Chapter Four

Managing Marketing Information to Gain Customer Insights

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Learning Objectives

Topic Outline

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

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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
- Marketer needs better information and more effective use of existing information

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Marketing Information and Customer Insights

Customer Insights

- Companies are forming customer insights teams
  - Include all company functional areas: Coca-Cola's marketing research group is headed by vc of marketing strategy and insights.
  - Collect information from a wide variety of sources
  - Use insights to create more value for their customers

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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

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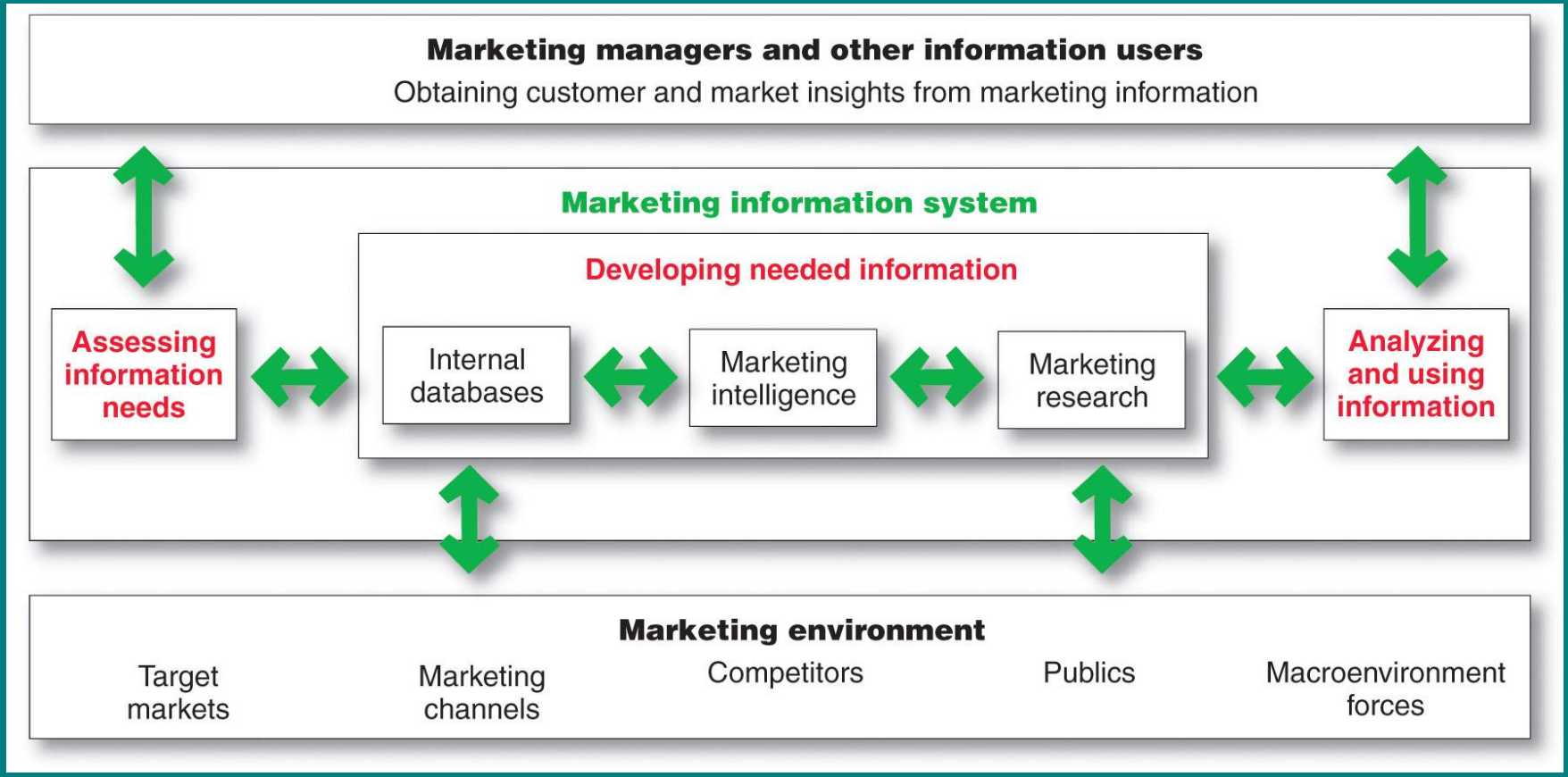
Marketing Information System



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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

Eg.Wal-Mart's Retail Link system gives key suppliers access to information on everything from customers' buying patterns and store inventory levels to how many items they've sold in which stores in the past 24 hours.

