**COMSATS University Islamabad, Virtual Campus**

**MGT210 Principles of Marketing**

**Lecture 07 Handouts**

**Managing Marketing Information to Gain Customer Insights**

**Marketing Information and Customer Insights**

The internet has changed the world. It has greatly impacted communication virtually reducing the world to a global village by enabling individuals to communicate easily and quickly. The internet has also changed the conventional ways of buying and selling and has transformed commercial activities. These days anytime we open an app, search Google or simply travel place to place with our mobile devices.

The amount of data generated these days is so enormous that a term “Big Data” is used these days to define this phenomenon. Big Data is extremely large data sets that may be analyzed computationally to reveal patterns, trends, and associations, especially relating to human behavior and interactions. As per online sources, around 2.5 quintillion bytes of data is generated every day that is increasing drastically day by day.

This data is both in structured and unstructured form. With the help of analyzing this data, the marketing companies get the customer insights.

**Customer insights** are fresh marketing information-based understandings of customers and the marketplace that become the basis for creating customer value, engagement, and relationships.

Customer insights are very important for companies but difficult to obtain. There can be several reasons which makes this processing of obtaining information difficult.

For example, the company is selling a specific product but not sure whether the customer is buying the product for functional benefits and hedonic benefits. So, the needs and buying motives of customer are not obvious. Sometimes, the customer is unable to tell you the purpose of buying the products. By questioning the customer deeply, you can come across the real and latent motive of buying the product.

Customer insight is all about analyzing data to better understand your customers, helping companies make better decisions about how, when and what to sell customer. The reliable and better information results in making better decisions, resulting in increased value delivered to the customer and profitability to the company.

To get the customer insights, companies form **customer insights teams.** These teams includes members from different functional areas of departments of the company.

The **customer insights team** gathers information from sources like company’s own data, outside company’s information and data from marketing research to create superior value for the customer.

The real goal of a customer insight team is to reveal something that a business can act upon. It's not simply a quest for knowledge, but rather a search for a way in which the business can better serve customers and gain a competitive advantage over rivals.

**Managing Marketing information**

In order to make better decisions, companies need not just information but the information that must have following characteristics

* The Right information
* At the Right time
* In the Right format

These above three points are considered as 3R’s of effective decision making.

**Marketing information system (MIS)** refers to the people and procedures dedicated to assessing information needs, developing the needed information, and helping decision makers to use the information to generate and validate actionable customer and market insights.

Marketing information system (MIS) plays a very important role in the organization; it creates an impact on the organization's functions, performance and productivity. It provides information to the company’s marketing and other managers and external partners such as suppliers, resellers, and marketing service agencies.

**Characteristics of a Good MIS**

Balancing the information users would like to have against what they need and what is feasible to offer. The cost of the information or data and the benefits you would get from it should be balanced.

**Sources of Information**

Marketers obtain information from three different sources mentioned as follows.

* Internal data
* Marketing intelligence
* Marketing research

**Internal databases** are collections of consumer and market information obtained from data sources within the company network. The internal databases are available to companies in several forms such as

* Collection of consumer and market research obtained from the company’s own network,
* Customer’s buying behavior
* Demographics
* Customer transactions
* Psychographics

There are several benefits that companies can avail using internal databases such as the data is readily available and cheap so no additional cost is incurred by the company. Although the analysis of this data may cost the company but acquiring the data is inexpensive. The company also needs to ensure that data is in the right form.

**Competitive Marketing Intelligence**

Competitive marketing intelligenceis the systematic collection and analysis of publicly available information about consumers, competitors, and developments in the marketing environment.

Competitive marketing intelligence gives company the competitive edge by knowing gaining a clearer picture of the larger market. The purpose of competitive marketing intelligence is to understand customers and their consumer behavior better than competitors.

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

This is more active form of information gathering whereby the company makes a proper plan of research following standard steps. Marketing research not only helps in resolving the current problem faced by the company but also helps in identifying different opportunities available in the marketplace.

**Steps in the Marketing Research Process**

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**A) Defining the Problem**

Defining the problem is more or less taking the product and service and finding out how that product or service will fit into the current marketplace. While defining a problem, setting objectives is very important that is the measurable goals, a company wishes to achieve.

On the basis of faced problem, the type of research is selected. There are three methods of marketing research

* Exploratory research
* Descriptive research
* Causal research

**Exploratory research-** when a phenomenon is studied for the first time. A phenomenon which has never been explored before.

**Descriptive research-** when a phenomenon is already studied and further explanation of description is required.

**Causal research-** To test the cause and effect of any phenomenon causal research is performed. For example the company wants to analyze that whether Smoking causes cancer or not.

**B) Developing the Research Plan**

The next step in marketing research is to develop the research plan. The research plan allows the company to sort out the details of which information, the company needs to make a reasonable marketing decision.

First decide that what type of data needed to make rational marketing decision. Once decided, what type of data is required, the company devise the ways to collect that data. The data can be collected through several means such as primary data and secondary data.

**Primary data** is first-hand information collected for the specific purpose at hand using methods like surveys, interviews, or experiments.

**Secondary data** is information that already exists somewhere, having been collected for another purpose. Internal data is an example of secondary data. There are several advantages of using secondary data such as it is low cost and can be obtained quickly. While collecting the data it is important to verify that data must be relevant, accurate and impartial otherwise it can lead to false results.

**C) Implementing the Research Plan**

This step includes the collection and analysis of the data for the plan execution. Data once collected, is analyzed by the company to get the results.

**D) Interpreting and Report the Findings**

This step includes the interpretation of results that are found through the analysis of data collected in precious step. Based on findings, recommendations are made regarding the product or service that a company wants to offer.