BBA SEM – V

ADVANCE MARKETING MANAGEMENT - I

(CODE: UM05EBBI10)

UNIT 2: MARKETING INFORMATION SYSTEM

- ➢ Meaning

- ➢ Characteristics

- ➢ Elements/ Components of MIS

- ➢ Difference between Marketing Research and MIS

MEANING

Marketing Information System (MIS) is a permanent arrangement (system or setup) for provision of regular availability of relevant, reliable, adequate, and timely information for making marketing decisions.

Information is like a life-blood of business. Quality of decisions depends on the right type of information. The right information implies the right quality, the right quantity, and the right timing of information. Circulation of needed information is as important as the circulation of blood in human being.

Information keeps the organisation actively functioning, alive, and connected with internal and external marketing participants. It is a valuable asset for a firm as it is a base to manage other valuable assets. The firm fails to manage information (i.e., collecting, analyzing, interpreting, storing, and disseminating of information) will definitely fail to attain goals.

Today's marketing is dynamic, and manager has to undergo necessary changes to cope with the pace of changing marketing environment. Information is a basic input to know what is happening and what is going to happen. Marion

Harper has rightly asserted: "To manage a business well is to manage its future, and to manage the future well is to manage the information."

A company needs information on a continuous basis to be aware of marketing developments taking place in the market. In order to learn about changing needs of customers, new competitors' initiatives, changing distribution practices, recent trends in promotion practices, etc., a manager requires the permanent arrangement to get the needed information on a regular basis. The system or arrangement that deals with providing the information regularly is known as marketing information system (MIS).

Basically, marketing information system is an interacting, continuing, future-oriented structure of persons, machines and procedure designed to generate an orderly flow of information collected from internal and external sources, for uses as the bases for managerial decision-making in any area of company's marketing management. A marketing information system continuously gathers data, i.e. facts and figures from the internal and external sources of information. Then this information is sorted out, classified, analysed and stored for future reference. The stored information can be recalled or resorted immediately for reference in the form required for decision-making by marketers.

DEFINITIONS

Marketing Information System (MIS) has been defined as:

1. Philip Kotler:

"A marketing information system is a continuing and interacting system of people, equipment's, and procedures to gather, sort, analyze, evaluate, and distribute the pertinent, timely, and accurate information for use by marketing decision-makers to improve their marketing planning, implementation, and control." Philip Kotler gives alternative definition, such as: "A marketing information system (MIS) consists of people, equipment's, and procedures to

gather, sort, analyze, evaluate, and distribute the needed, timely, and accurate information to marketing decision makers."

2. We can say:

Marketing Information System (MIS) is a permanent arrangement (system or setup) for provision of regular availability of relevant, reliable, adequate, and timely information for making marketing decisions.

3. Finally, let us define the term more comprehensively:

MIS concerns with setting and maintaining of a permanent system (network) to avail necessary information on regular basis. The system consists of people, equipment's, facilities, and procedures directed to gather, analyze, evaluate, update, distribute, and preserve the information to assist marketing decision-making, i.e., analyzing, planning, implementing, and controlling of marketing activities.

CHARACTERISTICS OF MIS

1. MIS is a consciously developed master plan for information flow. It is an ongoing process. It operated continuously.

2. We have best integration and co-ordination among the functional departments, executives and specialists such as systems analyst, programmer, and computer expert.

3. We have some kind of data processing equipment usually operated electronically. Computer network is the modern equipment for MIS.

4. MIS is future-oriented. It anticipates and prevents problems as well as it solves marketing problems. It is both a preventive as well as curative process in marketing.

5. The gathered data is processed with the help of management science or operations research techniques. Modern mathematical and statistical tools are available for problem solving in the field of marketing.

6. System analyst designs and operates MIS. It is operated through computers. Operations research analyst offers solutions to the marketing problem with the help of quantitative decision-making tools.

7. Management gets a steady flow of information on a regular basis – the right information, for the right people, at the right time and cost.

