

MARKETING INFORMATION SYSTEM (MKIS)

A Need for Effective Marketing Decisions

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Abstract: 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 organization 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 that fails to manage information (i.e., collecting, analyzing, interpreting, storing, and disseminating of information) will definitely fail to attain goals. Information is a basic input to know what is happening and what is going to happen. Besides this, information is also necessary to know strong and weak aspects of competitors and make distribution channel effective. In fact, whatever a manager does is done only with the help of information. He/she cannot take decision on any issue without information. So, marketing information system should be developed in business organization for taking rational and effective decisions. Marketing Information System (MKIS) is a permanent arrangement for provision of regular availability of relevant, reliable, adequate, and timely information for making marketing decisions. Above all Today's market is dynamic and complex and manager has to take appropriate strategic, tactic and operational decisions to cope with the pace of changing marketing environment. An effective information system can entitle an organization with better planning, decision-making at all levels and hence desired results. The paper tries to throw a light on the role of Marketing Information System in effective decision making of marketing.

Keywords: Marketing Information System (MKIS), Dynamic, Strategic, Tactic, Operational Decision making.

Introduction

This is the age of information revolution. Marketing managers need regular information to find out changing wants and needs to customers. Marketing Information System (MKIS) is the mechanism established for providing decision-making data and information to marketing planners or marketers. It delivers a continuous flow of information about marketing activities. It is an integrated system, which helps marketers by providing information-support for marketing decision-making MKIS is an ongoing organizational process that includes the activities such as the collection of information, sorting, analysis, evaluation, and dissemination of information to the marketing decision-makers. It provides needed data on time and accurately by detailed processing and analysis. Marketing information system is a regular process. It never ends. It is very important for a marketing manager. He/she makes plans, programs, policies, strategies etc. with its help. Structured, human activities, machines, technology etc. are included in marketing information system. They are orderly used for taking marketing decisions.

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."

Objectives of the study

- To study the concept of Marketing Information System
- To know the steps of Marketing Information System
- To highlight the need of Marketing Information System
- To know the role of Marketing Information System in decision making of marketing.

Methodology

The present study is descriptive in nature. Secondary sources of literature have been used for the development of the concept.

Definition: Marketing Information System (MKIS) has been defined as:

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."

Features of Marketing Information System

1. **Continuous System**
Permanent and continuous system of collecting information
2. **Basic Objective**
To provide the right information at the right time to the right people to help them take right decisions
3. **Computer-Based System**
Uses computer, so is up-to-date and accurate
4. **Future-Oriented**
Provides information for solving future problems

5. **Used by all levels**

Used by all three levels of management

6. **Sources**

Collects information from both internal and external sources

7. **Collects Marketing Information**

Collects information about consumer competition, marketing environment, etc.

8. **Helps in Decision-Making**

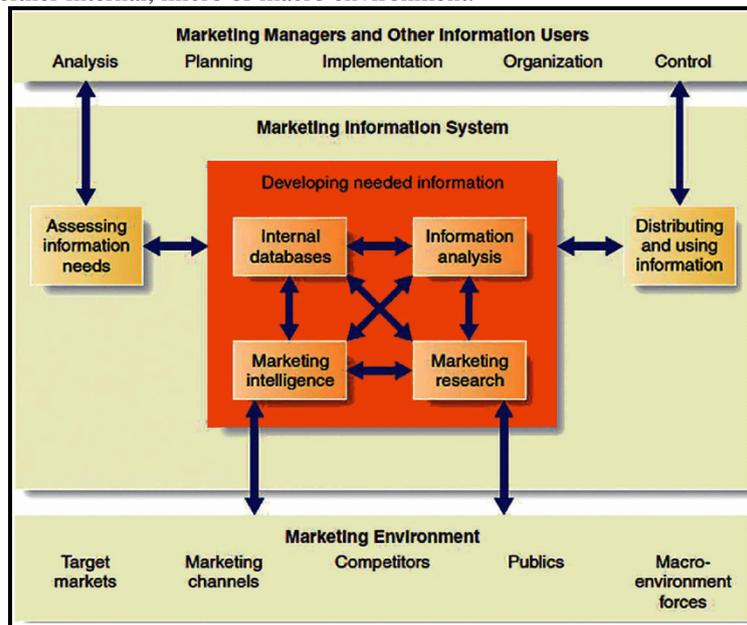
Supplies up-to-date and accurate information that helps take quick and right decisions

STEPS OF MARKETING INFORMATION SYSTEM

1. **ASSESSING THE INFORMATION NEEDS**
2. **DEVELOPING THE NEEDED INFORMATION**
3. **ANALYZING THE INFORMATION**
4. **DISTRIBUTING THE INFORMATION**

