

A marketing intelligence system



According to Kotler (2009), a marketing intelligence system is a set of procedures and sources managers use to obtain “ everyday information about developments in the marketing environment”.

The marketing intelligence system help the companies meet their customer’s needs by gathering customer level information that assists in business decision making. Managers use the marketing intelligence system tool to collect information about the daily happenings in the market, analyze them and develop results for the company. The marketing intelligence is based on a mix of data from company, its competitors, consumers, customers and the macroeconomic impacts.

Hans Hedin (2010) says that these data must be integrated into the company’s market intelligence systems through proper intelligence for successful corporate decision-making. Also, it is important for the company to focus and prioritize on the collected information that is absolutely important.

I read an online article where Thomas Winninger (2006) says that the company’s success depends on the quality of its marketing intelligence. Businesses fail not because the companies lack good ideas but due to the fact that they make poor decisions based on improper information. A marketing intelligence system would fulfill customer’s needs since it identifies their profiles, motives, habits, needs and wants.

Kotler (2009) discusses the following steps that are to be taken by the company to improve the quality of its marketing intelligence.

- (a) Train and motivate the sales force to spot and report new developments
- (b) Motivate distributors, retailers and other intermediaries to pass along important intelligence
- (c) Network externally
- (d) Set up a customer advisory channel
- (e) Take advantage of government data resources
- (f) Purchase information from outside suppliers
- (g) Use online customer feedback systems to collect competitive intelligence

Thus quality data collected and analyzed from different sources can help the company develop good results both in the present and in the future markets.

2. A trend is _____.

According to Kotler (2009), a trend is a direction or sequence that has momentum and durability. To meet the unmet needs, companies must create new solutions. For example, to meet the customer's need of receiving the mails, the very next day, FedEx was created. Trends are durable, predictable and provide many opportunities for the company's future. In India, big retail giants like big bazaar meet the customer's needs by selling all their products at a cheaper rate and attract so many people.

Megatrends are large, social, economic, political and technological changes that are slow to form and influence us for some time between seven and ten years, or longer. A new marketing program can be successful only if it is

designed based on the current market trends. Some companies may concentrate on selling electronic books, but people may not be interested in reading books online. Thus even if the new market is technically feasible, it is important for the company to identify opportunities that might result in profits.

Companies, customers, competitors, suppliers and public are being operated by macro economic forces and trends that pose threats and are not controllable. Kotler (2009) discusses about the six major forces that the company should monitor periodically to avoid their effects on them. They are demographic, economic, social-cultural, natural, technological, and political-legal. The examples he uses are, explosive population growth (demographic) leads to more resource depletion and pollution (natural) , which leads consumers to call for more laws(political-legal), which stimulate new technological solutions and products (technological), which, if they are affordable (economic) , may actually change attitudes and behavior(social-cultural).

I came across an article on ten trends for the coming years in the McKinsey Quarterly where Ian Davis and Elizabeth Stephenson (2006) says that it is vital for the companies to identify the current trends and develop strategies to navigate through them for achieving their business goals.

3. _____ shapes the beliefs, values, and norms that largely define tastes and preferences.

According to Kotler (2009), the society shapes the beliefs, value, and norms that largely define tastes and preferences. The macro environment has

many factors that are outside the organization which affects them widely. Marketers also find it difficult to understand and accept the cultural values of a society where an organization is doing business. As per Kotler (2009), the following explains the people's relationship with themselves, to others, organizations, society, nature and to the universe.

Value of themselves: People wanted pleasure and self realization in the 1960s and 1970s. People wanted to enjoy more leisure time and it was important for marketers to develop more leisure related products.

Value of others: People wanted to avoid strangers and were equally concerned about other unknown people who were homeless and other social problems in the society. As a result marketers had to develop social support products which promoted relationships between people, health clubs and religious activities. For example: Television, chat rooms and video games.

Value of organization: People are not loyal and their attitude towards their organization differs. They look at their work as a means to earn money and enjoy life and not as a source of satisfaction. Hence companies must find ways to win their customer and employee confidence in them. They need to ensure customer satisfaction and have good corporate citizens.

Value of society: People's attitudes towards society vary widely. Some people want to achieve great things in life and they eat well, dress accordingly and live well in the society. Some people like to be simpler and live frugally. Others are more involved in music, movies, surfing and camping. These people are referred by Kotler (2009) as preservers (who defend their society), makers (who run the society), takers (those who take

what they want from the society), changers (who change the society), seekers (those who look for something deeper) and escapers (those who want to leave the society in which they live).