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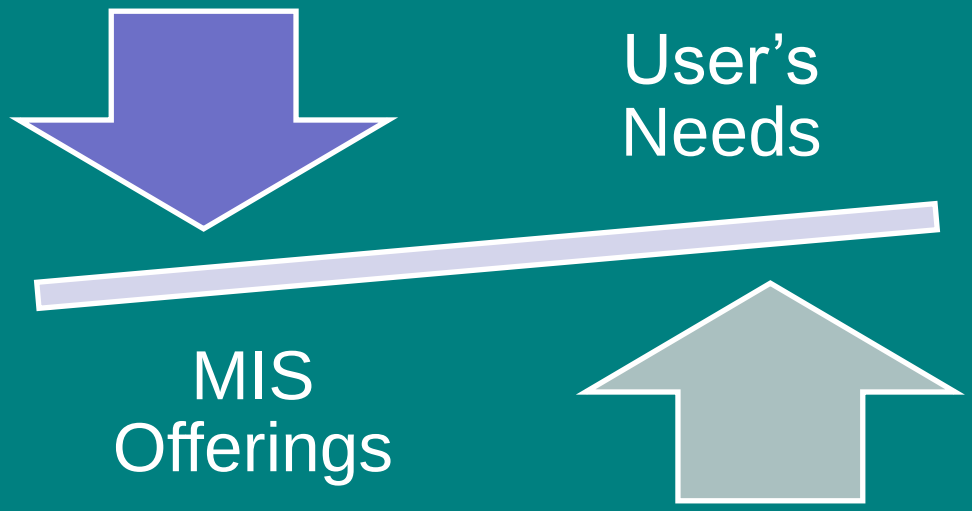
Assessing Marketing Information Needs

Characteristics of a Good MIS

- Balancing what the information users would like to have against what they need and what is feasible to offer



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Developing Marketing Information

Marketers obtain information from

- Internal data
- Marketing intelligence
- Marketing research

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Developing Marketing Information

Internal Data

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

- Key information on customers:
- sales
- websites visited
- demographics
- psychographics
- service and satisfaction measures
- Source of customer insights about buying patterns.

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Developing Marketing Information

Competitive Marketing Intelligence

The systematic collection and analysis of publicly available information about consumers, competitors and developments in the marketplace : actively scanning the general marketing environment

Marketing intelligence techniques: observing consumers firsthand to quizzing the company's own employees, benchmarking competitors' products, researching the Internet, and monitoring Internet buzz.

Apple is obsessed with secrecy, and it passes that obsession along to its employees. "At Apple everything is a secret,"

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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

Gives marketers insights into customer motivations, purchase behavior, and satisfaction. Help assess market potential and market share or measure the effectiveness of pricing, product, distribution, and promotion activities.

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Developing Marketing Information

Steps in the Marketing Research Process

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Developing Marketing Information

Marketing Research

Defining the Problem and Research Objectives

Exploratory research:

Descriptive research

Causal research

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Marketing Research

- Exploratory research—objective is to gather preliminary information that will help define the problem and suggest hypotheses. (focus groups, interviews)
- Descriptive research—describes things (who, when, how, why);.
- Causal research—tests hypothesis about cause and effect relationships (price/demand, environment/purchase rate).

