SOLUTIONS MANUAL
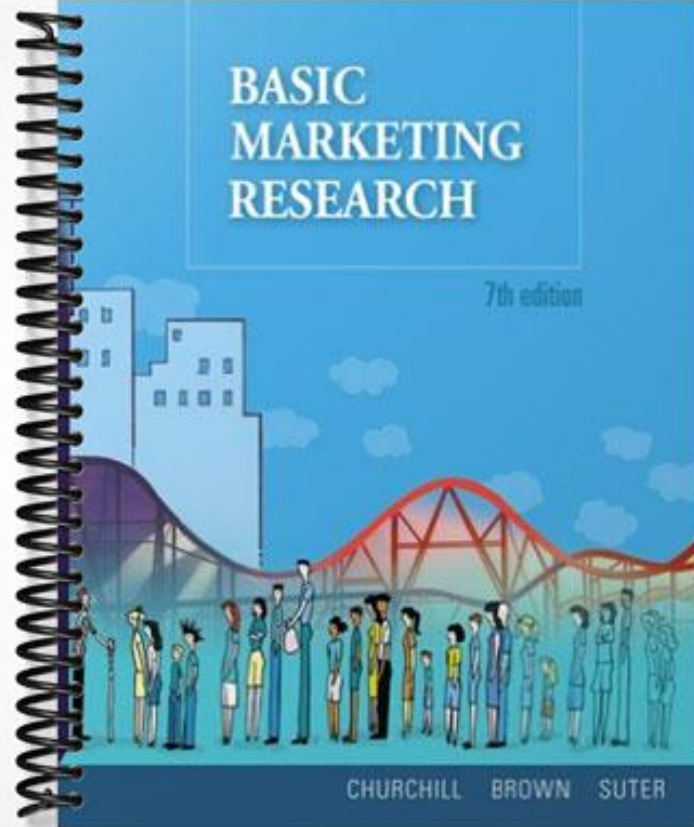
BASIC MARKETING RESEARCH

7th edition

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Chapter 2 – Gathering Marketing Intelligence: The Systems Approach

Part 1 CRM and the Mobile Sales Force

Salesforce.com is an excellent example of gathering marketing intelligence via a systems approach. While students may not be familiar with Salesforce.com specifically, or Customer Relationship Management software generally, the purpose of including an example like this one is to demonstrate that marketing research is more than formulating a questionnaire for a project, the characteristic view of most first-time research students. So, this simple example serves to illustrate the completeness of market orientation from Chapter 1, the systems approach of Chapter 2, the differentiation from the project approach highlighted in Chapter 3, and the importance of problem formulation, regardless of the systems or project approach, of Chapter 4.

I.   Learning Objectives:

Upon completing this chapter, the student should be able to:

1.   Explain the difference between a project emphasis in research and a systems emphasis.
Both sources of marketing intelligence illuminate the darkness, but the project approach is like a flashbulb, and the systems approach is like a candle.

2.   Define what is meant by a marketing information system (MIS) and a decision support system (DSS).
MIS – a set of procedures and methods for the regular, planned collection, analysis, and presentation of information for use in making marketing decisions.
DSS – 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 the environment and turns it into a basis for marketing decisions.

3.   Identify the components of a decision support system.
- Data-Driven System – processes used to capture and store data
- Model-Driven System – computerized routines that allow the user to do wanted analyses
- Dialog-Driven System – also called a language system, allows non-programmers to produce reports for themselves from databases

4.   Discuss trends in the gathering of marketing intelligence.
- Knowledge management – systematic collection of information
- Enterprise Resource Planning (ERP) – monitoring and controlling of all an organization's resources
- Customer Relationship Management (CRM) – gathering of all relevant information about a customer for those who interact with that customer

▪   Project-based research

II.   Chapter Outline:

A.   The Project and Systems Approaches

1.   The Evolution and Design of Information Systems
F2.1:   Example of a Marketing Dashboard
Manager's Focus

B.   Decision Support Systems
F2.2:   Components of a Decision Support System

1.   Data-Driven Decision Support System: The Database
Manager's Focus
RW2.1:   Data Security Issues Heating Up
2.   Model-Driven Decision Support System: The Analytical Tools
3.   Dialog-Driven Decision Support System: The User Interface
F2.3:   Use of Dialog Systems with Common Server or Interface Using
Simplified, Standardized Instructions to Perform Multiple Tasks
RW2.2:   *Super Crunchers* Are Thinking-by-Numbers

C.   Trends in Obtaining Marketing Intelligence

1.   Knowledge Management
2.   Linking Marketing Intelligence to Other Business Intelligence
3.   Limitations of the Systems Approach
RW2.3:   What is CRM?
4.   Intelligence Gathering in the Organization of the Future

D.   Summary

E.   Key Terms

F.   Review Questions

G.   Discussion Questions, Problems, and Projects

III.   Answers to Discussion Questions, Problems and Projects:

1.   The Internet, World Wide Web, and their variations (intranet, extranet) have had
dramatic effects on how and where information is stored and accessed by users.
Thousands of public and commercial databases are now easily accessible. This
explosion in information availability places a premium on converting raw data
into useful information.