Value of nature: People love nature and at the same time destroy it with activities like camping, hiking, boating and fishing. Business helps people by providing them with hiking boots, boats, tents and other accessories. Tour operators attract people with various kinds of vacation packages to national parks and other wilder areas. Food operators expand business with increase in natural product sales.

Value of universe: Religious conviction and practice among people has been waning through the years. Church attendance has fallen steadily. Some impulse has been redirected to an interest in eastern religions, mysticism, occult and the human potential movement. Every trend also has a counter trend and an example for the same is the rise of religious fundamentalism across the globe.

The other cultural characteristics include persistence of core values and existence of subcultures. Thus it is important for the marketers to understand that the customer tastes and preferences are largely defined by the beliefs, values and norms of the society.

4. The last step in the marketing research process is _____.

According to Kotler (2009), the marketing research is the systematic design, collection, analysis and reporting of data and findings to a specific marketing situation facing the company. It follows the following six steps.

Define the problem and research objectives

Develop the research plan

Collect the information

Analyze the information

Present the findings

Make the decision

The last step involved in this process is making the decision. Once the researcher's present their findings related to the problem to the management, the managers have to weigh the evidence. If the findings submitted to them do not meet their needs, the researchers have to study the issues and do further research, however the final decisions are made by the management. Also, Kotler (2009) discusses that there are seven characteristics of a good marketing research as follows.

Scientific Method: Careful observation, prediction and formulation of hypotheses might result in good market research

Research Creativity: Innovative ways are to be used while solving a problem.

Multiple Methods: Researchers must not just concentrate only on one method but must consider two or three other methods to validate their findings.

Interdependence of models and data: Researchers found that the information is obtained from the underlying business models and these models guide the type of information that is obtained.

Healthy Skepticism: Researchers are skeptical to the assumptions made by managers and are alert to the problems that occur from marketing myths.

Ethical Marketing: Customers and the companies are benefited from the market research. It is important for the management not to misuse the researches, since it might harm or annoy the consumers.

Business success is based on the company's wise decisions than its competitors. I understand from Kotler (2009) that many organizations use the marketing decision support system to help managers make wise decisions. He also discusses that John Little from Massachusetts Institute of Technology defines a marketing decision support system (MDSS) as a coordinated collection of data, systems, tools, and techniques with supporting software and hardware by which an organization gathers and interprets relevant information from business and environment and turns it into a basis for marketing action.

5. Research that is designed to capture cause-and-effect relationships by eliminating competing explanations of observed findings is called _____.

According to Kotler (2009), Research that is designed to capture cause-and-effect relationships by eliminating competing explanations of observed findings is called experimental research. The experiments involve subject groups that match, which are treated differently and checked for difference

in responses. For example, a group of subjects to be tested (frequent users of a particular product) can be shown in the television commercial several times, and after each one, the group can be questioned to know their likeness and whether they will purchase the product advertised.

According to an article in the internet (Primary Market Research, 2010), experimental research is often used by consumer good companies to test the following.

“ The effectiveness of new advertising, or competitors’ advertising

the effect of various prices on sales of a product

consumer acceptance of new products in trial and repeat-purchase levels

the effect of different package designs on sales”

The article also discusses that the experimental research can be grouped as laboratory studies and field studies. In the case of laboratory studies, it is expensive and the experiment happens in the company and all the variables involved in the experiment are controlled except the one that is being tested. The field studies are cheaper and the experiment happens in the real world where it is checked if the consumers buy the product at few locations.

In another article, Royne, Marla B. (2008) says that the experimental design can be a highly useful methodological approach for needed research on the consumer interest. The various cautions and the different concerns involved in the approach must be recognized first before doing this type of research.

Thus, in order to develop new products or to expand business into new markets, it is important to understand the customers, competitors, trends & current markets and marketing research helps in achieving the same.

6. _____ is a coordinated collection of data, systems, tools, and techniques with supporting software and hardware by which an organization gathers and interprets relevant information from business and environment and turns it into a basis for marketing action.

Business success is based on the company's wise decisions than its competitors. I understand from Kotler (2009) that many organizations use the marketing decision support system to help managers make wise decisions. He also discusses that John little from Massachusetts Institute of Technology defines a marketing decision support system (MDSS) as a coordinated collection of data, systems, tools, and techniques with supporting software and hardware by which an organization gathers and interprets relevant information from business and environment and turns it into a basis for marketing action.