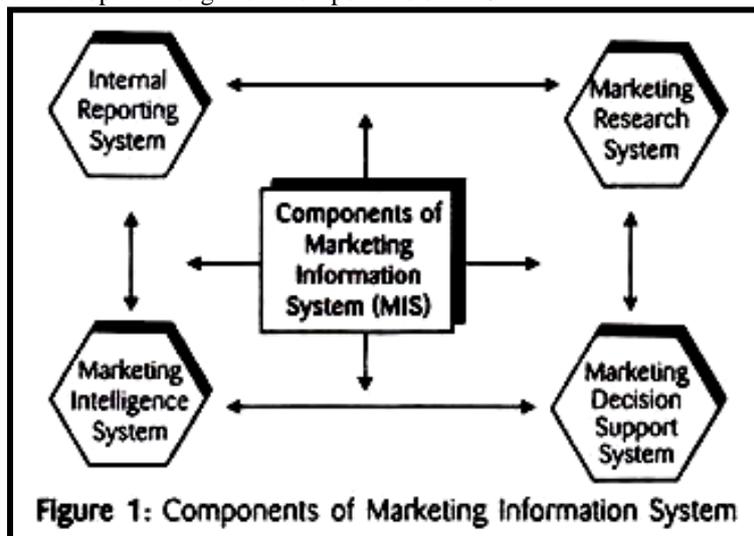
STEP 1. ASSESSING THE INFORMATION NEEDS

The company begins with asking what information the managers and other information users really want. The information might be relating to either internal, micro or macro environment.



STEP 2. DEVELOPING THE NEEDED INFORMATION

The information needed can be developed through four components of MIS



- Internal Records System
- Marketing Intelligence System
- Marketing Research System
- Marketing Decision Support System

Internal Records System

- ❖ Internal records information consists of information gathered from sources within the company to evaluate marketing performance and to detect marketing problems and opportunities.
- ❖ The internal reporting systems enable a company to always be aware of how they are performing as a team and what issues may need addressing.
- ❖ Marketing managers get lots of information from the internal-records of the company. These records provide current information about sales, costs, inventories, cash flows and account receivable and payable. Many companies maintain their computerized internal records
- ❖ The internal records that are of immediate value to marketing decisions are: orders received, stockholdings and sales invoices.
- ❖ Most marketing managers use internal records and reports regularly, especially for making day-to-day planning, implementation and control decisions.
- ❖ Companies organize their information in databases-customer databases, salesperson databases etc.
- ❖ Companies warehouse these data and make them easily accessible to decision makers
- ❖ Companies can mine the data and garner fresh insights into neglected customer segments, recent trends and other useful 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.

Marketing Intelligence System

While internal report system concerns with information available from internal records of organization, 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.

It collects information from external sources. It provides information about current marketing-environment and changing conditions in the market. This information can be easily gathered from external sources like magazines, trade journals, commercial press, trade press, census, so on. This information cannot be collected from the Annual Reports of the Trade Association and Chambers of Commerce, Annual Report of Companies, etc.

steps to improve marketing intelligence

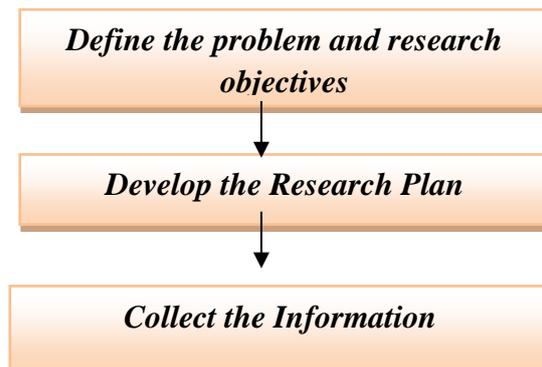
1. Company can train and motivate the sales force to spot and report new developments.
2. Company can motivate intermediaries to pass along important intelligence.
3. Companies can collect competitive intelligence by purchasing competitors products, attending trade shows, collecting competitors ads, reading their published reports, looking up new stories on the internet, talking to employees, dealers distributors, suppliers etc
4. Companies can set up customer advisory panel made up of representative customers.
5. A company can purchase information from outside suppliers
6. Some companies circulate marketing intelligence.

