# UNIT 7: marketing information system (MIS)

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**7.0 aims and objectives**

After studying this unit, you should be able to explain:

* what marketing information system is?
* the components of MIS
* what marketing research is?
* the process involved in conducting a research?

**7.1 Introduction**

Every firm must organize the flow of marketing information to its marketing managers. Companies are studying their manager’s information needs and designing marketing information systems **(MIS)** to meet these needs.

# 7.2 Meaning and definitions

***Marketing Information System***

Every firm must organize the flow of information to its marketing managers. Companies are studying their manager’s information’s needs and designing marketing information system to meet these needs.

What is a marketing information system?

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 makers.

The marketing information system is illustrated as below:

Marketing managers

* Analysis
* Planning

Implementation control.

Assessing

Information’s

need

Marketing

Environment

* Target market
* Marketing channels
* Competitions
* Publics
* Macro-environment forces

Marketing

Intelligence

Internal

Records

Marketing

Research

Distributing

information

Marketing

Decision

Support

Analysis

Marketing Decisions and Communication

The marketing managers to carryout their analysis, planning, implementation, and control responsibilities, they need information about development in the marketing environment.

The role of the information system is to assess the manager’s information needs, develop the needed information, and distribute the information is a timely fashion to the marketing managers.

The needed information is developed through internal company records, marketing intelligence activities, marketing research, and marketing decision support analysis.

## 7.3 Components of marketing information system

The components of marketing information system is described as follows: -

## 7.3.1 Internal Record System

The most basic information system used by marketing managers is the internal records system. Included in the system are reports on orders, sales, prices, inventory levels, receivables, payables and so on. By analyzing this information, marketing managers can spot important opportunities and problems.

## 7.3.2 Marketing Intelligence System

The internal records system supplies result data, the marketing intelligence system supplies happening data. MIS can be defined as follows:

A marketing intelligence system is set of procedures and sources used by mangers to obtain their every day information about pertinent development is the marketing environment.

Marketing managers often carry on marketing intelligence by reading books, newspapers, and trade publication: talking to customers, suppliers, distributors, and other outsiders; and talking with other managers and personnel with in the company.

## 7.3.4 Marketing Research System

Marketing mangers often commission marketing research formal studies of specific problems and opportunities.

They may request a market survey, a product preference test, a sales forecast by region, or research on advertising effectiveness

Marketing research can be defined as marketing research is the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company.

**7.4 Marketing Resarch**

**7.4.1 Steps Involved In Marketing Research**

The marketing research takes the following series of steps: -

1. Defining the problem and research objectives
2. Develop the research plan
3. Collect the information
4. Analyze the information
5. Present the findings

## 1. Define the problem and research Objectives

The first step calls for the marketing manager to define the problem carefully and agree of the research objectives. There is a saying; “A problem well defined is half solved”.

Management must work at defining the problem neither too broadly nor narrowly. Not all research projects can be specific in their objectives. Some research is exploratory, its goal is to gather preliminary data to shed light on the real nature of the problem and to suggest possible solutions or new ideas.

Some research is descriptive – it seeks to ascertain magnitudes.

Some research is casual – its purpose is to test a cause and effect relationship

**2. Develop the Research Plan**

The second stage of marketing research calls for developing the most efficient plan for gathering the needed information.

The marketing manger needs to know the cost of the research plan before approving it. Designing a research plan calls for decision on the data sources, research approaches, research instruments, sampling plan and contact methods.

**7.4.2 Sources of Data**

The research plan can call for gathering secondary data, primary data or both. Secondary data are data that were collected for another purpose and already exist somewhere.

Primary data are data gathered for a specific purpose or for a specific research protect.

Primary data can be collected in four ways Observation, focus group, survey and experiments.

**7.4.3 Methods Used to Collect Primary Data**

***7.4.3.1 Observation Research***

Fresh data can be gathered by observing the relevant factors and settings.

i.e. observing customers talk about the product: quality, price, distribution, etc.

observing competitors performance in trade fair exhibition, in giving their product, quality, price, distribution etc.

***7.4.3.2 Focus Group Research***

A focus group is a gathering of six to ten people who are invested to spend a few hours with a skilled moderator to discuss a product, service, organization, or other marketing entry.

The moderator needs to be objective, knowledgeable on the issue, and versed in a group dynamics and consumer behavior. The participants are normally paid a small sum of attending the focus group.

***7.4.3.3 Survey Method***

While observation and focus groups are best suited for exploratory research, surveys are best suited for descriptive research. Companies undertake surveys to learn about people knowledge, beliefs preferences, satisfaction, and so on, to measure these magnitudes in the general population.

***7.4.3.4 Experimental Research***

The most scientifically valid research is experimental research. Calls for selecting matured groups of subjects, subjecting them to different treatment, controlling extraneous variables, and checking whether observed response differences are statistically significant.

The purpose of experimental research is to capture cause-and-effect relationship by eliminating competing explanation of the observed findings.

## 7.4.4 Research Instruments

***7.4.4.1 Questionnaires***

A questionnaire consist of set of questions presented to respond for their answers. Because of its flexibility, the questionnaire to by far the most common instrument used to collect primary data.

Questionnaire needed to be carefully developed tested, and diverged before they are administered on a large scale in addition, the form of the question asked can influence the response.

***7.4.4.2 Types of Questionnaire***

Marketing research distinguish between open-end close-end questions.