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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

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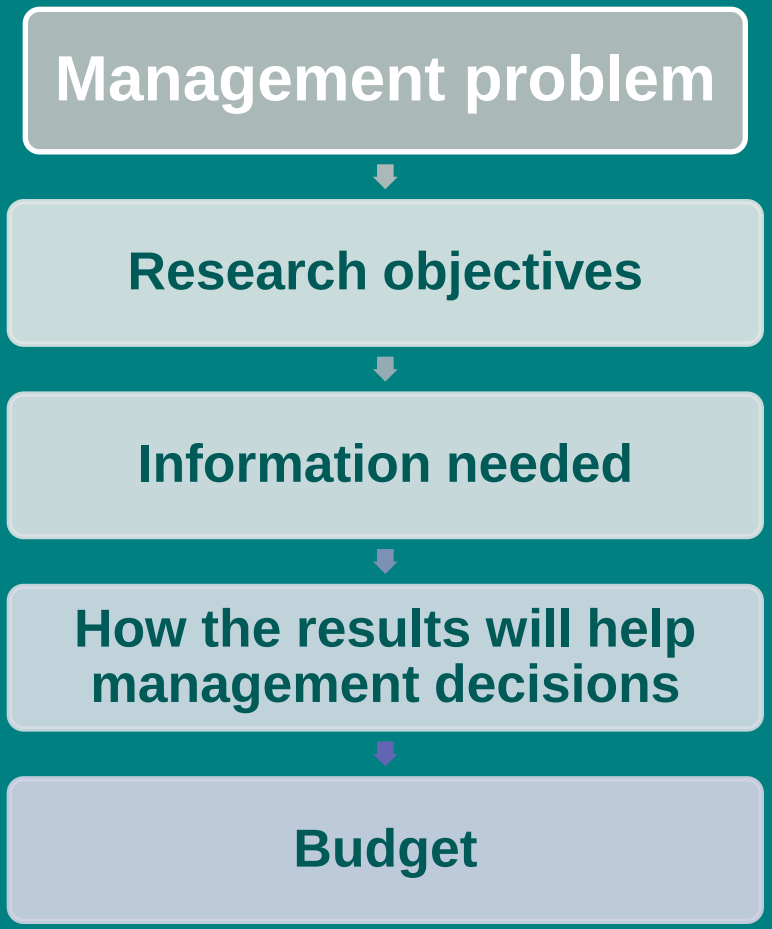
Marketing Research
Written Research Plan Includes:



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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

