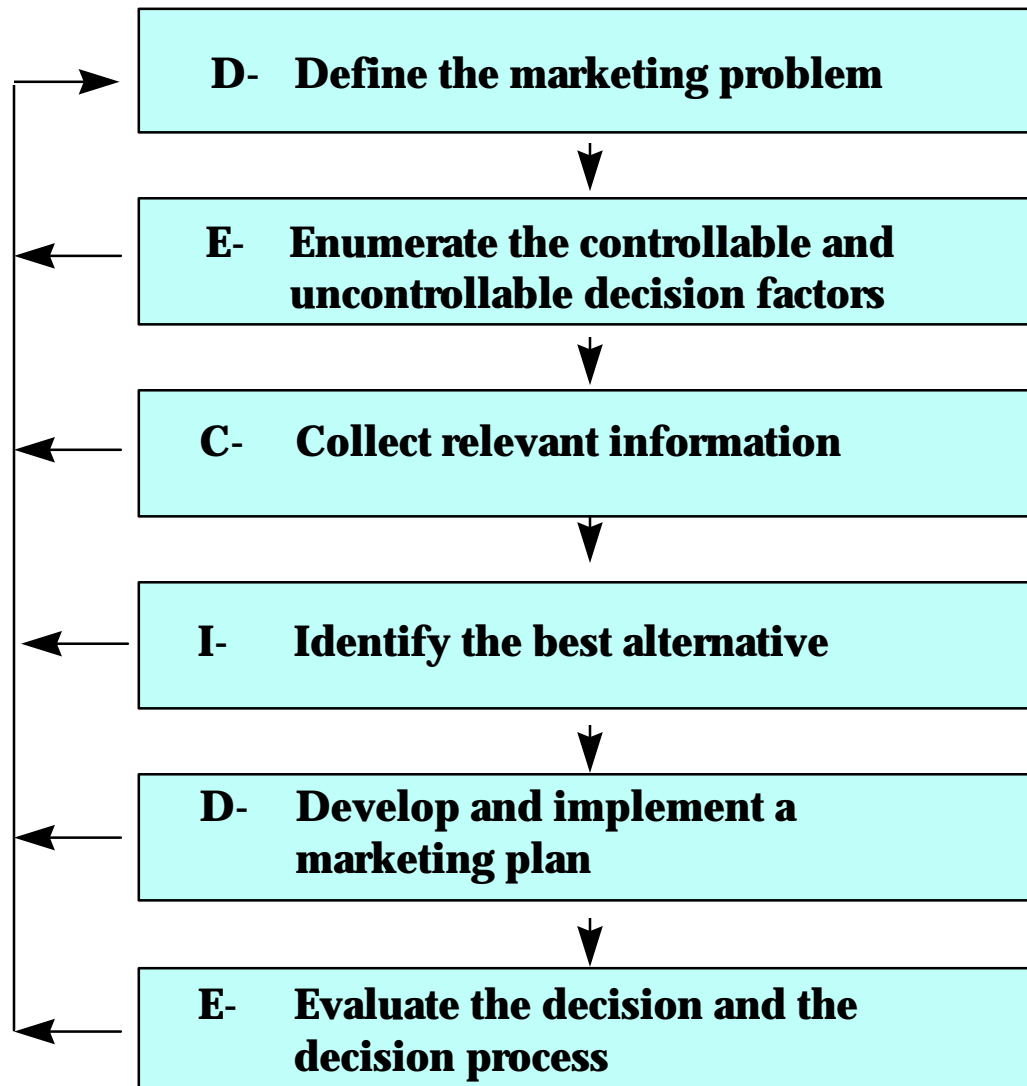


# The Marketing Decision-Making Process

**Figure 1.1 The DECIDE Decision-Making Process**



# The Marketing Mix

The **Market Mix** (often referred to as the **4-*Ps***) refers to the unique blend of marketing elements designed to meet the needs of the organization's target market. The Marketing Mix consists of the organization's...

- **Product**
- **Price**
- **Promotion**
- **Distribution (Place)**

Marketing research is frequently used to evaluate the effectiveness of an organization's marketing mix.