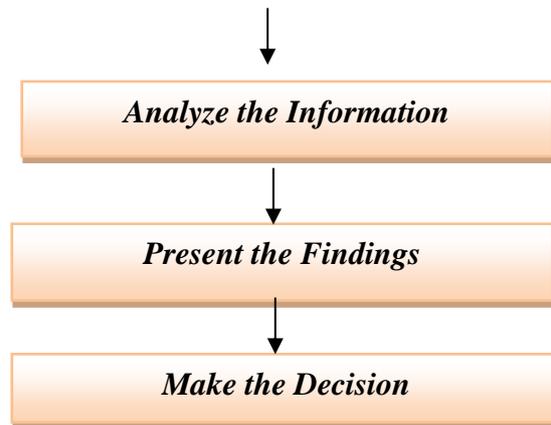
The information which is collected from the external sources cannot be used directly. It must be first evaluated and arranged in a proper order. It can be then used by the marketing manager for taking decisions and making policies about marketing.

Marketing Research System

- Marketing research is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing the company.

Process of Marketing Research





Marketing Decision Support System

M.D.S.S is a coordinated collection of data , systems ,tools and techniques with supporting software and hardware by which an organization gathers and interprets relevant information from business and environment and turns it into a basis for marketing action

Modern MDSS comprises of many statistical tools models and optimization routines such as

Statistical tools: Multiple Regression, Discriminant Analysis, Factor Analysis, Cluster Analysis, Conjoint Analysis, Multi Dimensional Scaling etc.

Models: Markov Process Models, Quilling Models, New Product Pretest Models, Sales Response Models etc.

Optimization routines: Differential Calculus, Mathematical Programming, Statistical Decision Theory, Game Theory, Heuristics etc.

STEP 3. ANALYSING THE MARKETING INFORMATION

The information is analyzed by the managers and decision makers with the MDSS tools and techniques

STEP 4. DISTRIBUTING AND USING MARKETING INFORMATION

Marketing Information System has no value until it is used to make a better marketing decisions does the marketing information system must provider right and adequate information right time to the decision makers.

THE NEED OF MARKETING INFORMATION SYSTEM

- ❖ Competitive pressures require the Organizations to have the ability to compete, to produce, and to market developed products more quickly than before
- ❖ The steady increase in consumer expectations and what they expect of products, in terms of its ability to satisfy their needs, and the consequences of less serious or inaccurate decision taking due to the lack or inaccuracy of the information upon which the decision will be built, and its impact on the organization's success and sustainability.
- ❖ The widespread production and distribution contributed to the emergence of large markets, and their requirements of a large number of intermediaries between producers and final consumers, these intermediaries become a barrier to the flow of data that can guide the development of marketing decisions related to the consumers needs and desires, as a result the widening gap between producers and final consumers reinforce the importance of marketing information system in bridging this gap .
- ❖ Because of the information revolution each organization has more than one source of information, but the problem lies in how to use and manage this information, with the development of computers and other operating data equipment, it has become quick and inexpensive for management to run and analyze vast amounts of marketing data and provide information necessary for effective decisions.

ADVANTAGES OF MARKETING INFORMATION SYSTEM

Market Monitoring

MKIS helps managers to recognize marketing trends. The changing trends may be in respect of prices, product design, packaging, promotion schemes, etc.

Strategy Development

MKIS provides the information necessary to develop marketing strategy. Provides the foundation for the development information system-dependent e-commerce strategies.

Facilitates Marketing Planning and Control

Effective market planning is required in terms of product planning, pricing, promotion and distribution.

Quick supply of information

A firm has to take quick decision for this purpose; it requires fast flow of information which is facilitated by a properly designed MKIS.

Quality of decision-making

In every aspect of marketing, there is a need to make constant and correct decisions. A properly designed marketing information system promptly supplies reliable and relevant information.

Tapping of business opportunities

MKIS makes it possible to tap business opportunities as it can supply required and reliable data.

Provides Marketing Intelligence Marketing intelligence refers to information of the events that are happening in the external environment, i.e., changes in customer tastes, expectations, competitor's strategies, Govt. policies, international environment, etc. with the help of MKIS specialists, it is possible to collect marketing intelligence which is vital to make effective marketing decisions.

Help managers to recognize change

A firm which is well equipped with MKIS will be able to realize the need to change the line of business.

Integration of Information and Functional Integration

Firms, which are largely decentralized can gather information which is scattered at many centers or departments and integrate it for effective decision making.

Strategy Implementation

MKIS provides support for product launches, enables the coordination of marketing strategies, and is an integral part of sales force automation (SFA), customer relationship management (CRM), and customer service systems implementations.

Builds relationships within the organization

MKIS brings together many different kinds of data, people, equipment, and procedures to help an organization make better decisions.

Convenient Storage

MKIS can organize data collection and store these important data for over several time periods.

Fills up Information Gap

Marketing information system facilitates the companies involved in global retailing and other international trade practices. The purpose is to meet their information needs and being aware of the world-wide scenario.

