

Chapter 3: Marketing information system and demand measurement.

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Marketing information system and its components.

A marketing information system, or MIS, is a system for gathering, storing, analyzing and distributing valuable marketing data to help marketers make better decisions. The input of a marketing information system focuses on collecting relevant internal and external data to analyze and interpret.

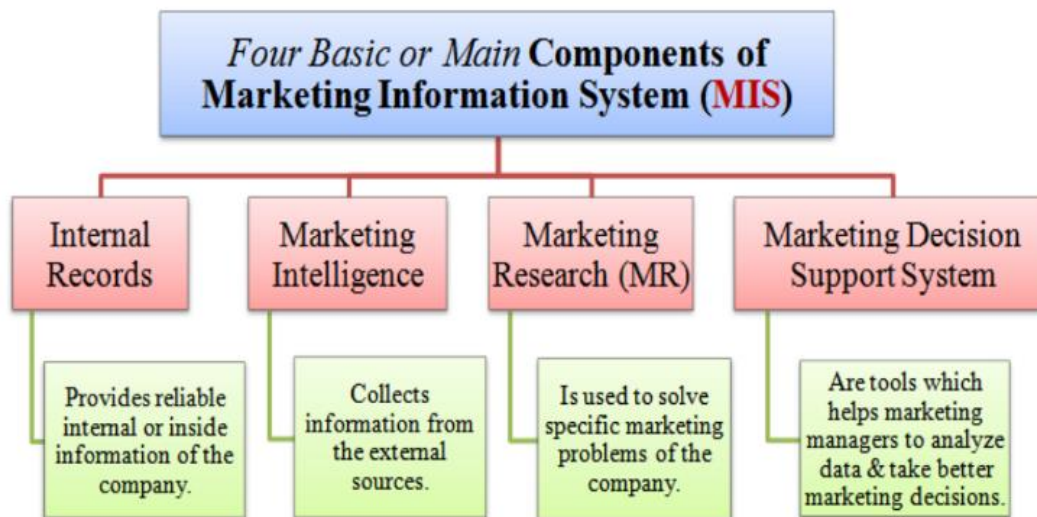
“A marketing information system consists of people, equipment and procedure to gather, sort, analyze, evaluate and distribute needed, timely and accurate information to marketing decision making.”

Philip Kotler.

Following are the main components of marketing information system:

- Internal record system.
- Marketing intelligence system.
- Marketing research.
- Decision support system.

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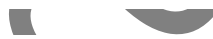


(a) Internal Record:

- The first component of MIS is 'Internal Record'.
- Marketing managers get lots of information from the internal-records of the company.
- These records provide current information about sales, costs, inventories, cash flows and account receivable and payable.
- Many companies maintain their computerized internal records.
- Inside records help marketing managers to gain faster access to reliable information.

(b) Marketing Intelligence

- It collects information from external sources. It provides information about current marketing-environment and changing conditions in the market.
- This information can be easily gathered from external sources like; magazines, trade journals, commercial press, so on.
- This information cannot be collected from the Annual Reports of the Trade Association and Chambers of Commerce, Annual Report of Companies, etc.
- The salesmen's report also contains information about market trends.



© Marketing Research

- Marketing Research is conducted to solve specific marketing problems of the company.
- It collects data about the problem. This data is tabulated, analyzed and conclusions are drawn.
- Then the recommendations are given for solving the problem.
- Marketing research also provides information to the marketing managers.
- However, this information is specific information. It can be used only for a particular purpose.
- MkIS and MR are not substitutes of each other. The scope of MkIS is very wide. It includes 'MR'. However, the scope of MR is very narrow.



d) Marketing Decision Support System

- These are the tools which help the marketing managers to analyze data and to take better marketing decisions.
- They include hardware, i.e. computer and software programs.
- Computer helps the marketing manager to analyze the marketing information. It also helps them to take better decisions.
- In fact, today marketing managers cannot work without computers. There are many software programs, which help the marketing manager to do market segmentation, price fixing, advertising budgets, etc.



Marketing research area and process.

Concept of marketing research:

Market research is the process of gathering and analyzing information about a market, product, or service in order to gain insight into customers, competitors, and the market itself. It helps companies to identify potential opportunities and threats, better understand their customers and the competitive landscape, and make informed decisions. Market research can involve a variety of activities, including surveys, interviews, focus groups, and secondary research.

Marketing research consists of all the activities that enable an organization to obtain the information. It needs to make decision about its environment, marketing mix and present and potential customers.

Area/scope of marketing research.

It concentrates on the study of product planning and development, pricing policies, effectiveness of personal selling, advertisement and sales promotion (three wings of marketing communication), distribution structure, marketing strategies, market competition and the entire area of buyer behavior and attitude in the market place. Following are the major marketing research areas:

- Consumer research.
- Market research.
- Product research.
- Sales research,
- Distribution research.
- Advertising research.
- Advertising research.



The Marketing Research Process



Marketing research process includes the following steps.

- Identify the problem.
- Develop the research plan.

Data source, research approaches(observation research, focus group research, survey research, behavioral research, experimental research, research instruments), sampling plan, sample size, sampling procedure, contact methods.

- Conduct the research.
- Analyze and report the finding.
- Take action.

Importance of marketing information system in marketing decision making.

- Closing the information gap.
- Want creation and delivery.
- Non-price competition.
- Environmental monitoring and scanning.
- Marketing planning.
- Marketing program implementation and control.



Market demand and its measurement.

Market demand is determined by a few factors, including the number of people seeking your product, how much they're willing to pay for it, and how much of your product is available to consumers, from both your company and from your competitors. Total market demand can fluctuate over time, in most cases, it does. This could be due to a variety of factors, some seasonal and predictable, others more out of our control, like a natural disaster or even a pandemic. Sometimes the entire demand curve shifts. The market can be:

- The potential market.
- The available market.
- The target market.
- The penetrated market.



Level of demand measurement.

- Market demand.

Market demand of the product is the total volume that would be bought by a defined customer group within a defined geographic area in a defined time period in a defined marketing environment under a defined marketing program.

- Company demand.

The company demand is the company's estimated share of market demand at alternative level of company's marketing efforts in a given time period.



Methods of estimating market demand.

- Methods of estimating current market demand:

- Total market potential estimate: Maximum amount of sales that might be available to all the firms in a industry during a given period under a given level of industry marketing efforts and given environmental condition.
- Area market potential estimate: Firms need to estimate market potential of different areas like cities, states and nations. Following methods can be used to estimate area market potential.
- ❖ Market build up method: it estimates how much potential buyers in a specific geographic area will purchase in a given period.
- ❖ Market factor analysis or index method. This method measures market potential along with different factors such as population, per capita income, age, gender, and so on.
- Company's market share.



Practices of marketing information system in Nepal.

- Most of the decision makers lacks proper information while taking market decision.
- There is no separate marketing information system in most of the Nepalese organizations.
- Top level management take their marketing decision based on their past experience.
- Marketing information system in private sector is better than in government organizations.
- Internal record system is better part of Nepalese organization, as there is growing use of computer to maintain data warehouse.
- Use of marketing intelligence is very rare.
- Nepal government is not research friendly till then date.

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