Chapter Four
Managing Marketing Information to Gain Customer Insights
Learning Objectives

Topic Outline

• Marketing Information and Customer Insights
• Assessing Marketing Information Needs
• Developing Marketing Information
• Marketing Research
• Analyzing Marketing Information
• Distributing and Using Marketing Information
• Other Marketing Information Considerations
Marketing Information and Customer Insights

Customer Insights are:

• Fresh and deep insights into customers needs and wants

• Difficult to obtain
  – Not obvious
  – Customer’s unsure of their behavior

• Not derived from more information but better information and more effective use of existing information
Marketing Information and Customer Insights

**Customer Insights**

- Companies are forming customer insights teams
  - Include all company functional areas
  - Use insights to create more value for their customers
  - Customer controlled could be a problem
Marketing Information and Customer Insights

Marketing Information Systems (MIS)

Marketing information system (MIS) consists of people and procedures for:

– Assessing the information needs
– Developing needed information
– Helping decision makers use the information for customer
Marketing Information System

Marketing managers and other information users
Obtaining customer and market insights from marketing information

Marketing information system
Developing needed information

Assessing information needs
Internal databases
Marketing intelligence
Marketing research
Analyzing and using information

Marketing environment
Target markets
Marketing channels
Competitors
Publics
Macroenvironment forces

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Assessing Marketing Information Needs

MIS provides information to the company’s marketing and other managers and external partners such as suppliers, resellers, and marketing service agencies.
Assessing Marketing Information Needs

Characteristics of a Good MIS

• Balancing what the information users would like to have against what they need and what is feasible to offer.
Developing Marketing Information

Marketers obtain information from

- Internal data
- Marketing intelligence
- Marketing research
Developing Marketing Information

Internal Data

Internal databases are electronic collections of consumer and market information obtained from data sources within the company network.
Developing Marketing Information

Marketing Intelligence

Marketing intelligence is the systematic collection and analysis of publicly available information about consumers, competitors and developments in the marketplace.
Developing Marketing Information

Marketing Research

• Marketing research is the systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization.
Developing Marketing Information

Steps in the Marketing Research Process

1. Defining the problem and research objectives
2. Developing the research plan for collecting information
3. Implementing the research plan—collecting and analyzing the data
4. Interpreting and reporting the findings
Developing Marketing Information

Marketing Research
Defining the Problem and Research Objectives

- Exploratory research
- Descriptive research
- Causal research
Developing Marketing Information

Marketing Research
Developing the Research Plan

- Outlines sources of existing data
- Spells out the specific research approaches, contact methods, sampling plans, and instruments to gather data
Developing Marketing Information

Marketing Research
Written Research Plan Includes:

- Management problem
- Research objectives
- Information needed
- How the results will help management decisions
- Budget
Developing Marketing Information

Marketing Research
Developing the Research Plan

Secondary data consists of information that already exists somewhere, having been collected for another purpose.

Primary data consists of information gathered for the special research plan.
Developing Marketing Information

Advantages
- Cost
- Speed
- Could not get data otherwise

Disadvantages
- Current
- Relevant
- Accuracy
- Impartial
Developing Marketing Information

Marketing Research

Planning Primary Data Collection

- Research approaches
- Contact methods
- Sampling plan
- Research instruments
Developing Marketing Information

Market Research
Research Approaches

Observational research involves gathering primary data by observing relevant people, actions, and situations.

Ethnographic research involves sending trained observers to watch and interact with consumers in their natural environment.
Developing Marketing Information

Market Research
Research Approaches

**Survey research** is the most widely used method and is best for descriptive information—knowledge, attitudes, preferences, and buying behavior

- Flexible
- People can be unable or unwilling to answer
- Gives misleading or pleasing answers
- Privacy concerns
Experimental research is best for gathering causal information—cause-and-effect relationships.
Developing Marketing Information