ELEMENTS/ COMPONENTS OF MIS

MIS is made of parts, subparts or subsystems which are called the components. Typically, according to Philip Kotler, a marketing information system consists of four interrelated components – Internal Reports (Records) System, Marketing Research System, Marketing Intelligence System, and Marketing Decision Support System, as shown in Figure 1. All components are interrelated and interdependent.
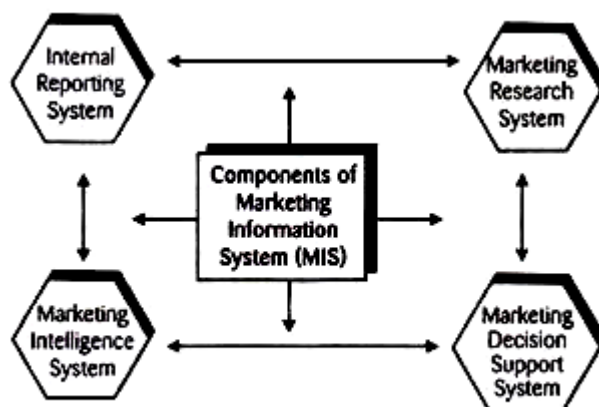

Figure 1: Components of Marketing Information System

1. Internal Records System:

Internal records system is a major and easily accessible source of information. It supplies the results data. It consists of all records of marketing operations available within organisation. This system concerns with collecting, analyzing,

interpreting, and distributing needed information from records of various departments of the company.

Main sources include various records on sales and purchase, ordering system, sales force reporting system, inventory level, receivable-payables, marketing staff, costs, the past research works, and other literatures/reports available within organisation. Particularly, for sales orders and sales force reporting, the computer technology is excessively used for accurate, efficient, and speedy transmission of information.

To manage the internal record system, some companies appoint internal MIS committee to deal with all aspects of internal information.

The committee:

(1) Attends request for all type of information required by managers,

(2) Determines sources of the information and tools needed to collect, evaluate, and analyze information,

(3) Deals with presenting, distributing and updating the information,

(4) Handles complaints of employees, and

(5) Performs all types functions related to information.

Internal records system keeps regular circulation of the information throughout the organisation without much expense and efforts. Managers can get the up-to-date information about marketing operations. Once the system is set up properly, it can serve the purpose continually.

2. Marketing Intelligence System:

While internal report system concerns with information available from internal records of organisation, the marketing intelligence system supplies the

managers with happening data. It provides information about external happenings or external environment.

Marketing intelligence system is:

The set of procedures and sources used by managers to obtain every-day information regularly about pertinent developments in the marketing environment. A manager can try to expose external environment in various ways.

Marketing intelligence system consists of various methods.

A manager can use one or more below mentioned methods:

i. Reading newspapers, books, and other publications.

ii. Watching TV, hearing radio, or Internet surfing.

iii. Talking to customers, dealers, suppliers, and other relevant parties.

iv. Talking to other managers and employees of his company as well as of other companies.

v. Maintaining live contacts with other officials and agencies.

vi. Purchasing useful information from professional sources.

vii. Assigning marketing intelligence task to professional agencies, etc.

Effective marketing intelligence system can facilitate managers to take immediate actions like reacting to competitors, meeting changing needs of customers, solving dealers' problems, and so on.

3. Marketing Research System:

Marketing research is a powerful and independent branch of the MIS. In certain cases, managers need detailed information on the specific problem of the

specific marketing area. Thus, it is a formal study of specific problems, opportunities, or situations. Normally, it is carried out for solving the specific problem.

In this sense, it is not a part of routine activity. It collects need-based information. Nowadays, it is treated as the separate discipline or subject. Philip Kotler defines: "Marketing Research is the systematic design for collection, analysis, and reporting of data and findings relevant to specific marketing situations facing the company."

Marketing research consists of collecting primary and secondary data from various respondents using various tools through various methods for definite period of time, analyzing data using appropriate statistics tools, and presenting findings in forms of a report. It is conducted by internal expert staff or external professionals.

4. Marketing Decision Support System (MDSS):

Previously, the component was known as Analytical Marketing System. While former three components supply data, the marketing decision support system concerns more with processing or analyzing available data. This component can improve efficiency and utility of the whole marketing information system.

The system is used to help managers make better decisions. John D. C. Little defines: "A marketing decision support system (MDSS) is coordinated collection of data, systems, tools, and techniques with supporting software and hardware by which an organisation gathers and interprets relevant information from environment and turns it into a basis for making decisions."

According to the definition, the MDSS includes tools, techniques or models used for:

(1) Data collection,

(2) Data analysis,

(3) Interpreting results, and

(4) Supporting managerial decision-making.

In real sense, it is not a separate component, but extension of other components. Statistical tools, new models, and software are used to help marketing managers analyze, plan, and control their operations. The MDSS consists of two sub-components – the statistical bank and the model bank.