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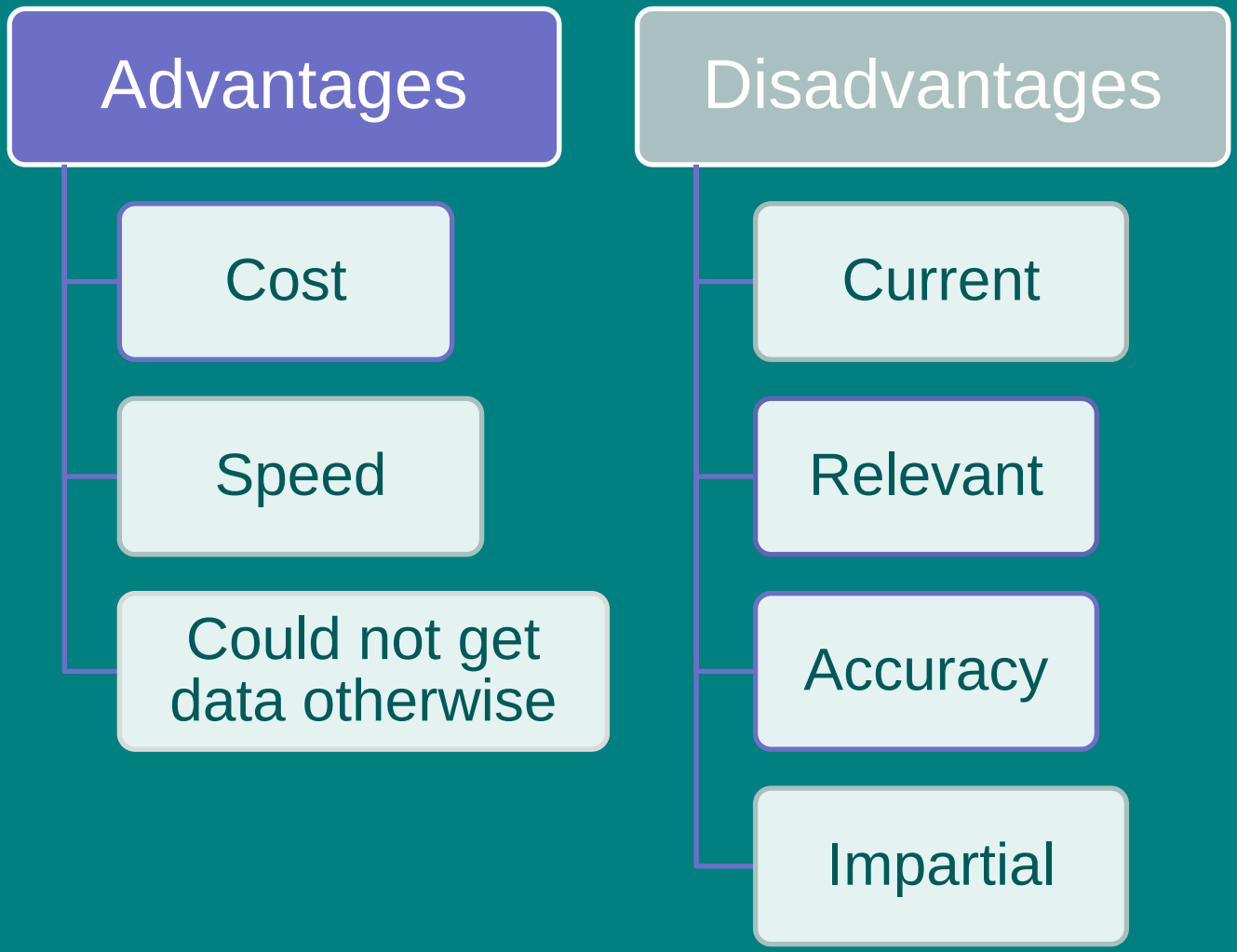
Developing Marketing Information
Secondary Data



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Developing Marketing Information

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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

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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

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Market Research
Research Approaches

Experimental research is best for gathering causal information—cause-and-effect relationships

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Developing Marketing Information

Marketing Research Strengths and Weakness of Contact Methods

	Mail	Telephone	Personal	Online
Flexibility	Poor	Good	Excellent	Good
Quantity of data collected	Good	Fair	Excellent	Good
Control of interviewer effects	Excellent	Fair	Poor	Fair
Control of sample	Fair	Excellent	Good	Excellent
Speed of data collection	Poor	Excellent	Good	Excellent
Response rate	Poor	Poor	Good	Good
Cost	Good	Fair	Poor	Excellent

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Developing Marketing Information

Marketing Research Contact Methods

- Focus Groups
  - Six to 10 people
  - Trained moderator
  - Challenges
    - Expensive
    - Difficult to generalize from small group
    - Consumers not always open and honest

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Developing Marketing Information

Marketing Research
Online Contact Methods

Internet surveys	**Online panels**
Online experiments	**Online focus groups**

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Developing Marketing Information

Marketing Research
Online Contact Methods

Advantages

- Low cost
- Speed
- Higher response rates
- Good for hard to reach groups

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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 studied?
- How many people should be studied?
- How should the people be chosen?

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Marketing Research
Sampling Plan – Types of Samples

Probability Sample	
Simple random sample	Every member of the population has a known and equal chance of selection
Stratified random sample	The population is divided into mutually exclusive groups and random samples are drawn from each group
Cluster (area) sample	The population is divided into mutually exclusive groups and the researcher draws a sample
Nonprobability Sample	
Convenience sample	The research selects the easiest population members
Judgment sample	The researcher uses their judgment to select population members
Quota sample	The researcher finds and interviews a prescribed number of people in each of several categories

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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

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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