Close-end questions perspective all the possible answers, and respondents make a choice among them.

Open-end questions allow respondent to answer in their own words.

***7.4.4.3 Sampling Plan***

After deciding on instruments the marketing research must design a sample plan. This plan calls for three decisions: -

***a) Sampling Unit (who is to be surveyed)***

The marketing researches must define the target population that sill be sampled.

Once the sampling unit is determined, a sampling frame must be developed so that everyone in the target population has an equal chance of being sampled.

***b) Sample size (How many people should be surveyed)***

Large samples give more reliable results than small samples. Samples of less than 1% population can provided good reliability given a credible sample procedure.

***c) Sampling procedure (How should the respondents be chosen)***

To obtain a representative sample, a probability sample of the population should be drawn. Probability sampling allows the calculation of confidence limits for sampling error.

## *7.4.4.4 Contact Methods*

Once the sampling plan has been determined the marketing researcher must decide how the subject should be contacted.

The choices are mail, telephone, or personal interviews.

*7.4.4.4.1 Mail Questionnaire*

The mail questionnaire is the best way to reach people who would not give personal interview. Mail questionnaire require simple and clearly ordered questions.

*7.4.4.4.2 Telephone Interview*

Telephone interviewing is the best method for gathering information quickly. The main drawback is that the interviews have to be short and too personal

*7.4.4.4.3 Personal Interview*

Personal interview is the most versatile of the three methods. The interviewer can ask more questions and record additional observation about the respondents

Personal interviewing takes two forms. Arranged interviews and intercept interviews.

*7.4.4.4.3.1 Intercept Interviews*

Involving stopping people at a shopping small or busy street corner and requesting an interview. Intercept interviews have the drawback of being non-probability samples, and the interviews must not require too much time from the interviewee.

***7.4.4.4.3.2 Arranged Interview***

Respondents are randomly selected and are either telephoned or approached at their homes or office and asked for all interview.

## 3. Collect the Information

The data collection phase of marketing research is generally the most expensive and the most prone to error. In the case of surveys, four major problems arise some respondents will not be at home and must be recontacted or replaced. Other respondents will refuse to cooperate. Still others will give based or dishonest answers. Finally, some interviews will biased or dishonest.

**4. Analyze the Information**

The next to last step in the marketing research process is to extract pertinent findings from the collected data.

**5. Present the Findings**

At the last step in marketing research, the researchers present his or her findings to the relevant parties.

The researchers present major findings that are pertinent to the major marketing decisions facing management.

**7.4.5. Marketing Decision Support System (MDSS)**

A grouping number of organizations are using a marketing decisions support system to help their marketing managers make better decisions. MDSS can be defined as follows:

A marketing decisions support system (MDSS) is a coordinated collectors of data, systems tools, and techniques with supporting software and hard ware by which an organization gathers and interprets relevant information from business and environment and turns it in to a basis for marketing action.

Here is how MDSS works. The managers put questions to the appropriate model located in the MDSS. The model draws up data, which are then analyzed statistically.

The manager can then use a program to determine the optional course of action.

Some of the statistical tools used in the MDSS are regression Analysis, querying model, Game theory etc.

## Check Your Progress Exercise

1. Discuss in detail the components of marketing information system?

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1. Discuss the methods used to gather primary data?

**……………………………………………………………………………………………………………………………………………………………………………………………………**

1. Enumerate the sources of secondary data?

**……………………………………………………………………………………………………………………………………………………………………………………………………**

1. Discuss the contact methods used to gather information?

**……………………………………………………………………………………………………………………………………………………………………………………………………**

1. Define the term marketing research? Discuss the process involved?

**……………………………………………………………………………………………………………………………………………………………………………………………………**

**7.6 Summary**

In carrying out their marketing responsibilities marketing managers need a great deal of information.

Despite the growing supply of information, managers often lack enough information of the right kind or have too much of the wrong kind. To overcome these problems, many companies are taking steps to improve their marketing information system.

A well-designed marketing information system begins and ends with the user. The MIS first assess information needs by interviewing marketing mangers and surveying their decision environment to determine what information is desired, needed, and feasible to often.

The MIS next develops information and helps mangers to use it more effectively. Internal records provide information on sales, costs, inventories, cash flows, and accounts receivables and payables.

The marketing intelligence system supplies marketing executives with everyday information about developments in the external marketing environments.

Marketing research involves collecting information relevant to a specific marketing problem facing the company.

Marketing research involves a four-step process. The first step consists of the manager and researcher carefully defining the problem and setting the research objectives. The objectives may be exploratory, descriptive or casual. The second step consists of developing the research plan for collecting data from primary and secondary sources. Primary data collecting calls for choosing a research approach (observation, focus group, survey and experiment). Choosing a contact method (mail, telephone, personal), designing a sampling plan (whom to survey, how many to survey, and how to choose them). And developing a research instruments.

The third step consists of implementing the marketing research plan by collecting, processing, and analyzing the information. The fourth step consists of interpreting and reporting the findings.

Finally, the marketing information system distributes information gathered from internal sources, marketing intelligence, and marketing research to the right managers at the right times.

**7.7 Answer Key Check Your Progress Exercise**

1. Refere to section 7.3
2. Refer to section 7.4.3
3. Refer to section 7.4.2
4. Refer to section 7.4.4.4
5. Refer to sections 7.4 and 7.4.1