The company I worked, Tata consultancy services (2009), developed a marketing decision support system for a major gas distribution utility in Europe. The data from two separate gas distribution network had to be migrated into a new system. We provided geospatial solutions for gas utilities to help companies meet the customer needs with advantages such as a decision support tool to handle emergency situations, marketing tool to identify prospective customers and feasibility analysis, accurate load analysis and capacity planning. This solution will help the company in streamlining processes, analyze operations and resources.

<https://assignbuster.com/a-marketing-intelligence-system/>

Exercises

1. What are the steps a company can take to improve the quality of its marketing intelligence?

According to Kotler (2009), a marketing intelligence system is a set of procedures and sources managers use to obtain everyday information about developments in the marketing environment. The marketing intelligence system help the companies meet their customer's needs by gathering customer level information that assists in business decision making.

Managers use the marketing intelligence system tool to collect information about the daily happenings in the market, analyze them and develop results for the company. The marketing intelligence is based on a mix of data from company, its competitors, consumers, customers and the macroeconomic impacts.

Kotler (2009) discusses the following steps that are to be taken by the company to improve the quality of its marketing intelligence.

(a) Train and motivate the sales force to pot and report new developments

It is important for the company to train its sales team to collect information about the existing and the emerging markets, the products, price and other different parameters. The sales team must keep in touch with the company's distributors, business partners, consumers, competitors and note the customer's suggestions and comments in order to develop new products.

Hans Hedin (2010) says that it is also important for the company to develop team effort and knowledge sharing sessions among the employees to

understand the markets so that they can actively contribute more useful information into the system.

(b) Motivate distributors, retailers and other intermediaries to pass along important intelligence

Companies must maintain healthier relationships with their intermediaries like distributors, retailers, dealers and partners to gather information about marketing intelligence. Mystery shoppers are often sent to their stores in order to gather information about customer service, cleanliness of facilities and to determine the quality of their products.

(c) Network externally

Managers can gather information by purchasing their company's competitors products, read their published reports, advertisements, and talk to their employees, distributors, dealers and suppliers.

Example: I recently came across an article on company's competitive intelligence where Sio Meng Soh & Dustin Kehoe (Current Analysis, 2009) have analyzed that TATA Communications signed an agreement with BT which will boost their wholesale voice revenue and improve their cost structure for terminating traffic in the United Kingdom. This will also strengthen the carrier's competitive position in the challenging wholesale voice market.

(d) Set up a customer advisory channel

Managers can collect a lot of information from their customers through online or at the customer's place in the form of feedback, comments and suggestions.

(e) Take advantage of government data resources

Hands on information with exact parameters can be collected from reports published by government agencies, surveys, journals and books.

(f) Purchase information from outside suppliers

Managers can gather consumer panel data at lower costs from research firms like A. C. Neilson Company.

(g) Use online customer feedback systems to collect competitive intelligence

Some companies can adopt structured systems like customer feedback / complaint sites, public blogs and discussion forums to find relevant online information about the competitors' product strengths and weaknesses.

Thus quality data collected and analyzed from different sources can help the company develop good results both in the present and in the future markets.

2. The text describes ten megatrends that help shape the consumer landscape. Name these trends.

According to Kotler (2009), Megatrends are large, social, economic, political and technological changes that are slow to for, and once in place, they influence us for some time between seven and ten years, or longer. A new marketing program can be successful only if it is designed based on the current market trends. Some companies sell electronic books, but people may not be interested in reading books online. Thus even if the new market is technically feasible, it is important for the company to identify opportunities that might result in profits.

I came across an article on ten trends for the coming years in the McKinsey Quarterly where Ian Davis and Elizabeth Stephenson (2006) says that it is vital for the companies to identify the current trends and develop strategies to navigate through them for achieving their business goals. Kotler (2009) has also described the ten trends that would change the business landscape as follows.

Macroeconomic Trends

Centers of economic activity will shift profoundly, not just globally, but also regionally. The article Ian Davis and Elizabeth Stephenson (2006) says that the major hubs of economic activity will shift dramatically and in the next twenty years, United States will also account for a big deal of share of the global economic growth. IT sectors and manufacturing industries will also find major shifts in their economic activities. The authors also state that the Asian economy will bloom during the next twenty years and have more than 30% of GDP, like the western countries.

