employees who are responsible for gathering and analyzing data about the corporation's competitors. According to some marketing intelligence that Christina's team recently obtained, Yasmine's leading competitor is in the process of launching a product line targeted at young women. Early feedback on the new products is very favorable for the competitor. Timothy, a recent addition to Christina's staff, has suggested that the team go dumpster diving at the competitor's headquarters. "Who knows," Timothy says, "maybe we can find some good information about these products in the competitor's trash."

What do you think? Should Christina's team rummage through the competitor's trash in search of information about the new products?

Most marketing-information management systems are computerized, but an MkIS *should* encompass much more than just technology. It consists of all the people, policies, procedures, and equipment involved in managing a business's marketing information.

Each business must decide what the functions of its marketing-information management system will be. The system's functions will depend upon the decisions that need to be made and the information needed to make those decisions. Most marketers, though, need certain functions to be filled by the MkIS. These include data gathering, data processing, and information reporting.



Data gathering. The basic function of a marketing-information management system is to gather data important to the business. These data should be gathered from both internal and external sources on an ongoing basis.

Internal data are relatively easy and inexpensive to collect. They are found *inside* a business. A good internal source of data is often an **enterprise resource planning** (ERP) system. An ERP system consists of a common database that holds all of the facts and figures created or received during normal business operations. These data may come from any of an organization's business functions, such as marketing, operations, finance, or even human resources. The data in an ERP system can be accessed by anyone or anything in the organization that might have need for them, including marketing-information management. Some common types of internal data are operating data, sales reports, and inventory data. Microsoft helps businesses with ERP—check out what they offer at <https://www.microsoft.com/en-us/dynamics/what-is-erp.aspx>.



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▲ *Taking a few minutes each day to read up on industry news and economic trends can keep you informed.*

may or may not relate to any current issue or project. For example, a marketer might run across some useful data while listening to a trade-related podcast. Another marketer might also discover marketing data while conversing with suppliers or customers. Some other internal and external sources may include salespeople, suppliers, receptionists, newspapers, competitors' websites, and mystery shoppers.

Data processing. Analyzing data and putting them into useful formats are important functions of the MkIS. Remember, data are typically not useful in their original form. An MkIS is responsible for transforming these data into much more understandable, organized marketing information. Think about financial records from the accounting department. They would need to be adapted significantly for use in evaluating product performance.

External data come from sources outside the business. There are a variety of these sources, including local business associations, federal and state planning agencies, trade journals, online databases, and commercial, syndicated services.

Businesses also obtain external data by conducting marketing research, which is one component of marketing-information management. **Marketing research** is the systematic gathering, recording, and analyzing of data about a specific marketing problem or situation. Such research may be needed when the existing data in the MkIS are insufficient or do not apply to the problem at hand.

Another method for obtaining data is through a marketing intelligence system. A **marketing intelligence system** is often used to informally gather helpful existing data from both internal and external sources. While marketing research typically focuses on one specific problem, marketing intelligence

Information reporting. A third important function of the marketing-information management system is handling the flow of information within a business. The system should distribute the necessary information to those who need it. It should also make it easy for marketers to locate and retrieve information at any time.

What Is Required of an MkIS

A marketing-information management system should meet the requirements of an individual business. Some basic requirements of an MkIS are that it should be able to:

- Decide quickly what data and information are needed
- Collect, process, and store data and information effectively
- Handle whatever amount of data and information a particular business needs
- Protect data and information
- Operate continuously

Summary

Marketing information is marketing data that have been processed and organized in a useful way. Such information is essential for business success. Marketing information helps businesses to make decisions, solve problems, and plan for the future. Marketing information may be developed from primary or secondary data. To be useful, marketing information should be organized, accurate, sufficient, relevant, timely, accessible, and cost-effective. A marketing-information management system (MkIS) is typically responsible for gathering data from internal and external sources, processing this data, and reporting the resulting information to those who make marketing decisions. An MkIS should meet the requirements of an individual business.

TOTAL RECALL

1. Distinguish between data and information.
2. What is marketing information?
3. Explain the importance of marketing information.
4. What is the difference between primary and secondary data?
5. Discuss the characteristics of useful marketing information.
6. What are the three functions of marketing-information management systems?
7. What are five common requirements of an MkIS?

