

## 28.11: The Importance of Marketing Information and Research

### Learning Objectives

- Explain how segmentation and targeting relate to marketing strategy

### Marketing Strategy Follows From the Segmentation and Targeting Process

Once your target market and customers have been identified, effective marketing moves to develop a strong knowledge base of those customers: the kind of knowledge that gives you unique insights into what they want and how to satisfy them better than the competition. The most reliable source of fresh customer insights is good **marketing information**. Useful marketing information may come from a variety of sources both inside and outside your organization. Marketing information is generated by a variety of different activities, including marketing research.

**Marketing research** is a systematic process for identifying marketing opportunities and solving marketing problems, using customer insights that come out of collecting and analyzing marketing information. The mechanics of marketing research must be controlled so that marketers uncover the relevant facts to answer the problem at hand. Control over this fact-finding process is the responsibility of the marketing research director, who must correctly design the research and carefully supervise its execution, to ensure it yields the customer insights the organization needs.

A **marketing information system** is a combination of people, technologies, and processes for managing marketing information, overseeing market research activities, and using customer insights to guide marketing decisions and broader management and strategy decisions.

### Refining Knowledge of Target Market Segments and Customers Is Power Against the Competition

The business environment is increasingly competitive. With something as simple as a Google search, customers have unprecedented opportunities to explore alternatives to what any single company offers. Likewise, companies have ample opportunity to identify, track, and lure customers away from their less-vigilant competitors. A regular infusion of fresh customer insights can make all the difference between keeping customers and losing them. Marketing information and research are essential tools for marketers and the management team as they align marketing strategy with customer wants and needs.

Consider the following examples:

- Before introducing OnStar, the first-ever embedded wireless service in cars, GM used marketing research to understand what types of applications would make consumers most interested in subscribing to the service and how much they would pay for it. Of all the benefits OnStar could offer, the research helped GM prioritize how the initial service would provide value, focusing on driver assistance and security. Research also helped determine OnStar pricing to help the company build a large subscriber base quickly.<sup>[1]</sup>
- Enterprise systems provider PeopleSoft recruited a diverse set of universities as early-adopter “Beta” partners to provide input as it designed a new student information system for higher education. This marketing research helped PeopleSoft create a versatile system that could support the needs of a variety of colleges and universities, ultimately leading to strong receptivity and market share when the new system became widely available.<sup>[2]</sup>

### What Characteristics of the Target Customer Should Marketers Investigate To Develop Marketing Strategies?

An easy—and truthful—answer to this question is “everything.” There is no aspect of marketing to which information and research do not apply. Every marketing concept and every element involved in the marketing management process can be subjected to a great deal of careful marketing research and inquiry. Some important questions include:

- Who is the customer?
- What problems is the customer trying to solve with a given purchase?
- What does s/he desire in the way of satisfaction?
- How does the customer get information about available choices?
- Where does s/he choose to purchase?
- Why does s/he buy, or not buy?

- When does s/he purchase?
- How does s/he go about seeking satisfaction in the market?

Seeking answers to these questions yields insights into the customer's needs, perceptions, and behaviors. From here, appropriate marketing strategy and corresponding tactics can be developed for the business to act upon. Another area in which research is critical is profitability. Organizations need to forecast sales and related costs in order to understand how their operations will be profitable. They also need to plan competitive marketing programs that will produce the desired level of sales at an appropriate cost. The analysis of past sales and interpretation of cost information are important in evaluating performance and providing useful facts for future planning. All these activities rely on marketing information and a rigorous marketing research process to produce insights managers can trust and act on.

## Ongoing Marketing Research Leads to More Successful Marketing Strategies

In most business situations, marketers and managers must choose among two or more courses of action. This is where fact-finding, marketing information, and research into the target market segment and target customer enter to help make the choice.

Marketing information and research address the need for quicker, yet more accurate, decision making by the marketer. These tools put marketers close to their customers to help them understand who they customers are, what they want, and what competitors are doing. When different stakeholders have very different views about a particular marketing-related decision, objective information and research can inform everyone about the issues in question and help the organization come to agreement about the path forward. Good research should help align marketing with the other areas of the business.

Marketers should always be tapping into regular sources of marketing information about their organization and industry in order to monitor what's happening generally. For example, at any given time marketers should understand how they are doing relative to sales goals and monitor developments in their industry or competitive set.

Beyond this general level of "tuning in," additional market research projects may also be justified. As a rule, if the research results can save the company more time, money, and/or risk than it costs to conduct the research, it is wise to proceed. Ultimately, successful marketing strategies are developed on the basis of focused and continued research of customers identified by disciplined segmentation and targeting.

### ? Practice Question

<https://assessments.lumenlearning.co...essments/14482>

1. Vincent P. Barabba, *Surviving Transformation: Lessons from GM's Surprising Turnaround*, pp 46–50, <https://books.google.com/books?id=VvbDYad7cLoC&pg>↵
2. Proquest, "First We Built, Now We Buy: A Sociological Case Study for Enterprise Systems in Higher Education," pp 292–203, [books.google.com/books?id=rgIAaigKQBIC&pg](https://books.google.com/books?id=rgIAaigKQBIC&pg)↵

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