

# FUNDAMENTALS OF MARKETING

## Contents

- Concept and relevance of information in marketing decisions
- Components of the marketing information system
- Marketing research areas and process

# UNIT-3

# MARKETING INFORMATION SYSTEM

# MARKETING INFORMATION SYSTEM

## Concept

### **Data**

- Raw information.
- Input part of information.
- Accumulation of facts or opinions.

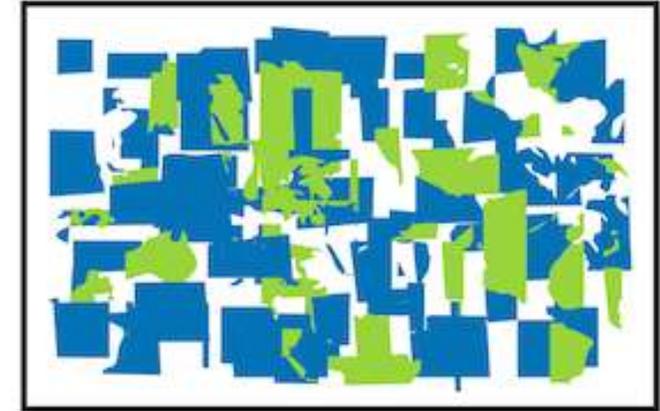
Data are facts expressed in the form of symbols such as alphabets, digits, graphs, diagrams and pictures.

### **Information**

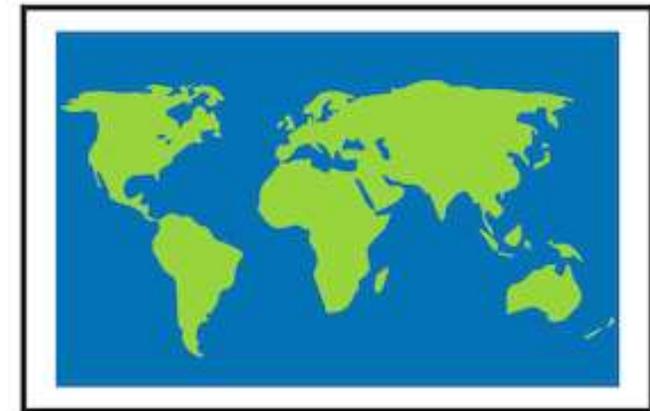
- Processed data.
- Useful data becomes information.
- Involves sorting, classifying, calculating, evaluating and summarizing of data.
- Has relevance.

The series of data when appropriately processed tells a story about the problem which provides an example of information useful for decision making.

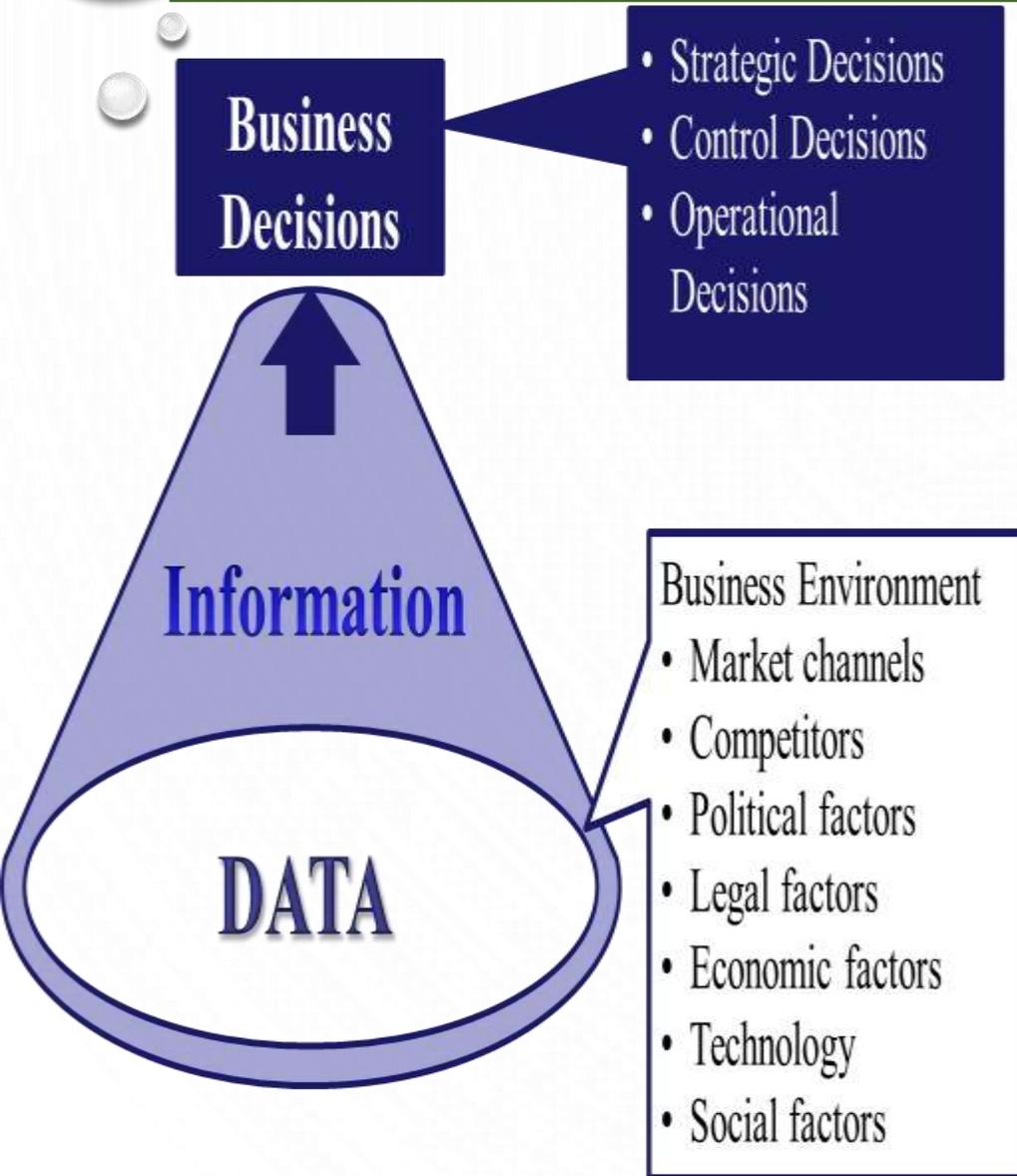
**DATA**



**INFORMATION**



# MARKETING INFORMATION SYSTEM



Information is power.

Marketing managers need information to respond to environmental changes.

Marketing decisions are based on information.

Organizations need to design and use an effective marketing information system (MKIS) to gather information.

They should provide continuous flow of information to their marketing managers.

Marketing information system provides information support for marketing decision making.