The Statistical Bank:

It consists of quantitative tools used in marketing decision-making. It is popularly known as Operations Research (OR).

The statistical tools used for data analysis include:

i. Simple statistical techniques like averages, mode, medium, etc.

ii. Regression-multiple regression analysis

iii. Discriminant analysis

iv. Correlation analysis

v. Factor analysis

vi. Cluster analysis

vii. Input-output analysis

viii. Conjoint analysis

ix. Multidimensional scaling, etc.

The Model Bank:

This component includes decision support models. It is a collection of models and software that can help managers develop better marketing decisions. The

model is a series of variables, their interrelationships, and programmes to represent some real systems. The models are developed by scientists who are known as operation researchers. For different purposes, different models are used.

Widely used models include:

i. The Markov-Process Analysis

ii. Queuing Model

iii. New Product Pretest Models

iv. Sales Response Model

v. Discrete Choice Model

vi. Differential Calculus

vii. Mathematical Programming

viii. Statistical Decision Theory

ix. Game theory

x. Heuristics

xi. Decision Tree Model

xii. Feedback System Model

xiii. Linear v/s Non-linear Model, etc.

Using relevant variables, mathematical operators, and some techniques, the new models can be developed as per firm's needs. Sometimes, such models are also called packages. Some recently developed decision models include BRAN DAI D (marketing mix model), CALLPLAN (for sales force to determines

number of calls), DETAILER (for sales force to determine type of customers to call), GEOLINE (for designing sales and service territories), MEDICAC (for advertising to select media), PROMOTER (for sales promotion programmes), ADCAD (for selecting type of advertising theme), COVERSTORY (for writing sales reports and memo writing), etc. Every model consists of variables and their relationships. Each of them can be applied in specific decision area and for specific purpose.

DIFFERENCE BETWEEN MARKETING RESEARCH AND MIS

Sr. No.	Points	Marketing Research	Marketing Information System
1	Meaning	MR is a systematic process of collecting and analyzing information to solve a specific marketing problem	MIS means to collect, analyse and supply relevant marketing information to the marketing managers. The marketing managers use this information for taking effective marketing decisions. It is a permanent and continuous process.
2	Purpose	The main purpose of marketing research is to solve a specific marketing problem.	The main purpose of MIS is to provide relevant information to marketing managers and enable them to make affective marketing decisions.

Sr. No.	Points	Marketing Research	Marketing Information System
3	Scope	The scope of MR is narrow. It is one small part of MIS. It solve a specific marketing problems.	The scope of MIS is wide. Marketing Research (MR) is one of its component. It is not only used to solve problems but also helps to prevent problems in the future.
4	Nature	MR is more specific and particular in nature. At one time, it can only solve a single type of marketing problem	MIS is not more specific and general in nature. It can solve many types of marketing problems.
5	Reports	MR provides only one report called MR report	MIS gives four types of reports: plan-report, periodic report, triggered report and demand report.
6	Orientation	The orientation of MR is more past and present one which compares to MIS. It concentrates more on earlier and latest information. It uses this information to solve a	MIS orientation is more future oriented as compared to MR

Sr. No.	Points	Marketing Research	Marketing Information System
		current marketing problem.	
7	Problems	MR only deals with a single marketing problem at one time. It doesn't solve multiple marketing problems simultaneously	MIS deals with and attempts to solve many different marketing problems at one time. For this it collect, store, analyse and supply relevant market information to the marketing managers.
8	Data	In MR data is not collected as frequently as MIS. It is collected on a required basis	In MIs the data is collected more frequently, usually almost daily. This is must for every company.
9	Operation	Marketing Research is not a continuous system. Here, data is collected only when a company faces a specific marketing problem. It has a starting and ending point.	MIs is a permanent and continuous system. Here, the inflow of market information never stops. Data is constantly collected and stored for further analysis. It is properly analysed, studied and well organised before suppling to the marketing managers.

Sr. No.	Points	Marketing Research	Marketing Information System
			MIS has a starting but no ending point.
10	Computers	MR hardly make use of computers. It uses computers only for analyzing some inform information not entirely based on computing technology.	MIS is heavily based on the use of computers. Here, computing technologies are widely used to ease and facilitate data collection, its storage, analysis, retrieval and supply of relevant information to marketing managers of the company.

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