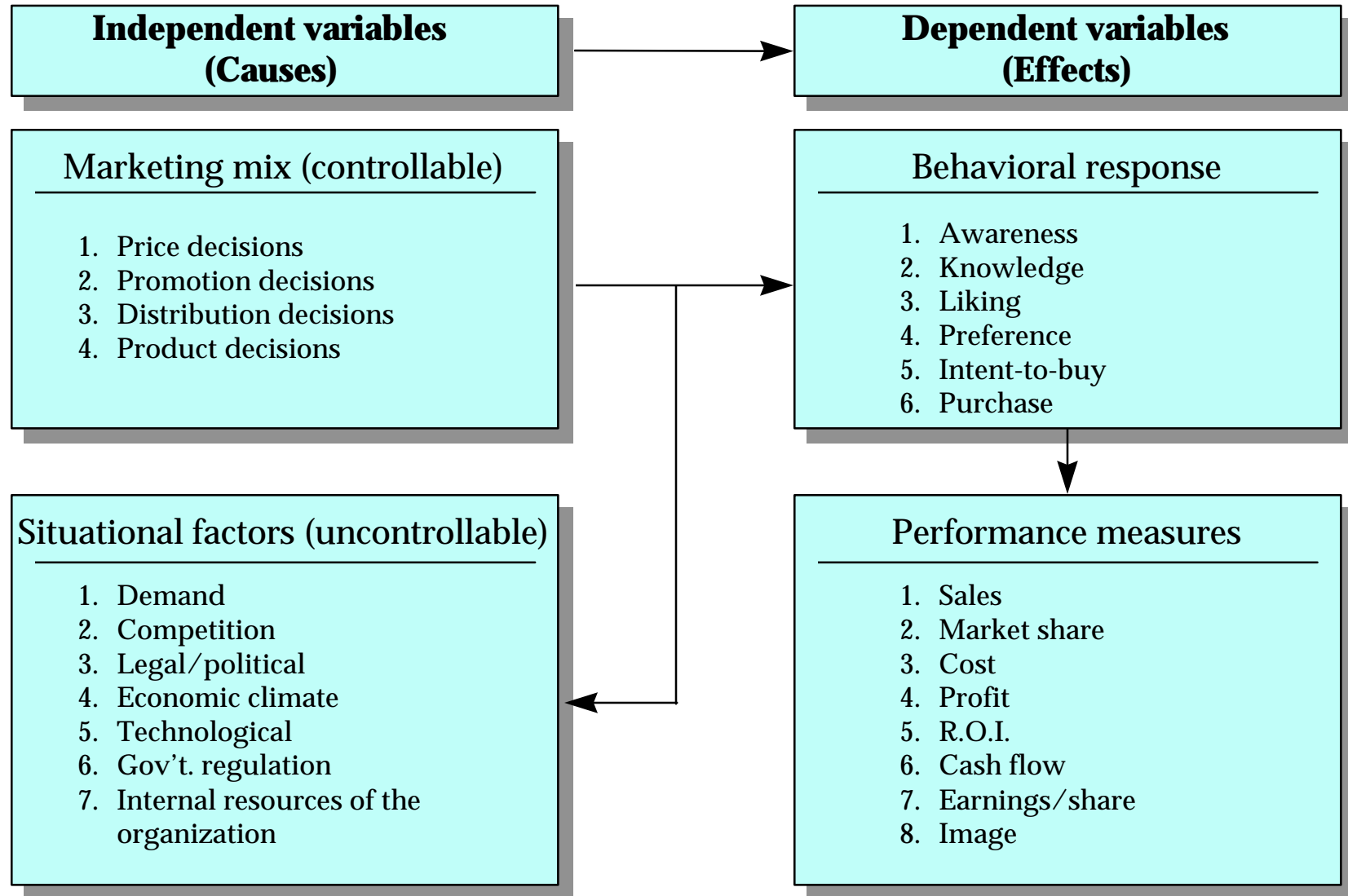
# The External Marketing Environments

Marketers make decisions within the context of environments external to their organizations. While marketers can't *control* these environments, mix decisions are affected by changes occurring within them. Important external environments include:

- **Political and Legal**
- **Cultural and Social**
- **Economic**
- **Technological**
- **Competitive**

Marketing research is used to monitor and anticipate changes in these environments.

# Model of the marketing system



# Marketing Research

The function which links the consumer, customer or public to the marketer through information.