It consists of people, procedures and equipment.

# MARKETING INFORMATION SYSTEM

- A marketing information system is a unified system of interrelated parts to provide information support to achieve marketing objectives.

It consists of input-processing-output-feedback components.



# PROCESS OF DATA INTO INFORMATION



**Then,**

**What are the process of converting data into information?**

# PROCESS OF DATA INTO INFORMATION



**Data Collection**

It involves collecting and recording raw information about a fact or an event or opinion.



**Sorting**

It involves rearranging data in some specified order.



**Classifying**

It involves categorizing data in terms of selected variables.



**Computation**

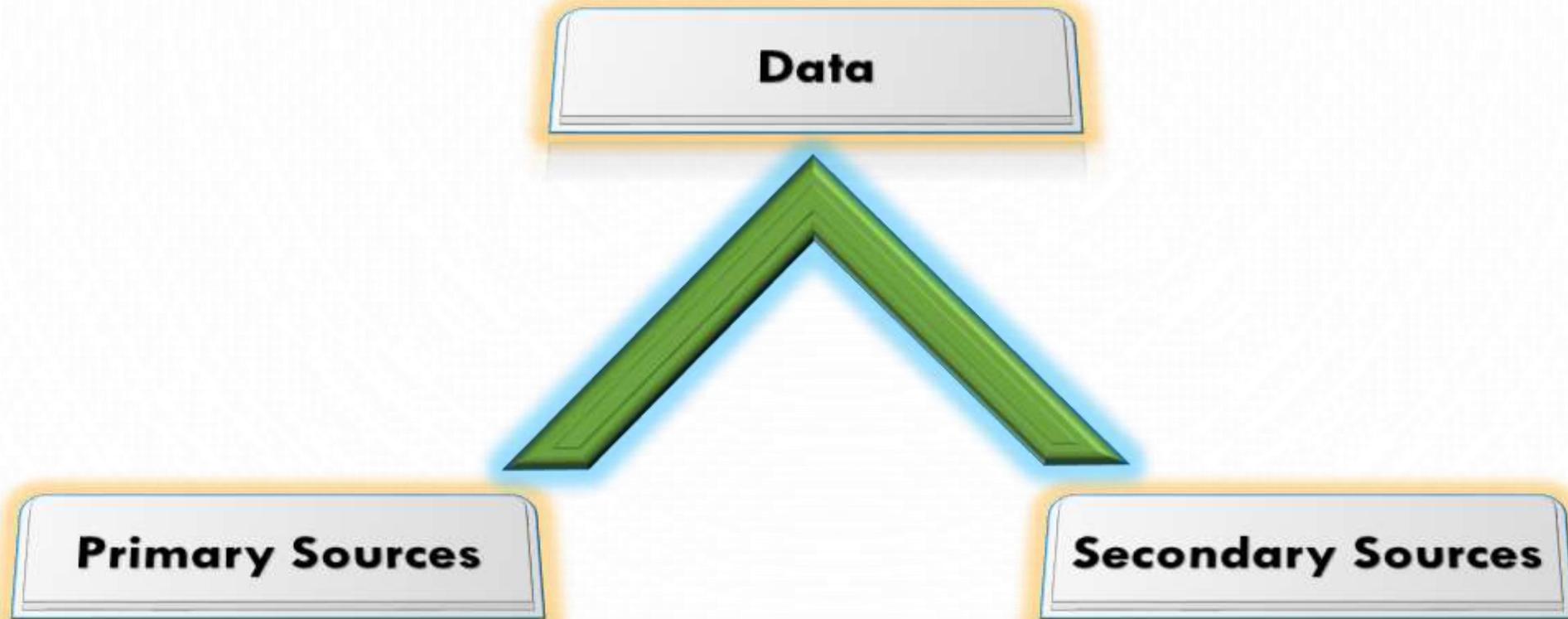
It involves determining the numerical value of the data.



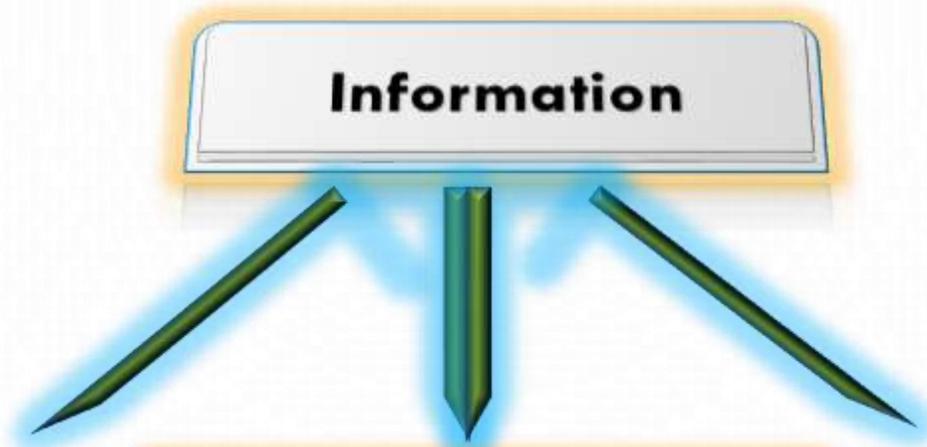
**Summarization**

It involves giving some meaning to the data and converting it into information.

# SOURCES OF DATA



# SOURCES OF INFORMATION



## **Internal Records**

Which includes information on the order-to payment cycle and sales information systems.

## **Marketing Intelligence System**

A set of procedures and sources used by managers to obtain everyday information about relevant developments in the marketing environment.

## **Marketing Research System**

Marketing research system that allows for the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation.

# SOURCES OF INFORMATION

## **Internal Records**

Internal data is gathered via customer databases, financial records and operational reports.

### **Advantage**

**Includes quick and easy access to information.**

### **Disadvantage**

**Stem from the incompleteness or inappropriateness of data to a particular situation.**

## **Marketing Intelligence System**

It is the systematic collection and analysis of publicly available information about competitor and trends in the marketing environment.

## **Marketing Research System**

It is the systematic design, collection, analysis and reporting of data relevant to a specific marketing situation facing an organization.

# IMPORTANCE OF DATA & INFORMATION

**Planning & Decision Making**

**Implementation of Marketing Program**

**Effective Controlling**

**Environmental Adaptation**



# MARKETING INFORMATION SYSTEM

MkIs is the mechanism for providing decision making information and data to the marketing decision maker.

- Provides continuous flow of information about prices, advertising, sales, competition and distribution.
- Major tools for scanning and monitoring the external environmental forces.
- It collects vital information from various sources, analyzes and synthesizes disseminate to the marketing decision markers.



# MARKETING INFORMATION SYSTEM

## Begins and Ends with Information Users:

Interacts with information users to assess information.

