

## 4.3: Marketing Research and Big Data

### Learning Objectives

By the end of this section, you will be able to:

- Define marketing research.
- Explain how marketing information provides an understanding of the customer and the marketplace.
- Explain the role of big data and the marketing information system.

### What Is Marketing Research?

Oftentimes people think of marketing as the process of communicating with a target market—sharing messages, products, and value with customers. However, marketers know that understanding customers, learning about their wants and needs, and developing a relationship with them is essential for success. Marketing research allows marketers to listen and assess the needs of the market, to understand what's missing and how to reduce those gaps from their customers, target markets, and prospective clients. Managers need marketing information in order to make data-driven decisions rather than make assumptions about consumers. In this chapter we're going to investigate the importance of marketing research, some strategies employed in the field, and how to complete the marketing research process.

Marketing research is the work to gather information and data about customers and markets. Let's look at the definition, why it's important, and the influx of big data.

### Marketing Research Defined

According to the American Marketing Association (AMA), marketing research “is the function that links the consumer, customer, and public to the marketer through information.”<sup>2</sup> Marketing research presents information gained through various sources as a resource for managers to make data-driven business decisions. Additionally, the AMA states that “marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.”<sup>3</sup>

### The Importance of Marketing Information

Marketing information, also known as business intelligence, competitive intelligence, or marketing intelligence, is information about the market that helps to identify opportunities in the market. This information helps to determine a company's strengths and weaknesses while also evaluating the external environment's opportunities and threats. Ideas generated through analysis of marketing information support business decision-making from a long-term strategic approach to smaller issues at a tactical level.

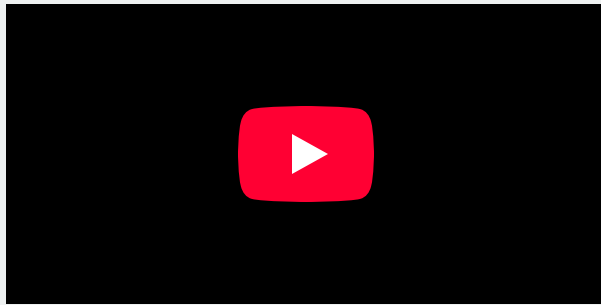
Marketing information is essential for a company or organization to stay competitive and also meet the customer's needs. As referenced above, LEGO used marketing research to gather information about how children use its product but also how parents felt about opportunities for their children. Universities and colleges use information gathered through marketing research to build next year's recruitment materials by asking students their perceptions of the previous year's items. Additionally, a fast-food restaurant might conduct an analysis of the time of day each of its items are more likely to be purchased. Obvious to most, coffee would probably be an item more likely ordered earlier in the day. Other items might not be as evident but could require different preparation times. By accounting for when each of these items is most likely to be ordered, the restaurant can plan its inventory and schedule of employees more efficiently.

### Big Data and the Marketing Information System (MIS)

The amount of data currently available is not only vast but is growing at an exponential level every day, which describes the concept of big data. Big data is the countless number of records that continues in an increasing capacity and at a faster rate. Because of the constantly changing landscape of data, it's difficult for companies to develop an approach for analyzing it. Big data is often described through the use of the three Vs: volume, velocity, and variety. The amount of data, or volume, is more than we have ever witnessed. Additionally, it is growing at a fast rate; the velocity is also ever increasing. We expect that the velocity of data will continue to surge exponentially as each day more users are contributing to the data available. Finally, there is the variety of data that is part of this enormous data set—because each user is contributing to the cache of data available, the diversity of data is just as unique as its creators.

### 📌 Link to Learning: What Is Big Data?

Big data is massive amounts of data. But what does that mean? Think of all the data a smartphone generates with texts, searches, emails, photos, etc. Now consider how many smartphone users there are in the world. Watch this video and learn how much data is generated on the internet each day and how it can be classified through the three Vs concept.



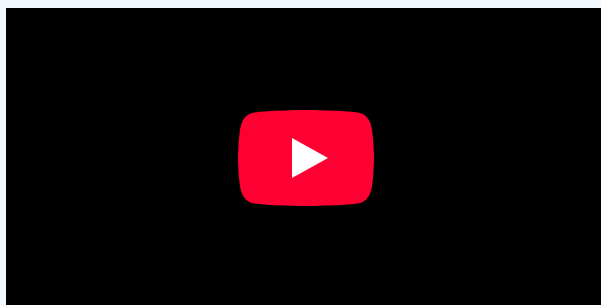
“Big data has become one of the most valuable assets held by enterprises, and virtually every large organization is making investments in big data initiatives.”<sup>4</sup> This statement was based on a 2021 NewVantage Partners survey of senior C-level executives at Fortune 1000 companies regarding their perceptions of big data and their utilization of its resources. NewVantage Partners learned that many companies are already pursuing this data, with 96 percent reporting that their companies have already had success using big data and artificial intelligence programs. Additionally, 99 percent of the executives surveyed are pursuing either new or existing big data programs. Why are companies so keen to invest in this source? It is estimated that the world creates approximately 2.5 quintillion bytes of data daily. This vast accumulation of data can be collected through various methods, such as point-of-sale databases, connected devices through the Internet of Things (IoT), third-party marketing research firms, social media, location data from mobile devices, or surveys.<sup>5</sup> Tapping into the resource generators is helpful for companies to understand their customers, employees, or others.

So, who are these data generators? They are everyone, like you and your friends, who post content on social media, engage with web content through streaming services, and share stories through web applications. In addition, businesses are contributing to the massive amount of content available. Extra data (volume), at a faster rate (velocity), and from a more widely diverse set of people (variety) explain why it is called “big” data.<sup>6</sup> So how do businesses and individuals capitalize on this vast data world?

In order to be able to utilize and make the most of the availability of business data, businesses use a marketing information system to collect, analyze, and report interesting findings from internal and external data of the company. This system is an ever-changing database of content that is used to support the company or organization’s marketing efforts. The marketing information system is the collection of data and requires actions taken by marketers to utilize the data saved.

### 🧠 Careers In Marketing: Market Research Analysts

Market research analysts are needed in numerous industries, and according to the US Bureau of Labor and Statistics, the job outlook has a much higher rate of growth than average. Read about the skills needed, typical pay, [education requirements](#), and [career outlook in this article](#) and watch this video about the various types of jobs available as a market research analyst.



### Knowledge Check

It’s time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1.

Anaya is collecting information from a variety of sources to make a decision on where to market her new line of designer scarves. Anaya is conducting \_\_\_\_\_.

- a. market intelligence
- b. big data
- c. management information system
- d. marketing research

2.

The collection of data the company has gathered over time and used to make marketing decisions on a regular basis is called its \_\_\_\_\_.

- a. big data
- b. marketing information system
- c. marketing research
- d. survey data

3.

Ryan and Christie are uploading their recent pictures to Instagram, tagging the photographer and the venue. What is this content adding to?

- a. Market intelligence
- b. Big data
- c. Management information system
- d. Marketing research

4.

Which of the following is not a reason why marketing research is important for the success of a business?

- a. It provides a guarantee of customer satisfaction.
- b. It identifies opportunities in the market to explore.
- c. It helps to quantify customer perceptions.
- d. It uncovers weaknesses within a company.

5.

Which of the following would not be considered marketing research?

- a. Analyzing the product purchases of current customers
- b. Measuring the number of reactions to a social media post
- c. Examining a competitor's database of information
- d. Surveying potential employees about why they are interested in working for a company

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