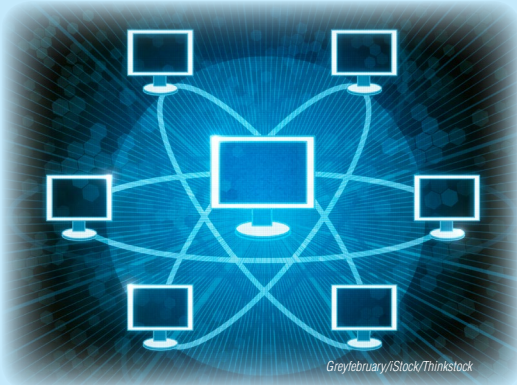
How Can You Benefit?

Decision making is a very important job for marketers. But it often requires a great deal of time and effort. A marketing-information management system can speed up the decision-making process and make it more effective and efficient. An MkIS can benefit marketers in a number of ways, including:

- **Collecting and presenting marketing information to marketers in an organized fashion.** The MkIS combines and compares scattered data. This can reduce the chance of data getting lost. Because the collected data and information are stored, marketers can access and use them whenever needed.
- **Giving marketers a broader perspective of the market.** In recent years, marketing has become more complicated, and product life cycles have become shorter. As a result, marketers feel increasingly pressured to bring out new products at a rapid pace. These marketers need a greater variety of information to do their jobs well.
- **Providing marketers with information that may help to prevent a business crisis.** Marketers are continuously able to compare the gathered information with the objectives and plans of their firms. Therefore, they may be able to correct problems before any damage is done to their businesses.
- **Helping marketers to improve their planning.** An important aspect of a marketer's job—one that an MkIS can help with—is to ensure that all parts of the business's marketing plan are well coordinated. Marketers can use marketing information to determine if their businesses' marketing activities are working as they should. Also, information can provide a sound basis for making the best use of resources.



▲ *Technology companies release new products quickly, so their marketing efforts must follow suit. Apple, for example, hosts live events a few times a year to promote its latest products.*



Have you heard of an intranet? It's an internal network, similar to the Internet, that is commonly used within an organization to access information and communicate with others. Typically, it's accessible only by authorized personnel. Many businesses use an intranet to allow managers, marketers, and salespeople to retrieve and add to marketing information in the MkIS.

MkIS: What's the Use?

The ways in which the marketing-information management system is used determine its value and importance to a marketer. While the needs of marketers do vary somewhat, most marketers could use an MkIS in at least some of the following situations.

Business decisions. The marketing-information management system can provide relevant, accurate, and timely information. Marketers need this information when planning their marketing activities and when making marketing decisions. For instance, to decide upon the size of a business, its products, or its prices, marketers may need information about specific markets or the current economic situation of the entire country.

Market opportunities. A marketing-information management system can help businesses to discover new or expanded markets that can be tapped. The system can gather and analyze data and information about market trends, target markets, changes in the environment, changing events, and the effects of these factors on different markets. Let's think about a producer of baby products for a minute. What might that producer do if it learns that the birth rate is rising? It might take advantage of the expanding market by increasing its production or by adding new products to its current line.

Sales forecasts. An MkIS can also provide information about current sales. Sales data can be used to prepare sales forecasts. **Sales forecasts** are predictions of future sales over specific periods of time. Such forecasts are helpful to a marketer in setting up the marketing budget, planning products, and determining the product mix. Brian Hill explains the importance of sales forecasts to marketers in his article "Why Is Forecasting So Important to the Overall Marketing Plan?" You can read it at <http://yourbusiness.azcentral.com/forecasting-important-overall-marketing-plan-5846.html>.

Because virtually all other company plans are built on forecasts of future revenue, the marketing information used to prepare these sales forecasts *must be* as accurate as possible. Inaccurate information could lead to skewed forecasts that could jeopardize the very existence of the company.