Develops needed information from internal and external sources.

Helps users analyze information for marketing decisions.

Distributes the marketing information and helps managers use it for decision making.



# MARKETING INFORMATION SYSTEM

## Definition:

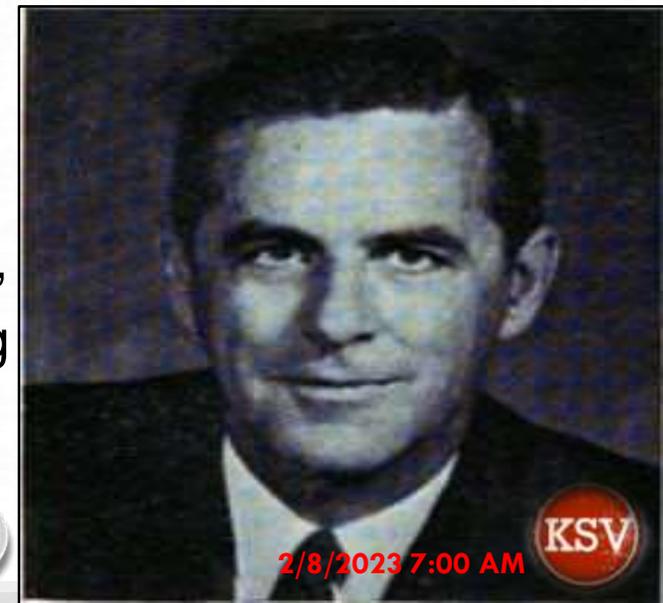
### Philip Kotler-

Mkls is a planned system of collecting, processing, storing and disseminating data in the form of information needed to carry out the functions of management.

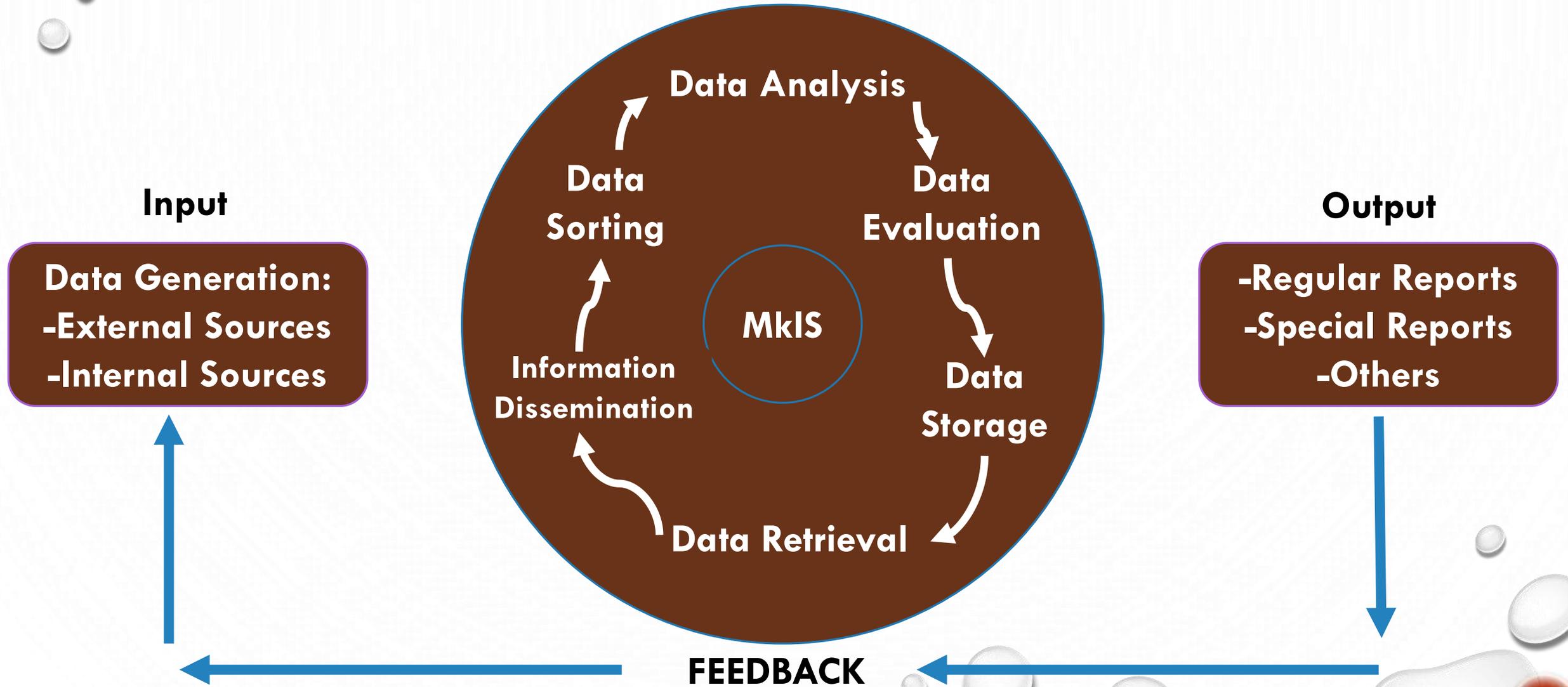
“Marketing Information System consists of people, equipment and procedures to gather, sort, analyze, evaluate and distribute needed, timely and accurate information to marketing decision makers.”

### William J. Stanton-

“Mkls is an on-going, organized procedure to generate, analyze, disseminate, store and retrieve information for us in making marketing decisions.”



