**The need for marketing data**

Internal marketing information that is useful to businesses includes sales reports and other types of accounting and sales data. The advantage to a business of using internal marketing information is that it is easy to obtain because it is available in-house. Marketing managers can review the internal information, such as sales reports, on a regular basis and make adjustments to existing programs based on what the information reveals. For example, if reports indicate that sales are down in certain areas, managers can increase advertising or use other techniques in an attempt to reverse the trend. Government databases, public records, and industry journals are examples of external marketing information.

Businesses obtain marketing information in order to develop a product that customers want and need. By doing research, companies obtain marketing information that helps them to minimize the losses that may occur from introducing a product that customers do not want. Businesses do not conduct marketing research to increase costs, although they may identify consumer dislikes. The goal is not to delay production or increase labor costs. Marketing research may identify trends, but it is not intended to provide information to customers.

Today's business environment is becoming more global in nature. To remain competitive in this environment, businesses need up-to-date marketing information about a variety of issues such as economic conditions, political systems, and technological changes throughout the world. Frequently, businesses in one part of the world make decisions that affect their customers in other parts of the world. To be able to make the right decisions and stay competitive, the businesses need marketing information about conditions in those areas. Businesses do not gather marketing information about conditions throughout the world to understand geography, import products, or eliminate trade quotas.

Demographic trends indicate changes in the physical and social characteristics of the population. Gathering information about demographic trends helps businesses to make decisions about what to produce and sell in the future to meet the changing needs of the population. An example of a demographic trend is the aging of the "Baby Boomer" generation that is reaching retirement age. This is a large segment of the population that has different wants and needs than younger people. To remain competitive, businesses need to understand these different wants and needs. Purchasing records, customer databases, and sales predictions are types of internal marketing information that help businesses make decisions.

Marketing information is all of the marketing-related data available from inside and outside the company. By analyzing certain data, a business often finds ways to solve a problem. For example, if a business's sales volume is decreasing, it realizes that there is a problem. By looking at various data, such as inventory reports, the business might find that certain high-moving products have been on backorder from a vendor for a long time. To resolve the problem, the business decides to find another supplier that has the products available. The backorders decrease and sales increase because the products are available. Marketing information might help a business find ways to be more competitive, but it does not prevent competition, which is illegal in some countries. Ethics are the basic principles that govern your behavior.

**Identify data monitored for marketing decision making**

Buying behavior is the usual purchasing methods of consumers; it is the process they use to decide what they will buy and from whom they will buy. By monitoring consumers' buying behavior, businesses are able to find out what type of products they buy, how much they spend on the products, and what businesses they buy from on a regular basis. Businesses can use this information to make marketing decisions such as whether to offer lower prices in order to take customers away from competitors. Businesses usually are not able to obtain information about a customer's personal character. Customer credit ratings are not a consideration in pricing. Supplemental income is income from sources other than a primary job and often is private information that is not available to businesses.

The first step in deciding which information to monitor for marketing decision making is to determine the information needs of the organization. This will identify which type of information needs to be monitored. The alternatives are the subsequent steps involved in operating a marketing-information system that take place after the information needs have been identified.

Demographics refer to the physical and social characteristics of the population. Factors such as age, gender, education, occupation, and income are often considered when conducting marketing research. Opinions, traits, and values are considered psychological factors.

Businesses usually require salespeople to complete a variety of sales reports including lost-business reports. Businesses monitor lost-business reports because they usually contain an explanation of why customers no longer buy from the business. The reports might indicate that customers are dissatisfied with the product, dissatisfied with the business's credit policies, or are getting better prices and more service from competitors. A business might use this information to make changes to its marketing strategy in an attempt to regain customers or to prevent other customers from taking their business elsewhere. The more information a business obtains from lost-business reports, the better able it is to make useful and effective marketing decisions. Lost-business reports do not include information about the design of competitors' products, reasons for local unemployment, or quality of promotional materials.

A business uses many types of information to make marketing decisions. To make sound marketing decisions, a business monitors and collects information about its competitors. By knowing what goods and services its competitors are providing, the business can determine how to best market its own products. One way to monitor competitors is by reading their promotional literature. By reading the competitors' product brochures, reviewing their advertisements, and surfing their web sites, the business can often obtain good information to help make marketing decisions in relation to its competition. Hiring a marketing-research firm and conducting a national opinion poll can be expensive. A business does not want to antagonize customers because it affects the business in a negative way.

**The nature of marketing research**

Businesses may need data at a time when the marketing-research department is handling as much research as it can. When that happens, the business may hire outside researchers in order to obtain the information it needs in a timely fashion. Internal information would be found within the business and would not require the business to hire outside researchers to obtain it. While a business may conduct marketing research when it wants to prevent unnecessary financial losses, it is an unlikely reason for hiring an outside marketing-research firm. A business large enough to have a marketing-research department would have ample access to computers without hiring an outside firm.

This information might include specific characteristics of a market, economic data that directly affect the business, or information about the business's nearest competitors. Predictive research is used to estimate the business's future sales or other future developments. Exploratory research collects information to help the business define its situation, problem, or concern and to decide which direction to take in order to address it. Causal research focuses on cause and effect and tests "what if" theories.

This is a marketing-research method that tests cause and effect by test-marketing new products or comparing test groups with control groups. Survey is a marketing-research method that involves the use of mail surveys, telephone interviews, personal interviews, and group interviews. Observation is a marketing-research method that gathers data by watching consumers. Objective is not a marketing-research method but a point of view, or opinion, that is not influenced by bias, prejudice, or outside opinion.

Marketing research is the systematic gathering, recording, and analyzing of data about a specific issue, situation, or concern. In order to be effective and useful, marketing research must be objective—not influenced by bias, prejudice, or outside opinion. Businesses use predictive research to help them forecast future business developments. Causal research is data that businesses collect to test "what if" theories, or cause-and-effect relationships.

Creating a written plan for the research helps to keep the project on track as to types and amounts of data to be collected. A written plan also ensures that both the business and the research have the same information. The amount budgeted for research should be stated in the written plan, but that is not the most important reason for putting the plan in writing. A written plan does not affect data analysis or help the business to implement the marketing concept—a philosophy of doing business that is based on satisfying customer wants and needs while achieving company goals.