

## **THE MARKETING RESEARCH FUNCTION**

A mass of data is available both from external sources and from within a firm. The challenge is how to transform the raw data into information and how to use the information effectively. To see how to do this, we will begin by briefly discussing why organizations need to do research.

Today many forces dictate that a firm must have access to timely information. Consider some of these factors and their relationship to information management:

- **Competitive pressure.** To be successful, companies must develop and market new products more quickly than ever before. This requires research to monitor customers' needs and to find out what current and potential competitors are doing.
- **Expanding markets.** Marketing activity is becoming increasingly complex and broader in scope as more firms operate in both domestic and foreign markets. Entering a foreign market requires information on business practices and customs.
- **Cost of a mistake.** Marketing is expensive. A failed marketing effort can cause severe – even fatal – damage to a firm. The adage “look before you leap” is particularly appropriate. Before undertaking a marketing program, a firm should analyze the market, the competition, and the prospective customers.
- **Growing customer expectations.** Despite their expectations, customers seldom volunteer to provide useful information to a firm. Researchers have suggested that only 1 in 10 dissatisfied customers complain. Firms need research to quickly identify problems and solve them before they result in lost business.

Marketing research consists of all the activities that enable an organization to obtain the information it needs to make decisions about its environment, its marketing mix, and its present or potential customers. More specifically, marketing research is the development, interpretation, and communication of decision-oriented information to be used in all phases of the marketing process. This

definition has two important implications:

- Research plays a role in all three phases of the management process in marketing: planning, implementation, and evaluation.
- It recognized the researcher's responsibility to go beyond collecting data to developing information that will be useful to managers.

Depending on their needs and level of sophistication, marketing managers make use of four main sources of information.

One is regularly scheduled reports that are produced and sold by research firms. These are called syndicated services because they are developed with no particular client in mind, but are sold to anyone interested.

The second source is a marketing information system, an activity internal to a firm that provides a continuous, scheduled, or on-demand flow of standardized reports. Marketing information systems are used by both managers and sales people.

A decision support system is the third source. It is also internal, but it permits managers to interact directly with data through personal computers to answer specific questions.

The fourth source is a nonrecurring, proprietary marketing research project, conducted by a company's own staff or by an independent research firm, to answer a specific question.

There are many syndicated services. They tend to be very specific to particular products or industries.