# MARKETING INFORMATION SYSTEM



# FEATURES- MARKETING INFORMATION SYSTEM

**Inter-related Components**

**Processing**

**Timeliness**

**Accuracy**

**Consistency**

**Accessibility**



# IMPORTANCE - MARKETING INFORMATION SYSTEM



**Marketing planning**

**Marketing programme implementation**

**Marketing control**

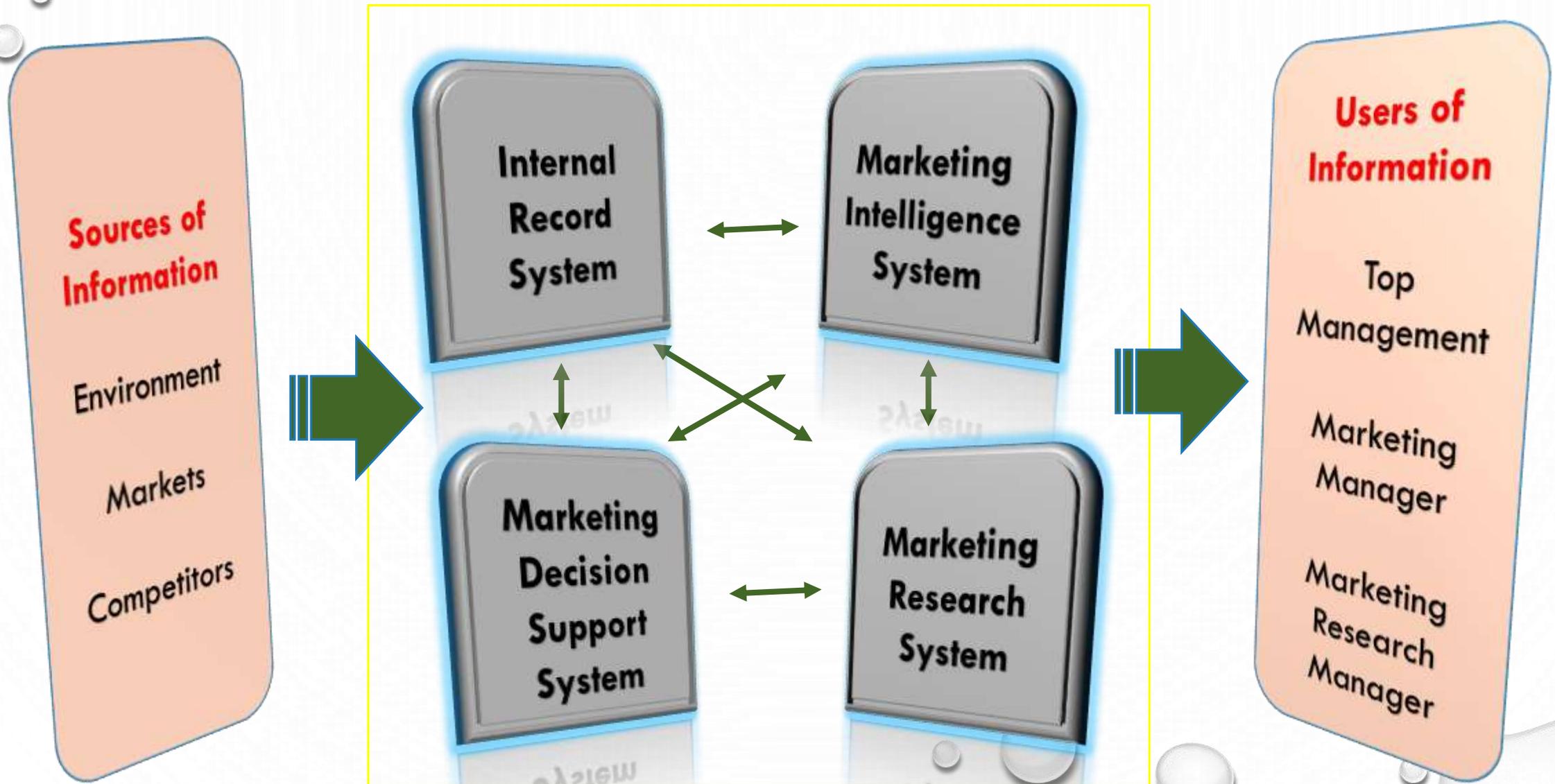
**Market coverage**

**Environmental adaptation**

**Marketing decision making**

**Marketing concept implementation**

# COMPONENTS - MARKETING INFORMATION SYSTEM



# COMPONENTS - MARKETING INFORMATION SYSTEM



Internal  
Record  
System

**The records that are gathered from sources and located within the organization.**

Future forecasting is possible only by studying and analyzing the past and present results of the organization.

This records may include filed documents and reports maintained and prepared by a group of specialists working in the organization including various departments and sections.

Customer's order and complain

Invoices

Sales reports

Marketing research reports

Financial statements

Audit report

Inventory level records



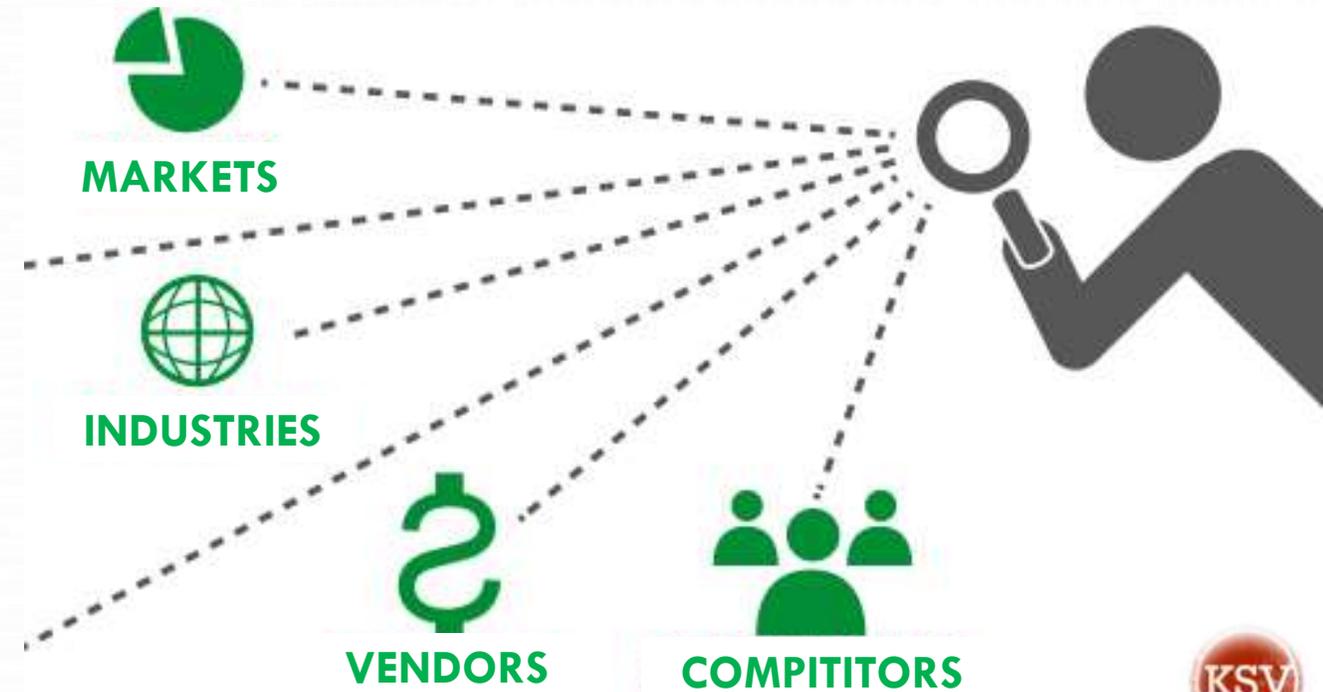
# COMPONENTS - MARKETING INFORMATION SYSTEM



**It provides information about everyday happening in the marketing environment.**

A marketing intelligence system is a set of procedures and sources that managers use to obtain everyday information about developments in the marketing environment. The internal records system supplies results data, but the marketing intelligence system supplies happenings data.