Research Specifies:

- Information required
- Method of collecting information
- How the data will be collected
- How the data will be analyzed
- Communication of results to management

## MR Definitions

1. Book/author Definition
2. AMA “Official” Definition

## Why Do Marketing Research?

- Make better marketing decisions
- Understand consumers and the marketplace
- Find out what went wrong

For example, Marketing Research could help:

Find out why a product isn't selling  
(Poor marketing mix or changes in the external environment)

- **MR** should be done on an “ongoing” basis
- **MR** must be combined with managerial judgement & experience

## **Why Not Do Marketing Research?**

- A lack of resources
  - Poor timing in the marketplace
  - Decision has already been made
  - Managers cannot agree on the information needed
  - The information needed already exists
  - Cost of conducting research outweighs the benefits
  - Lose the element of surprise
- 
- **MR** only one alternative exists for the company

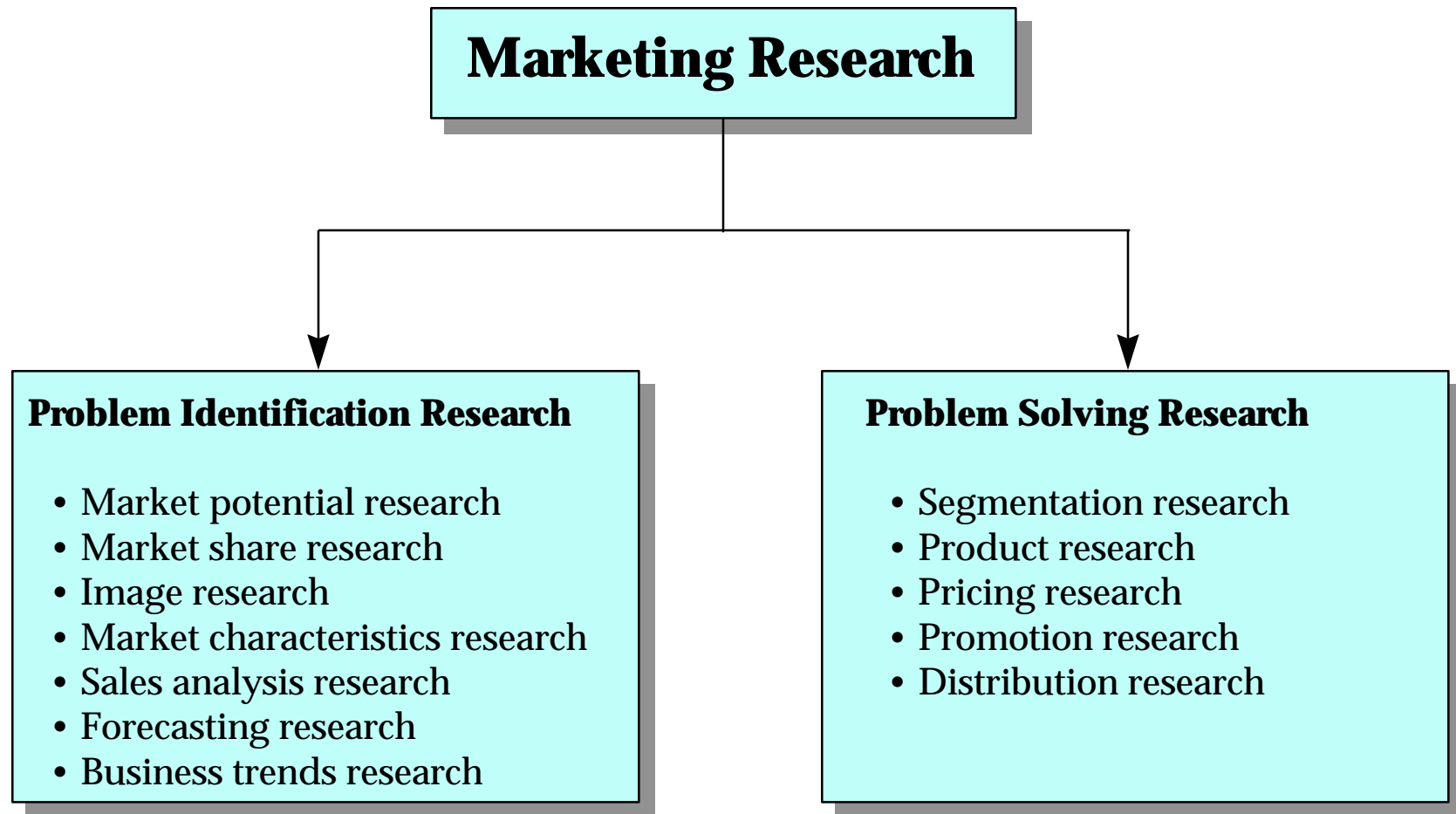
**TABLE 1.2****The Decision Whether to Conduct Market Research**

MARKET SIZE	SMALL PROFIT MARGIN	LARGE PROFIT MARGIN
Small	Cost likely to be greater than benefit; e.g., eyeglasses replacement screw, tire valve extension	Possible benefits greater than cost; e.g., ultraexpensive Lamborghini-type sportswear, larger specialized industrial equipment; e.g., Joy Manufacturing, computer-aided metal stamping machines
Large	Benefits likely to be greater than costs; e.g., Stouffers frozen entrees, Crest's tartar control toothpastes	Benefits most likely to be greater than costs; e.g., medical equipment like CT scanners, Toshiba's high-definition television

NOTE: The decision on whether to conduct marketing research depends on whether the perceived cost is greater than the benefit. Two important determinants of potential benefit are profit margins and market size.