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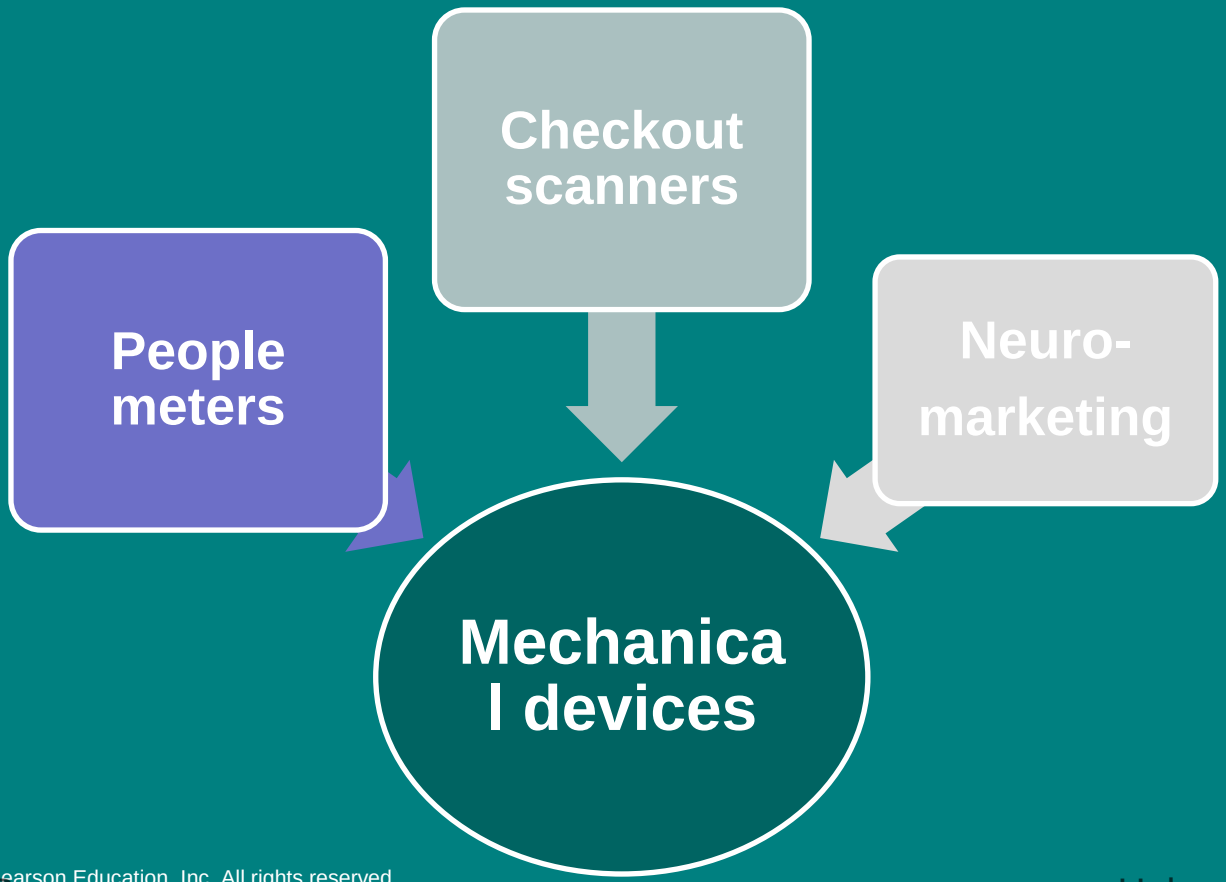
Developing Marketing Information

Marketing Research
Research Instruments



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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

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Analyzing and Using Marketing Information

Customer Relationship Management (CRM)

Managing detailed information about individual customers and carefully managing customer touch points to maximize customer loyalty.

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Analyzing and Using Marketing Information

Customer Relationship Management Touchpoints

- Customer purchases
- Sales force contacts
- Service and support calls
- website visits
- Satisfaction surveys
- Credit and payment interactions
- Research studies

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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

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Other Marketing Information Considerations

Marketing Research in Small Businesses and Nonprofit Organizations

International Market Research

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Other Marketing Information Considerations

Public Policy and Ethics

- Customer privacy
- Misuse of research findings

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