- Informal and casual environmental scanning
- Formal environment scanning
  - Marketing managers
  - Sales force
  - Middlemen
  - Specialists
  - Outsourcing
  - Marketing information section



# COMPONENTS - MARKETING INFORMATION SYSTEM

Marketing research is a systematic inquiry undertaken to help resolve a specific marketing problem.



## Features:

- Systematic
- Objective
- Problem oriented
- Decision making



## Process Of Marketing Research

# COMPONENTS - MARKETING INFORMATION SYSTEM



**William Stanton**

**“A decision support system is a procedure that allows a manager to interact with data and methods of analysis to gather, analyze and interpret information.”**

It is a set of statistical or mathematical tools and decision models that help the marketing managers in analyzing data gathered or supplied through the sub-systems of the MIS and making rational decision.

It helps marketers to make decisions on the problems by telling the truth about the situation.

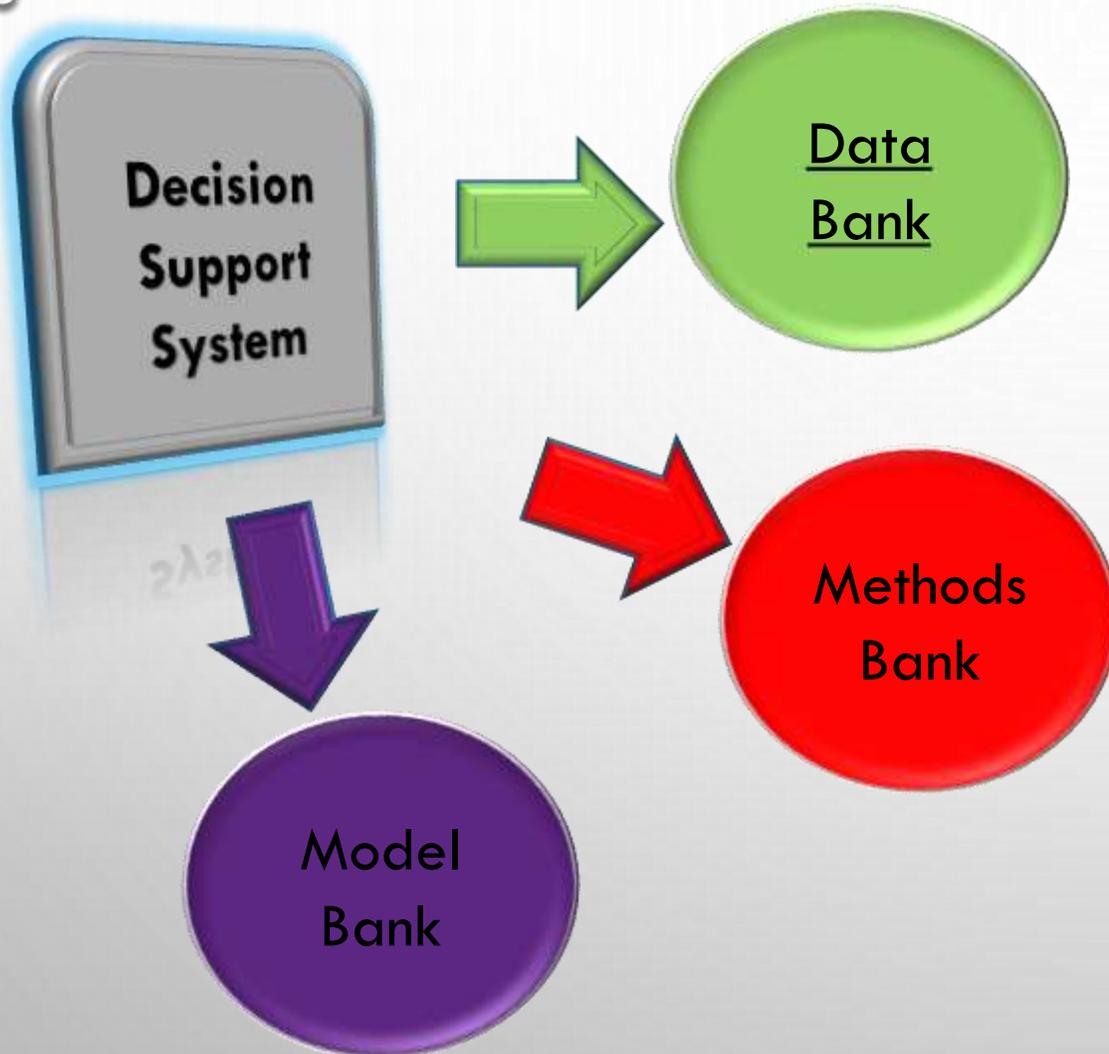
It works through computer workstations.

It does not collect any information.

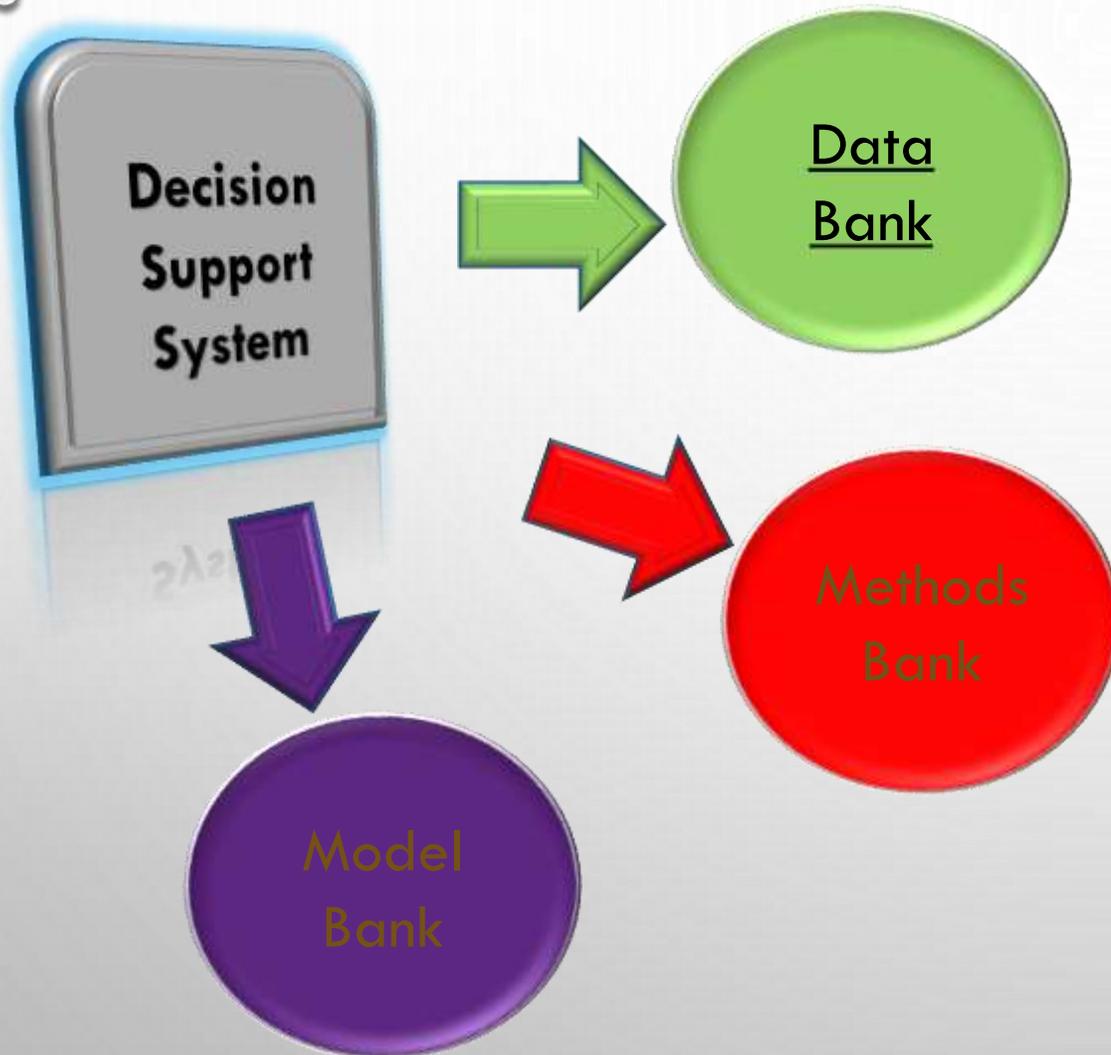
It stores, analyzes and synthesizes the collected and stored information.