## Figure 1.2 A Classification of Marketing Research



**TABLE 1.1****Problem-Solving Research**

---

**Segmentation Research**

- determine basis of segmentation
- establish market potential and responsiveness for various segments
- select target markets and create lifestyle profiles, demography, media, and product image characteristics

**Product Research**

- test concept
- determine optimal product design
- package tests
- product modification
- brand positioning and repositioning
- test marketing
- control store tests

**Pricing Research**

- importance of price in brand selection
- pricing policies
- product line pricing
- price elasticity of demand
- initiating and responding to price changes

**Promotional Research**

- optimal promotional budget
- sales promotion relationship
- optimal promotional mix
- copy decisions
- media decisions
- creative advertising testing
- claim substantiation
- evaluation of advertising effectiveness

**Distribution Research**

- determine type of distribution
- attitudes of channel members
- intensity of wholesale and retail coverage
- channel margins
- location of retail and wholesale outlets

# Kinds of Questions Marketing Research Can Help Answer

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## I. Planning

- A. What kinds of people buy our product? Where do they live? How much do they earn? How many of them are there?
- B. Is the market for our product increasing or decreasing? Are there promising markets that we have not yet reached?
- C. Are there markets for our product in other countries?

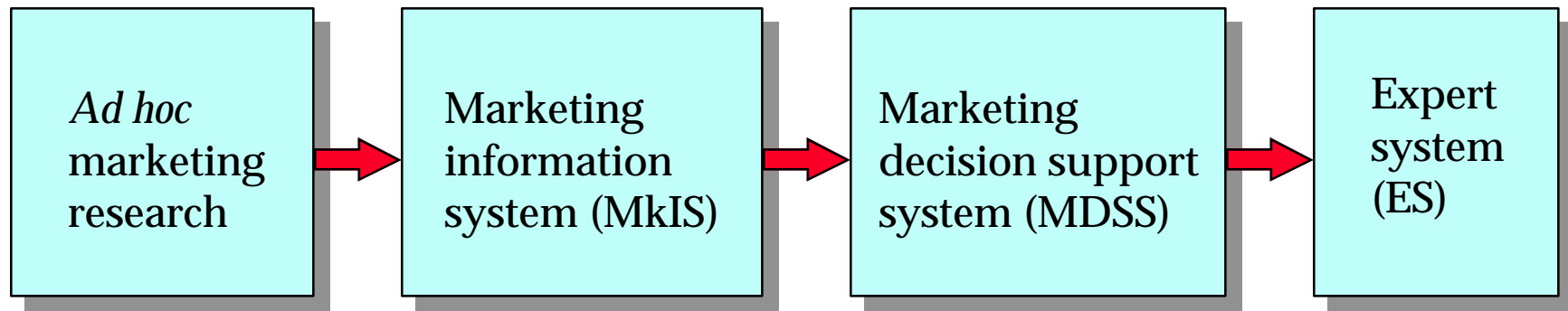
## II. Problem Solving

- A. Product
  - 1. Which, of various product designs, is likely to be the most successful?
  - 2. What kind of packaging should we use for our product?
- B. Price
  - 1. What price should we charge for our new product?
  - 2. As product costs decline, should we lower our prices or try to develop a higher quality product?
- C. Place
  - 1. Where, and by whom should our product be sold?
  - 2. What kinds of incentives should we offer to induce dealers to push our product?
- D. Promotion
  - 1. How effective is our advertising? Are the right people seeing it? How does it compare with the competition's advertising?
  - 2. What kinds of sales promotional devices--coupons, contests, rebates, and so forth--should we employ?
  - 3. What combination of media--newspaper, radio, television, magazines--should we use?

## III. Control

- A. What is our market share overall? In each geographic area? By each customer type?
- B. Are customers satisfied with our product? How is our record for service? Are there many returns?
- C. How does the public perceive our company? What is our reputation with dealers?

# Evolution of Systems for Supporting Decision Making



Point made earlier:

**MR** should be done on an “ongoing” basis

# A Decision Support System