Students may choose to answer this question in a variety of ways. Key opportunities of researching on the Internet include the availability of vast amounts of information from many different sources and the ease with which such information can be obtained and utilized. Key challenges include simply understanding what information is most useful and verifying the accuracy and authenticity of information obtained from nonproprietary sources. Security has also become a key challenge.

2.   (a)   The type of data should include such items as sales of automobiles and automotive parts by customer segment and profile, media habits of customers, and information on all possible future developments.
      (b)   The data sources that should be considered are government statistics, consumer survey data, in-house data on sales, inventory, and so on.
      (c)   In designing the system, students are only restricted by their imaginations. The key is that students should be explicit with respect to what they will input to the model systems, data systems, and so on.

3.   (a)   Systems approach
      (b)   Project approach
      (c)   Systems approach
      (d)   Project approach
      (e)   Project approach

4.   This exercise is designed to familiarize the student with what actually occurs in a business setting regarding Decision Support Systems. The exercise is most productive when the students discuss the results of their various investigations in class.

5.   This exercise should help students to organize their thoughts concerning the advantages of a DSS. Three main points should be stressed in the answers. They are:

      (a)   The wide variety of relevant information available to the user.
      (b)   The interactive, non-technical nature of the dialog system used to retrieve pertinent information.
      (c)   The availability of user-friendly, time-saving models designed to analyze selected data and provide customized intelligence to help in making decisions.

      Students may gain valuable insights helpful in answering this exercise if they are required to answer the preceding exercise first.

IV.   Instruction Suggestions:

1. It is helpful to begin this discussion by emphasizing the difference between a project emphasis to research which is discussed in this book and the broader information systems emphasis. Both have a role to play and it helps students put the course in perspective if they understand early the difference.

2.   One particularly good way of emphasizing the difference between the systems approach and the project approach is to discuss how each might be applied to the same information need. For example, class discussion can profitably be directed at providing competitive intelligence. The discussion works best when students are forced to think both about (1) why information in each area would be useful to know and (2) how it might be gotten using each approach. Below are examples of information in each area that might be needed:

Background:
> company identification? location? brief history?
> affiliates? how company is organized? when did it last alter its structure?
> shares outstanding? ownership (insides, institutions, major shareholders)?

Finance:
> statistics and performance analysis? sales by division? profitability by business unit?
> banks/investment banking firms used?
> stock market data? current market value?
> ratios and industry comparisons?
> cash flow analysis? assets and return on assets? capitalization? working capital?

Products:
> products and services offered? market position by product? product strengths?
> new product introductions?
> R&D expenditures and apparent interests of technical personnel?
> patents held and pending?
> product features and quality? technical sophistication?

Pricing:
> general pricing policies?
> special selling arrangements?
> licensing and joint venture agreements?
> product costs?

Markets:
> market segments served? markets targeted? degree of penetration? segment growth?
> how does company view the direction of the industry?
> markets and geographic areas targeted for expansion?
> advertising, marketing, and sales efforts including budgets and ad agencies used?
> foreign trade? recent orders? government contracts?

Facilities:

location? size? domestic vs. foreign?
capacity? capacity utilization? announced capacity expansions?
product mix by plant? shipments and profitability data?
capital investments? equipment purchases?
number of production lines and shifts?

Once students have begun to recognize the differences between the two approaches for gathering different kinds of information, ask the students to compare and contrast the two approaches to stimulate discussion of the advantages and disadvantages of the two approaches.

3.   Then discuss the general philosophy and problems of a marketing information systems approach to marketing intelligence. Here it is useful to discuss in particular the difficulty of getting all decision makers affected by a particular issue to agree on the form in which the information that bears on the issue should be presented. Their willingness to expose to others how they think is also a key concern that deserves discussion.

4. Then contrast decision support systems and marketing information systems. It is helpful to emphasize the key characteristics that differentiate the approaches, i.e. the ability of managers to interrogate the system in real time rather than trying to specify beforehand the form their questions would take so that formatted reports could be produced. It is also helpful to discuss what goes into the data, dialog, and model systems. At that point, students should be able to appreciate discussing the emerging dialog system. It is helpful to describe one or two of these systems using available promotional literature put out by the companies involved.

5.   Finally, it is useful to overview current trends in obtaining marketing intelligence. Instructors may find it useful to obtain sales brochures for one or more of the many software packages available for implementing ERP and CRM systems. It may even be possible to have a representative from one of the software suppliers or from a company currently employing ERP or CRM visit the class, answer questions, etc.

V.   Suggested Cases: None