Public-sector activities will balloon, making productivity gains essential. The aging population in the western countries that demand a creative and a productive public sector with fewer taxes and that supports their pension and healthcare burdens are the major concerns. There will be more people with many demands and the other less population working at the government places to provide those services. As a result, the new emerging market governments must improve their productivity. Also, it is important for the developing nations to decide what social services they would offer to their citizens.

The consumer landscape will change and expand significantly. The authors predict that there will be a significant change and an entry of billion new buyers in the consumer landscape, in the next ten years. Shifts will occur in the global economy as well since there will be better awareness about the product and price among the consumers.

Social and Environmental Trends

Technological connectivity will transform the way people live and interact. This impact is obvious since people change as and when there is a change in technology. Internet, mobile phones and other global technological innovations have more impact on people that these days people think that there is no geographical boundary for social, economic organizations. Thus, I strongly feel that there will definitely be an impact on the economy as and when there is a change in technology.

The battlefield for talent will shift. Skilled employees will start moving from a developing nation to a developed nation and this will have a major effect both on the companies and in the nation.

The role and behavior of big business will come under increasingly sharp scrutiny. There will be an increase in the level of societal suspicion as business expands globally. Society becomes more aware about the social welfare, investors & shareholders and about environmental protection. All this will result in tremendous pressure, in the society, on social and economic fronts.

Demand for natural resources will grow, as will the strain on the environment. The authors predict that in the new emerging market, oil demand would increase by 50 percent in the next twenty years. The demand for copper, steel and aluminum will increase in China. Depletion in the atmosphere and shortages in water in many countries are other constraints which would increase.

Business and Industry Trends

New global industry structures are emerging. Emergence of new technologies, industry structures and market regulations have began to flourish according to the article (10 global trends to watch in 2006, 2006). They predict that company borders would become blurrier due to interlinked ecosystems of suppliers, producers and customers. These transformations will be capitalized by company's efficiencies gained from new structural possibilities.

Management will go from art to science. Companies demand new tools for their function and management. Business leaders adopt sophisticated software and new emerging technologies for the function of their organization. They are interested to transform management into science from an art.

Ubiquitous access to information is changing the economics of knowledge. Today, there are new models of knowledge production, distribution and access. For example, Google makes unlimited amount of information available to people in an instant. It is important for the organization to

acquire the skills needed to adopt and use the new knowledge available today.

3. Online research interviewing is estimated to make up 33% of all survey-based research in 2006. Discuss the pros and cons of using this method of data collection.

According to Kotler (2009), the data collection is the most expensive and the most prone to error phase in the marketing research process. Marketing managers and researchers depend on the internet for collecting primary data with the help of online focus groups, surveys and experiments.

The online research is widely being used today. Recently, I read an article where Carolyn J Dawson (2010) reports that AT&T sponsors for the Global Virtual Classroom (GVC) program that would help the teachers and students to strengthen the cross cultural collaboration among them through the use of blogs, an interactive website, and online research and design tools.

Kevin B. Wright (2005) says that the online research and survey was a time consuming task and people had to know HTML and other scripting programs to use them earlier. Today, many software packages are available for online surveys and this makes it easier and a fast approach to reach people and know their opinion. The pros and cons of this research process are listed below.

Advantages

(a) Online research is inexpensive. Paper surveys are costlier even when conducted on a small scale. For large scale paper surveys, questionnaires have to be mailed which would increase the price enormously. The online

surveys eliminate the need to use paper and other printing and postage costs involved in paper surveys. A typical email survey costs only between 20 to 50 percent of what a traditional paper-and-pencil survey would cost.

(b) Online research is fast. This research saves a lot of time for researchers. They can reach a large amount of people within a short period of time from anywhere in the world. Responses to the surveys can also reach the researcher immediately via email or through a database file. These days online survey software also provides variety of templates & samples and assists in the completion of the survey.

(c) People tend to be honest online. Kotler (2009) uses the example of a Britain's online polling company, YouGov. com, to explain this point. In the example, the company surveyed around 250 people in a booth and others online. The company found that the responses that were online were more open than those that the people answered privately.

(d) Online research is versatile. With the increase in broadband and other internet services which are flexible, people can research online more effectively and efficiently.

Disadvantages

Although online survey method has many advantages, there are some disadvantages that must be considered by the researchers using these methods that are listed below.