# COMPONENTS - MARKETING INFORMATION SYSTEM



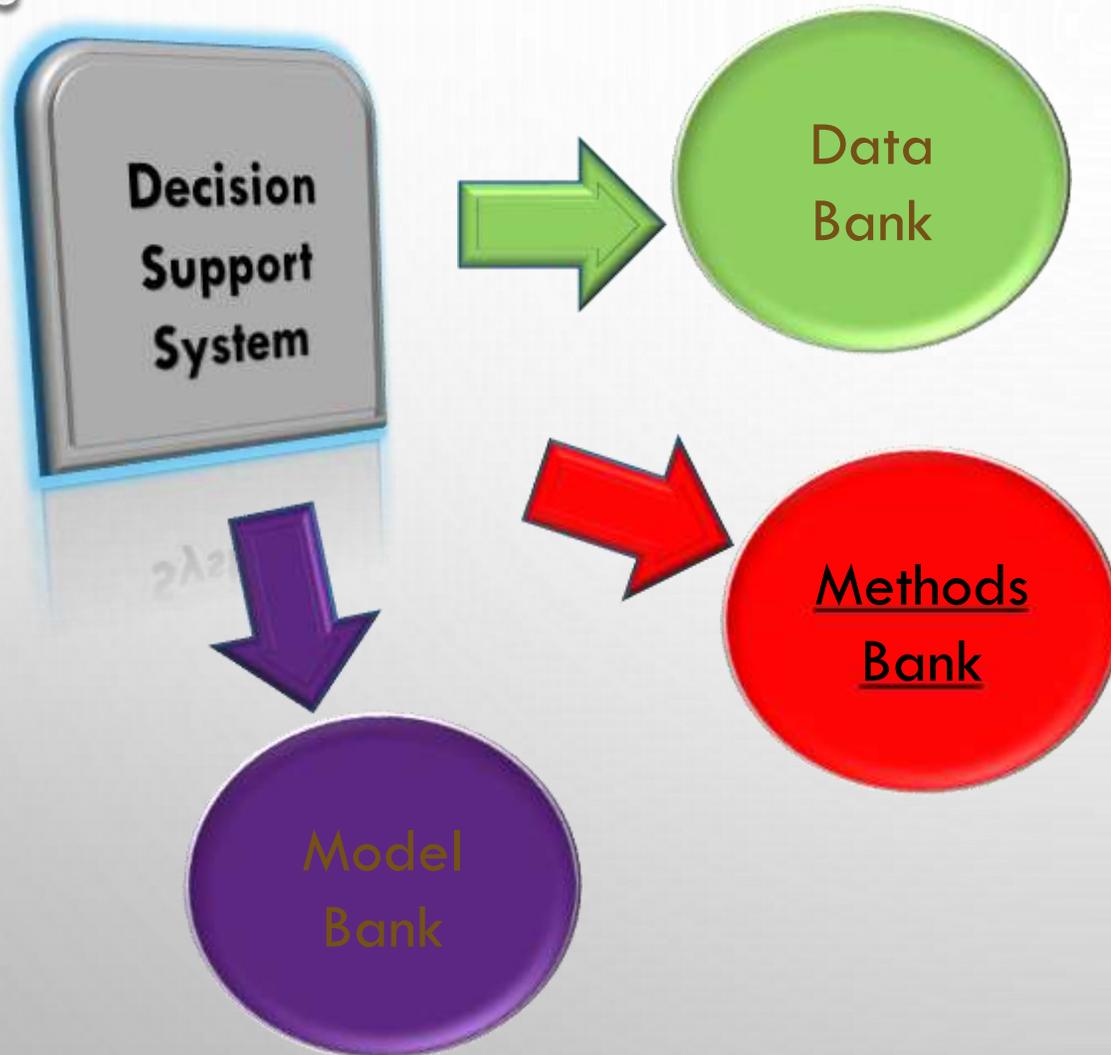
# COMPONENTS - MARKETING INFORMATION SYSTEM



DSS consists of data bank which stores different types of data collected from various sources such as internal reports, market intelligence and market research.

The data can be of customers, competitors, environmental trends, organizations performance etc. It is the data base stored in computers.