Marketing Research Strengths and Weakness of Contact Methods

<table>
<thead>
<tr>
<th></th>
<th>Mail</th>
<th>Telephone</th>
<th>Personal</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexibility</td>
<td>Poor</td>
<td>Good</td>
<td>Excellent</td>
<td>Good</td>
</tr>
<tr>
<td>Quantity of data collected</td>
<td>Good</td>
<td>Fair</td>
<td>Excellent</td>
<td>Good</td>
</tr>
<tr>
<td>Control of interviewer effects</td>
<td>Excellent</td>
<td>Fair</td>
<td>Poor</td>
<td>Fair</td>
</tr>
<tr>
<td>Control of sample</td>
<td>Fair</td>
<td>Excellent</td>
<td>Good</td>
<td>Excellent</td>
</tr>
<tr>
<td>Speed of data collection</td>
<td>Poor</td>
<td>Excellent</td>
<td>Good</td>
<td>Excellent</td>
</tr>
<tr>
<td>Response rate</td>
<td>Poor</td>
<td>Poor</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Cost</td>
<td>Good</td>
<td>Fair</td>
<td>Poor</td>
<td>Excellent</td>
</tr>
</tbody>
</table>
Developing Marketing Information

Marketing Research

Contact Methods

• Focus Groups
  – Six to 10 people with a trained moderator
  – Challenges
    • Expensive
    • Difficult to generalize from small group
    • Consumers not always open and honest
Developing Marketing Information

Marketing Research
Contact Methods

- Online marketing research
- Internet surveys
- Online panels
- Online experiments
- Click-stream data
- Online focus groups

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### Developing Marketing Information

#### Marketing Research

#### Online Research

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low cost</td>
<td>Restricted internet access</td>
</tr>
<tr>
<td>Speed</td>
<td></td>
</tr>
<tr>
<td>Higher response rates</td>
<td>Not sure who is answering</td>
</tr>
<tr>
<td>Good for hard to reach groups</td>
<td></td>
</tr>
</tbody>
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Developing Marketing Information

Marketing Research
Sampling Plan

**Sample** is a segment of the population selected for marketing research to represent the population as a whole

– Who is to be surveyed?
– How many people should be surveyed?
– How should the people be chosen?
## Developing Marketing Information

### Marketing Research

**Sampling Plan – Types of Samples**

<table>
<thead>
<tr>
<th>Probability Sample</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple random sample</td>
<td>Every member of the population has a known and equal chance of selection</td>
</tr>
<tr>
<td>Stratified random sample</td>
<td>The population is divided into mutually exclusive groups and random samples are drawn from each group</td>
</tr>
<tr>
<td>Cluster (area) sample</td>
<td>The population is divided into mutually exclusive groups and the researcher draws a sample</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nonprobability Sample</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience sample</td>
<td>The research selects the easiest population members</td>
</tr>
<tr>
<td>Judgment sample</td>
<td>The researcher uses their judgment to select population members</td>
</tr>
<tr>
<td>Quota sample</td>
<td>The researcher finds and interviews a prescribed number of people in each of several categories</td>
</tr>
</tbody>
</table>
Developing Marketing Information

Marketing Research
Research Instruments

Questionnaires

• Most common
• Administered in person, by phone, or online
• Flexible
• Research must be careful with wording and ordering of questions
Developing Marketing Information

Marketing Research
Research Instruments—Questionnaires

• Closed-end questions include all possible answers, and subjects make choices among them
  – Provide answers that are easier to interpret and tabulate

• Open-end questions allow respondents to answer in their own words
  – Useful in exploratory research
Developing Marketing Information

Marketing Research
Research Instruments

Mechanical devices

People meters

Checkout scanners

Neuro-marketing
Developing Marketing Information

Marketing Research
Implementing the Research Plan

Collecting the information
Processing the information
Analyzing the information
Interpret findings
Draw conclusions
Report to management
Analyzing and Using Marketing Information

Customer Relationship Management (CRM)

- CRM consists of sophisticated software and analytical tools that integrate customer information from all sources, analyze it in depth, and apply the results to build stronger customer relationships.
Analyzing and Using Marketing Information

Customer Relationship Management Touchpoints

- Customer purchases
- Sales force contacts
- Service and support calls
- Web site visits
- Satisfaction surveys
- Credit and payment interactions
- Research studies
Distributing and Using Marketing Information

Information distribution involves entering information into databases and making it available in a time-useable manner

- Intranet provides information to employees and other stakeholders
- Extranet provides information to key customers and suppliers
Other Marketing Information Considerations

- Marketing Research in Small Businesses and Nonprofit Organizations
- International Market Research
- Public Policy and Ethics
  - Customer privacy
  - Misuse of research findings