3

Gathering Information and Scanning the Environment
Chapter Questions

• What are the components of a modern marketing information system?
• What are useful internal records?
• What is involved in a marketing intelligence system?
Chapter Questions

- What are the key methods for tracking and identifying opportunities in the macroenvironment?
- What are some important macroenvironment developments?
Obesity has officially been called an epidemic by CDC. 30 percent of U.S. adults are considered obese. Obesity has been caused due to poor eating habits, a lack of exercise, and sedentary lifestyle. Based on these insights the packaged goods industry has reformed itself.

- Frito-lays (0 gram trans fat)
- Nestle (Nesvital; quick absorption carbohydrates)
Key Learning

- Marketers should be the prime observers of external environment, because;
- They have disciplined methods for collecting information.
- They spend more time interacting with customers and observing competition.
Mini Case of DuPont

• DuPont undertook a marketing study for its Dacron Polyester.
• 37 percent identified their relationship to the pillow as that of a married couple with 13 percent considering it as a childhood friend.
• They identified distinct groups in terms of pillow behaviour: Stackers (23%), Plumpers (20%), Rollers (16%), Cuddlers (16%) and Smashers (10%)
• Given this data what would you do?
Interesting cultural revelations

• Swiss eat the most chocolate
• Greeks eat the most cheese
• Irish drink the most tea
• Austrians smoke the most cigarettes
• Pakistani -------- the most ---------
Marketing Information System

- “A Marketing Information System consists of people, equipment, and procedures to gather, sort, analyze, evaluate and distribute needed timely information to marketing decision makers”
- It is developed from internal company records, marketing intelligence activities, and marketing research.
MIS Probes for Information

- What decisions do you regularly make?
- What information do you need to make these decisions?
- What information do you regularly get?
- What special studies do you periodically request?
- What information would you want that you are not getting now?
- What are the four most helpful improvements that could be made in the present marketing information system?
Internal Records

- **Order-to-Payment Cycle:**
  - Sales representatives, dealers and customers send orders to the firm. (Argos)
  - The sales department prepares invoices and transmits copies to various departments.
  - Out of stock items are back ordered.
  - Today customers want speed and efficiency hence a faster order to payment cycle is key to a successful business.
Internal Records

- **Sales Information System:**
- Marketing Managers need timely and accurate reports on current sales.
- A strong channel collaboration exists between Walmart and P & G for fast replacement stock due to SIS.
- Tesco is able to retrieve valuable customer data due to Tesco Club Card which is based on SIS.
- “Sales Information System Fallacy” should however be avoided.
What is the underlying difference between Databases, Data Warehousing and Data Mining?
Discussion Question

• “The internal records systems supplies Results data, but the marketing intelligence system supplies Happenings data”

• What does this statement signify?
Marketing Intelligence System

• “It is defined as a set of procedures and sources managers use to obtain everyday information about developments in the marketing environment”

• A company can train and motivate sales force to spot and report new developments (Nito and Tennis balls)

• A company can motivate distributors, retailers, and other intermediaries to pass along important intelligence (Little Chef and Heston Blumenthal)

• A company can network externally (P & G and Unilever)

• A company can set up a customer advisory panel (Murtadin Eldar and Nokia)
Marketing Intelligence Systems

- A company can take advantage of government data sources (census bureau)
- A company can purchase information from outside suppliers (A.C. Nielsen)
- A company can use online customer feedback systems to collect competitive intelligence (GSMArena.com, Amazon)
Key Learning

Fad: Unpredictable and short-lived
(fashion and colors; Beanie Babies)

Trend: Has some momentum and durability
(Health Food)

Megatrend: Large social, political, economic &
Technological changes (e-books)
10 Megatrends Shaping the Consumer Landscape

- Delayed retirement
- Changing nature of work
- Greater educational attainment
- Labor shortages
- Increased immigration
- Shifting birth trends
- Widening geographic differences
- Changing age structure
Environmental Forces

- Demographic
- Economic
- Socio-Cultural
- Natural
- Technological
- Political-Legal
Population and Demographics

- Growth rate: (7.9 bn in 2025; scarcity of resources)
- Age distribution (Young Mexico and Old Japan)
- Ethnic mix (harmonized Japan and salad bowl US)
Population and Demographics

- Educational levels (Sri Lanka and India)
- Household Patterns (Traditional v/s Non-traditional)
- Regional Characteristics (Tikka Masala and Balti)
- Movement (Ethnic dress shops in UK)
Applying Demographics Learning

- Volkswagen and Drivers Wanted campaign
- Charles Schwab and Chinese website
- Brand Name universities
- “Little Emperors and Six pockets”
Discussion Question

Growing population of the world comes as a business opportunity? Agree or Disagree
Marketing not only requires people but purchasing power as well. It is dependent upon:

- Current Income
- Prices
- Savings
- Debt
- Credit Availability

Four categorizations of economies; Subsistence (Bangladesh), raw material exporting (Saudi Arabia), Industrializing economies (India), Industrial Economies (United States)
India is replete with low-cost, high IQ, English speaking employees it provides an ideal atmosphere to establish Call Centers

What do you think is the unique aspect of Pakistan?
Social-Cultural Environment

- Views of themselves: Pleasure Seekers (fun, change and escape) and Self Realization (luxuries, health activities etc.)
- Views of others: Preference of Own Kind (Facebook groups)
- Views of organizations: (Enron and Union Carbide)
- Views of society: defenders (preservers), runners (makers), leavers (escapers) etc.
- Views of nature: Some feel subjugates other want to master it (through technology)
- Views of the universe: Religion and beliefs (Christianity and Islam)
Natural Environment

- Shortage of raw materials: Infinite Resources (Air, Water etc.), Finite Renewable Resources (Forests) and Finite Nonrenewable resources (Oil)
- Increased energy costs (search for alternative energy; solar, wind, nuclear etc.)
- Anti-pollution pressures (Carbon footprint tax; AT & T software for material acquisition)
- Governmental protections (German government supporting green movement)
Technological Environment

- Pace of change (Human Genome Project, Telecommuting; working from home)
- Opportunities for innovation (Happy Pills, Soya Milk, Non fattening foods, 3D televisions etc.)
- Varying R&D budgets (Ferrari and A1)
- Increased regulation of change (Human Clonning)
Political-Legal Environment

- Recycling Laws (University brochures and prospectuses)
- Strong business legislation protect companies from unfair competition (Microsoft), consumers from unfair business practices (UK and Deceptive marketing)
- Growth of special interest groups (Occupy London protesters)
Discussion Question

Do you think Pakistan can move towards strengthening environmental laws?