# COMPONENTS - MARKETING INFORMATION SYSTEM

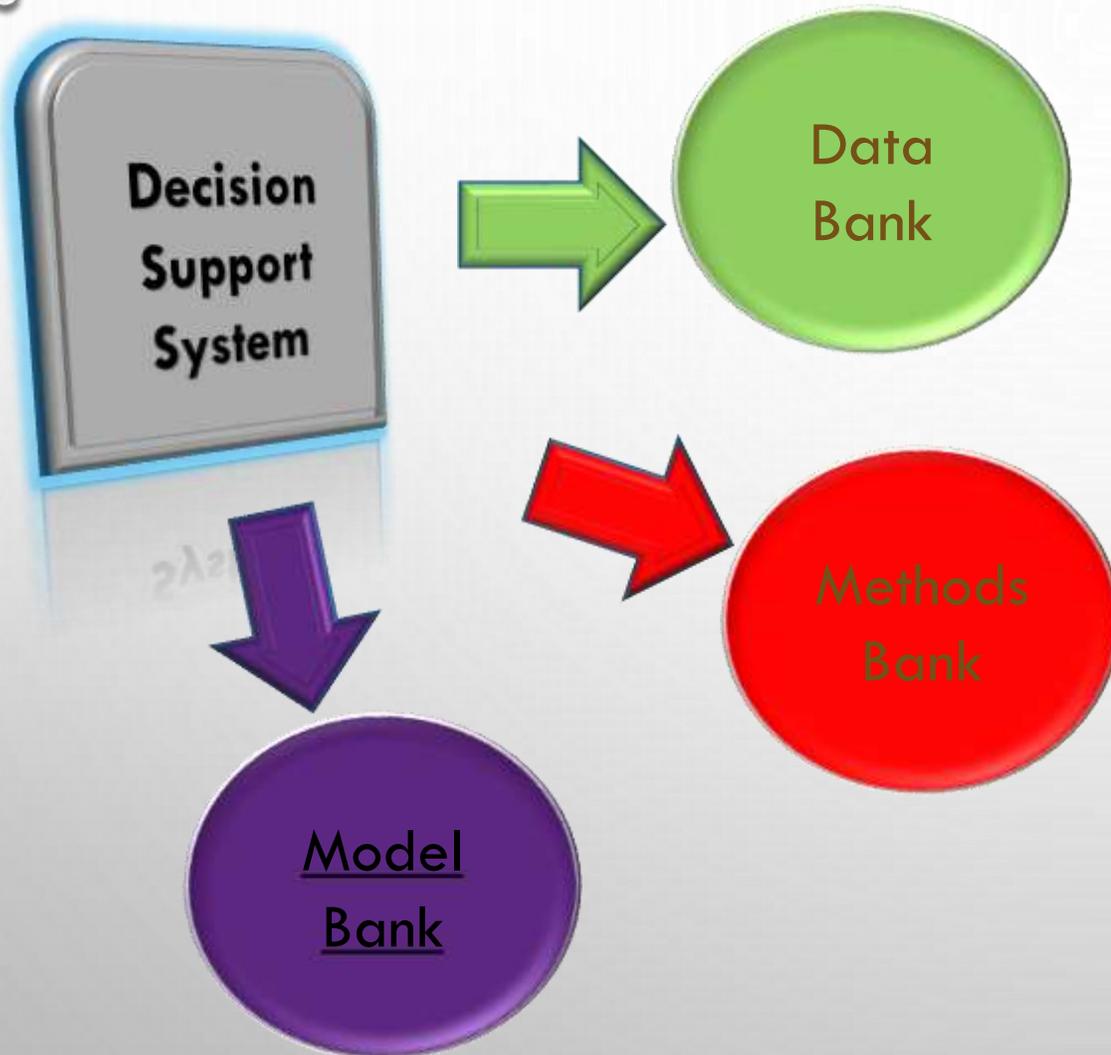


DSS has methods bank for analyzing data which range from simple procedures to sophisticated statistical tools. It is the statistical bank.

Analytical methods for DSS can consist of the following statistical tools:

- Multiple regressions
- Discriminant analysis
- Factor analysis
- Cluster analysis
- Conjoint analysis
- Multidimensional scaling

# COMPONENTS - MARKETING INFORMATION SYSTEM



They consist of various models that facilitate decision making.

Models define the interrelationships between different variables that help decision makers to understand, predict and control marketing problems.

Model bank consists of:

- i. Models: Markov model, Queuing model, New product pretest model, sales response models.
- ii. Optimization Routines: Different calculus, mathematical programming, statistical decision theory, game theory, heuristic etc.

# COMPONENTS - MARKETING INFORMATION SYSTEM



Decision  
Support  
System

**The potential of DSS has been enhanced by computers, user friendly software and networking.**

However, it is costly to implement and maintain.

Specialized human resources are needed.



# AREAS FOR MARKETING RESEARCH

**Corporate  
Research**

**Promotion  
Research**

**Place/  
Distribution  
Research**

**Product  
Research**

**Competition  
Research**

**Price  
Research**

**Customer  
Research**

**Sales  
Research**

# AREAS FOR MARKETING RESEARCH

**Corporate  
Research**

- Image of the organization.**
- Environmental opportunities and threats.**
- Environmental impact/response of marketing.**
- Planning: Short term and long term.**
- Control: Extent and causes of performance deviations.**
- Social Responsibility of marketing.**

**Sales  
Research**

- Market segmentation**
- Market share analysis**
- Sales analysis by product/territory/market**
- Sales forecasting**
- Market potential analysis**



# AREAS FOR MARKETING RESEARCH

## Competition Research

**Intensity/strength of competition**  
**Competitor's strategies**

## Price Research

**Pricing trends**  
**Cost structures**  
**Competition-oriented pricing**

## Product Research

**New product development and acceptance**  
**Product testing**  
**Product life cycle**  
**Brand loyalty**  
**Packaging designing and testing**  
**Product positioning**  
**Test marketing**

# AREAS FOR MARKETING RESEARCH

## Place/ Distribution Research

- Performance and effectiveness of channels**
- Channel structure**
- Channel dynamics and conflicts**
- Warehouse location**
- Transportation mode**
- Physical distribution cost**

## Promotion Research

- Media research**
- Ad-effectiveness**
- Copy testing**
- Impact of sales promotion**
- Channel promotion**

## Customer Research

- Motivational**
- Preferences**
- Attitude**
- Consumption patterns**
- Needs and wants**
- Level of satisfaction**
- Profile of customers**