Promotional strategies. Another important use of the MkIS is in evaluating the effectiveness of a marketer's promotional strategies. If the strategies used have not been satisfactory, gathering and analyzing marketing data may indicate what changes need to be made. Consider a one-of-a-kind trendy clothing store for young adults that wondered why so few teens patronized the shop. A survey of teenagers in the area showed that few in their age group knew anything about the store. This information indicated that previous promotional strategies had been unsuccessful. New promotional methods were needed to attract teenage customers.

Situation analysis. The marketing-information management system can provide internal and external information for a situation analysis. A **situation analysis** is a determination of a firm's current business situation and the direction in which the business is headed. By conducting a situation analysis, a company might learn who purchases most of its products, which products have the weakest sales, and the direction of consumer trends. Laura Lake's article "Purpose and Elements of a Situational Analysis" provides more insight into this important marketing tool. Read it at <http://marketing.about.com/od/marketingplanandstrategy/a/situationanalys.htm>.



- ▲ *Using the right information, a clothing store could use promotional tactics such as social media campaigns and mobile advertisements to reach teens.*

Profitability. In addition, the MkIS can be used to determine the profitability of a business and its products. The system can compare financial data from one time period with the data from another time period to provide a picture of the business's profits. Information about the progress of new products, inventory levels, sales, and production costs can help a business to control costs, to retain profitable products, and to eliminate unprofitable items.

Risk reduction. Business risk cannot be eliminated, but an MkIS can assist in controlling or reducing risk. As you may already know, a high percentage of new products fail. Thankfully, marketers can reduce the risk of new-product failure by using the MkIS to obtain as much advance information as possible. The system can gather data about possible demand for the new product, the target market, the competition, or anything else that could affect the success of the product.

Competition. Information about competitors' activities is very important to a business. The MkIS can gather and analyze data such as improvements planned for competitors' products, new products that are being introduced, or the competition's **market share**. In fact, this type of information is so important that some businesses have a separate section of the MkIS whose sole responsibility is to monitor the competition.



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Limitations of MkIS

Implementing an MkIS for your business can present certain challenges and issues. It can be very expensive to install a marketing-information management system and to train employees on its use. Since the system involves such a vast amount of information, it can sometimes be slow to update in the case of a major business change or technology upgrade. Lastly, an MkIS isn't a substitute for skilled marketers. Even the most advanced marketing-information management system's success depends on employees who know how to interpret its information to make advantageous decisions and create useful strategies for the business.

A Key to Success

No matter how it uses its marketing-information management system, every business ultimately has the same goals in mind. These goals are to be profitable (or, in the case of a nonprofit business, to meet its objectives) and to develop a **competitive advantage** in the marketplace. Successful organizations have discovered that a key to reaching these goals is to maintain and utilize an effective marketing-information management system.

- ▶ *An effective marketing-information management system can help you go one step further and set you apart from your competitors.*

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Summary

Marketing-information management systems benefit marketers in many ways. These ways include collecting and presenting marketing information in an organized fashion, giving a broader perspective of the market, providing information that may help to prevent a business crisis, and helping marketers to improve their planning. Marketers often use marketing-information management systems when making business decisions, determining market opportunities, developing sales forecasts, evaluating promotional strategies, conducting situation analyses, determining profitability, reducing risk, and learning about competitors. Regardless of how an MkIS is used, it helps the business to be profitable and/or meet its objectives and to develop a competitive advantage in the marketplace.

TOTAL RECALL

1. Explain ways that marketing-information management systems can benefit marketers.
2. How could an MkIS be used in the following situations:
 - a. Business decisions
 - b. Market opportunities
 - c. Sales forecasts
 - d. Promotional strategies
 - e. Situation analysis
 - f. Profitability
 - g. Risk reduction
 - h. Competition
3. What are the limitations of an MkIS?

Make It Pay!

Regardless of size, virtually all businesses have some type of marketing-information management system. Think about the business where you work. If you aren't working right now, consider a local business that you are familiar with. How would you describe its marketing-information management system? What internal records does the system maintain? What external data does the business gather? Who or what is responsible for gathering, analyzing, and distributing the information? How does the business use its information when making marketing decisions?

Now, take some time to consider how the business could improve its marketing-information management. What other marketing data should the business collect? How could the business more effectively manage information? What recommendations would you make to the business so that it makes better use of marketing information?