Competing Over Non-Price Factors

MKIS is used for adopting non-price competition strategies. It facilitates brand image, product customization, product differentiation, public relations, additional services, etc., to retain consumers without any price war.

Demand Creation and Fulfillment

It also provides information on customer requirements. Thus, generating the need for those products which are desired by the consumer's subconscious mind, through marketing research and then meeting such needs in reality.

Saves Cost and Time

Marketing information system targets the problem area and takes desired decisions to avoid the wastage of time, cost and efforts on unnecessary activities.

ESSENTIAL REQUISITES OF A GOOD MKIS

- ❖ **Unified and centralized:**
 - ✓ MKIS must be unified and centralized.
- ❖ **Facilitate decision making:**
 - ✓ MKIS must facilitate decision making.
- ❖ **Quick and accurate information:**
 - ✓ MKIS must provide quick and accurate information.
- ❖ **Economical:**
 - ✓ MKIS must be economical.
- ❖ **Selective:**
 - ✓ MKIS must be selective.
- ❖ **Future-oriented:**
 - ✓ MKIS must be forward looking i.e. future-oriented.
- ❖ **Supply information regularly:**
 - ✓ MKIS must supply information regularly.
- ❖ **Use new techniques:**
 - ✓ MKIS must use new techniques for collecting, analyzing, storing and supplying information

ROLE OF MARKETING INFORMATION SYSTEM IN DECISION-MAKING

Marketing information system consists of people, facilities, and integrated procedures that is used to provide management with accurate and regulated information about the environment and related marketing, which helps decision makers to hunt opportunities and build strategies and marketing plans.

Kotler realizes that marketing information system is a compound network, composed of interrelated-relations between people, machines, and procedures to provide a flow of structured information, relying on the internal and external sources of the institution that directed mainly to the formation of marketing decisions base. Despite the fact, that there are large and variety numbers of marketing information system definitions, but all of them are focused in one sense which is: the marketing information system is a structure composed of personnel, equipment, that ensuring the flow of internal and external information, which allows the spread and control of the organization's external environment, and the rationalization of marketing decisions

Marketing information system represents efforts of the companies to provide pertinent decision-making information to marketing managers on regular basis. Marketing information is the lifeblood of marketing process; marketing decision won't be taken in the absence of marketing information. Marketing decisions are affected by many internal and external environmental variables, so the marketing decision maker needs a great deal of information related to these variables, to predict their directions and their expected effects on the internal activities of the organization and the market, in order to make the rational marketing decisions in an uncertainty environment facing the marketing administration.

All marketing organizations are trying to find out and determine the nature of the markets and their trends needs and changes that occur in these markets, as well as trying to know the competitors, prices, options and other marketing information which is the key to success for any marketing decision.

MKIS provides for an orderly arrangement of the gathered data to provide useful information for further marketing planning and decision making. Marketing information system helps to monitor and evaluate the marketing operations and

programmes. Thus through MKIS, a business can not only have information but also have better evaluation and controls. It regularly keeps an eye on any changing trends in the economic, political, technological and competitive environments. It helps to grab new opportunities and prepare for the upcoming challenges. Marketing Information system assesses the market demand and prospective sales to ensure effective planning of the marketing operations. Thus one can say that it is a useful tool for future decision making involving the strategic, operational and control related decisions.

CONCLUSION

The existence of an adequate information system which would secure data acquisition and analyses, as well as the transformation of the data into useful information is an essential condition for a company to function effectively. Successful companies should be flexible enough to adapt to the changes brought by intensive alternations in business environment. The design of marketing information system has been initiated for this particular purpose. The main task of this application is to improve the efficiency of a company's operations through the implementation of the research process. Marketing information system is the fundamental precondition for the successful realization of the research project, i.e. the means used by producers in order to collect information about the, needs of the consumers.

Marketing information system plays an important role in raising the efficiency of economic performance to the companies in highly competitive markets, through providing the necessary information for the various administrative levels. The success of the marketing process depends to a large extent on the marketing information system and the success in each elements of this system.

Marketing information system has been needed by marketing management for the purpose of identifying, measuring, and forecasting marketing opportunities, besides, analyzing of market segments. The marketing success in the organization depends basically on the availability and the accuracy of marketing information from its multiple sources.

A marketing information system ensures efficient communication within an organization. It provides team members with reliable and valuable information to keep all internal teams informed and focused on specific tasks and goals. This can also help prevent miscommunication by providing everyone with the same access to shared information.

Using Marketing Information System can foster the overall success of the organization. Using well-organized data and analyzing and interpreting it, will make better, strategic, tactic and operational marketing decisions. Thus efficient MKIS helps in taking right decisions at the right time and become a strong foundation for a more efficient business.

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