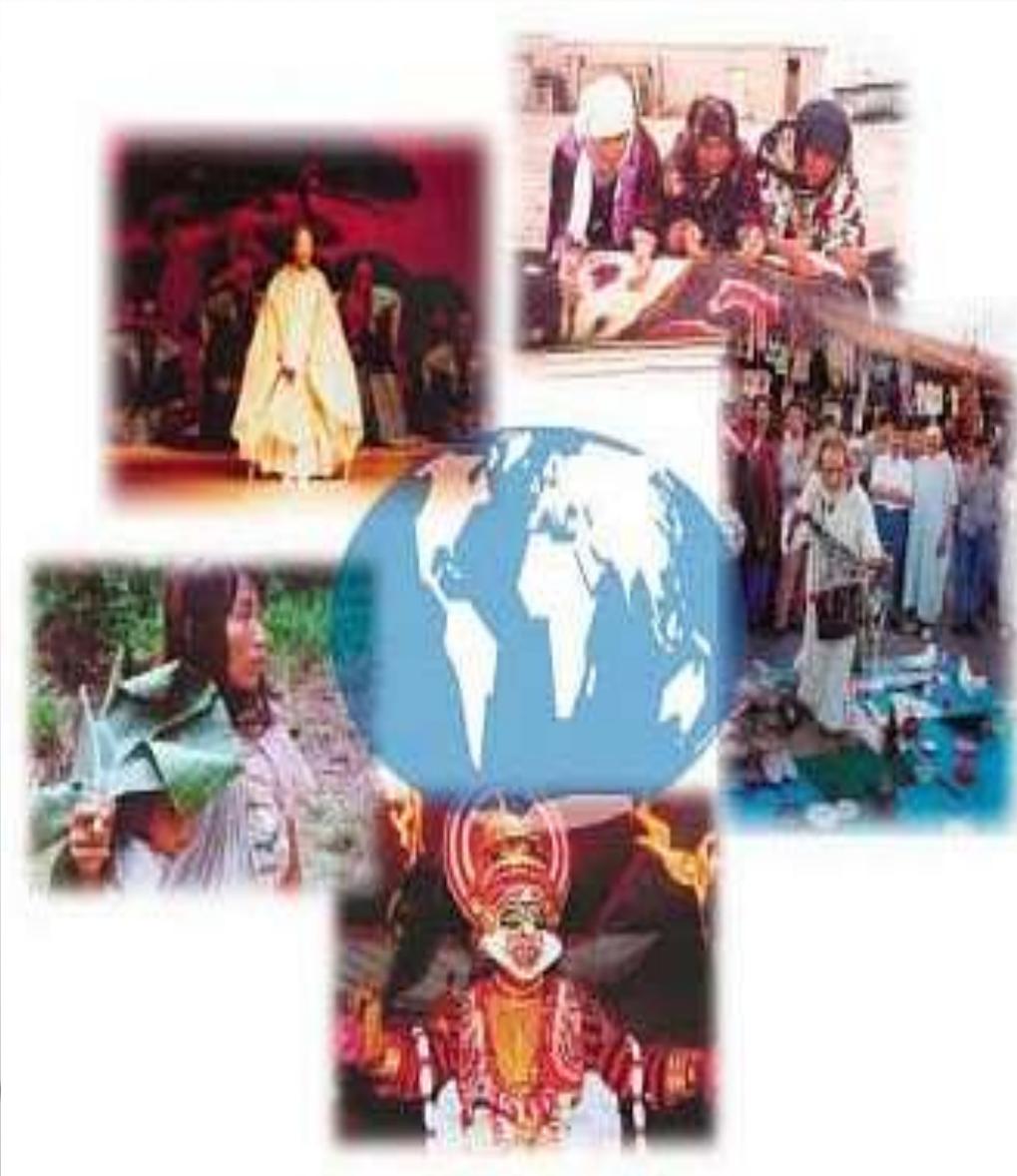
# MARKETING INFORMATION SYSTEM IN NEPAL

- The Nepalese market has traditionally been a seller's market characterized by controls, shortages and scarcities.
- Most of the organizations lack effective marketing information system.
- Marketing decisions are largely based on hunches and intuition where personal knowledge and experience play an important role.



# MARKETING INFORMATION SYSTEM IN NEPAL

- Since 1980, Nepal has adopted the policy of liberalization and privatization, globalization of the economy has been increasing.
- The growing competition has led to the emergence of a buyer's market.
- Computerization is increasing in business enterprises which has led to growing awareness about the importance of marketing information system for decision making.



# MARKETING INFORMATION SYSTEM IN NEPAL

- The marketing information needs are not carefully assessed. Ad-hoc managerial decisions generally determine such needs.
- The internal records constitute the most important components of marketing information system. They are used to make sales analysis, customer demand and market analysis. There is a growing trend towards computerization of internal records.
- Marketing intelligence is also used by Nepalese companies in a limited way. They subscribe to newspapers and magazines. They also use “press cutting services” which provide cutting of newspapers that are of interest to the company. Sales force and middlemen also provide intelligence but they are not properly trained and motivated.

# MARKETING INFORMATION SYSTEM IN NEPAL

- Decision support system has not made much headway in Nepal. Some global companies use quantitative tools to interpret data. Private sector banks use MKIS for their operations.
- Marketing research is at an early stage of development. But it is not getting attention from marketing managers. Some organizations have set up their own market research department. Consulting firms in the private sector have mushroomed to provide market research services. Professional marketing research firms have started operations in Nepal.
- Marketing research in Nepal is dominated by advertising and product-related problems. Customer characteristics have been little researched.
- Nepal has been fast introducing new information technology. It is expected that the growth of market information technology will be rapid in the 21<sup>st</sup> century. The demand for market research is growing. Marketing is getting on-line.

# BOARD QUESTIONS

1. What is the importance of marketing information system? -1
2. Point out the components of marketing information system? -1
3. Give one major purpose of marketing intelligence system. -1
4. What are the problem of marketing information system in Nepal -1
5. What are the components of marketing? -1
6. Give the meaning of decision support system. -1
7. What are the sources of information for consumer? -1
  
8. What is marketing information system? Explain the components of marketing information system. –10
9. What is marketing information system? Explain the importance of marketing information system. -10
10. Describe the components of marketing information system. -5

# CASE STUDY

The overall two- wheller market in Nepal may have slowed down due to recession, but scooter sales are zooming ahead. There has been a constant rise in the sales of scooters in the last few years. In 2014-15, the total scooter sales touched 75,000 units. Sales of scooter are expected to reach to 1,00,000 units by the end of 2017. Three main factors are identified by automobile dealers in the rapid adoption of scooters by the urban consumers: comfort, suitability for both gender and ease of handling in the ever congested streets of Kathmandu.

Scooter sales contribute to around one third of the two-wheeler sales. The top brand Hero Honda sells four variants and Bajaj also has four variants. Seeing the growing market, Mahindra, a new player has entered the market in a big manner.

## Discussion Issues

1. What is the reason for the growth in scooter sales in Nepal?
2. What type of information is required to predict the sales of scooters in Nepal?
3. How would you conduct a market research to identify the rider's choice of vehicles?



## Discussion Issues

What is the reason for the growth in scooter sales in Nepal?

- Comfort
- Suitable for both gender
- Easy to ride and control
  - Fashion
  - Economy

What type of information is required to predict the sales of scooters in Nepal?

### External Factors:

- Seasonality of the business
- Relative state of the economy
- Direct and indirect competition
- Political events
- Styles or fashions
- Consumer earnings
- Population changes

### Internal Factors:

Labor problems  
Credit policy changes  
Sales motivation plans  
Inventory shortages  
Working capital shortage  
Price changes  
Change in distribution method  
Production capability shortage  
New product lines

How would you conduct a market research to identify the rider's choice of vehicles?