Samples can be small and skewed. In Asia, Latin America and Eastern Europe, the rural areas have no access to the internet and about 33 percent

of the population in the United States is without internet access. It is important for the online marketers to reach these people and get their opinions in their surveys. In order to achieve this, the researchers will have to combine the offline sources with the online findings. Generating samples from virtual groups and organizations, from online communities are other options. However, according to Kevin B Wright (2005) researchers can attract people and publicize their survey by announcing that the participants might get a chance to win a lottery or a gift certificate. People can be invited for the survey through emails but many may delete it and start complaining the researchers. Hence it is important for them to include their contact information, information about the survey, and credentials to the people in their invitations to avoid negligence and attract people.

Online market research is prone to technological problems and inconsistencies. Many online researchers do not have the correct format for their surveys. They also use graphics and advertisements in their survey to attract people and fail to concentrate on the basic survey guidelines. Also, the software they use may or may not work on the participant's computer. Hence it is important for the researchers to take these points into consideration and design their survey properly.

Case Study

How does a company known for being conservative attract a non-conservative target market?

As the company's ad says, " You're in good hands with Allstate!" Allstate Insurance has used this famous phrase to attract customers for some time. This mainstream market approach has served the company well. But even

though the company is one of the industry's leaders, observers began to notice an erosion of market share in some non-traditional sectors. Lifestyle strategies had not received much attention at Allstate. Motorcycle riders, for example, chose competitors Progressive and Geico over Allstate and other conservatively oriented companies. Why would Allstate be interested in targeting motorcycle riders?

The motorcycle market is growing thanks to increased interest from baby boomers and Generation Y consumers. In 2006, 1.2 million motorcycles were sold according to the Motorcycle Industry Council, and sales have been steadily climbing for the last five years. Allstate decided it was time to conduct targeted marketing research or risk losing this growing market. In addition to learning some interesting facts about today's motorcycle riders, the company's market research also found that over 600 of its 14,800 agents were devout motorcycle riders themselves. This interesting fact led the company to completely revamp some of its advertising and marketing strategies.

To target motorcycle riders, Allstate has begun featuring some of their bike-riding agents in their ads. The ads indicate that Allstate knows the needs of motorcycle riders better than competitors because the "good hands" are on handle bars. And who knows the needs of bikers better than other bikers? Acting on additional research information, the company has also begun sponsoring motorcycle rallies and music downloads via Rolling Stone magazine for those people who love the feel of the open road. Follow-up research will determine the success of Allstate's attempt to bond with this market segment.

Adapted from “ Let’s Ride-The Wild Ones at Allstate,” by Burt Helm, Business Week, October 1, 2007, p. 16.

Case study developed by Dr. John R. Brooks, Jr., Houston Baptist University.

Questions

What marketing research facts led Allstate to review its advertising and marketing strategies with respect to the motorcycle market?

The auto insurance market growth depends on the number of motor vehicle registrations which has been flat for several years. This fact has limited the market growth potential and insurance companies try to expand their business against other valuable segments like motorcycles, RVs and watercrafts. Hence, Allstate and other big national brands had been trying to set the marketing tone to build awareness and convey message of their price & differentiated products to their customers.

I read an online article (Gas Price drives motorcycles sales despite danger, 2008) where the author says that, in the year 2008, there was an increase in the gas price for about \$4. 00 per gallon. Hence people wanted to save money and try other economic ways for traveling and were interested in the second to public transportation, motorcycles. The author also says that as motorcycle sales increased 30 percent, motorcycle-related deaths jumped to 50 percent nationally over the same period.

When gas prices increased, people changed their habit of commuting and saved money by buying motorcycles. According to another article (The Growing Motorcycle Insurance Industry, 2010), consumers were smart and

wanted to use motorcycles as they were a cheap and an easy way to get around. Another important factor for the emerging motorcycle trend is its improved gas mileage that most cars cannot match. Thus, all of the new motorcycle riders represented as new customers to the insurance companies.

I believe that it was during this time that Allstate wanted to review its advertising and marketing strategies for the motorcycle market.

Allstate knew the above facts and wanted to find ways to attract more customers by its comprehensive and creative advertising. Richard Tedesco (2007) says that in the year 2007, Allstate launched its first campaign for motorcycle coverage. In 2008, they wanted to improve customer loyalty as one of their three corporate priorities. Over the past few years, ad spent on auto insurance has increased by 31 percent.

By revisiting its motorcycle coverage, Allstate increased its market share it lost when society stopped buying cars. The company hoped to get a more shares in the motorcycle insurance market through multiple means of advertising. The article (The Growing Motorcycle Insurance Industry, 2010) also mentions that Allstate used both their male and female agents on their advertisements in their riding gear