

A STUDY ON MODELS OF MARKETING INTELLIGENCE

V.V.Devi Prasad Kotni*

Abstract:

The successful business will be Customer-Driven rather than Product-Driven. Every day customers, competitors, suppliers, and employees are providing bits of Information useful to business owners. All these information is very important for a business firm practicing marketing. This information is often called intelligence, if it processed and used in a specific manner. Making critical decisions without sufficient information is a typical problem that companies are facing. The key for these problems may be designing Marketing Intelligence system for the organization. Marketing Intelligence allows the user to respond based on the performance measures, graphical trends, drill down reports, and favorite reports. Hence it is proposed to study some models of Marketing Intelligence that are developed by various institutions. The objectives of this study is to review the literature on Marketing Intelligence, study some models of Marketing Intelligence and finally offering recommendations for better Marketing Intelligence solutions for effective business performance.

Key words: *Marketing Intelligence – MI – Marketing – Marketing Research – MI Models – Marketing Intelligence Models – Developing MI System – Benefits of Marketing Intelligence.*

* Assistant Professor, Department of Management Studies, GVP College for Degree and PG Courses, Visakhapatnam, AP, India.

Business Intelligence (BI) systems are used to improve an enterprise's decision making by combining tools for gathering, storing, accessing, and analyzing business data. As they manage their businesses and compete in a global market, decision makers face many questions every day. These solutions provide a single source through which to analyze a company's disparate data sources, permitting users to execute queries without the assistance of technical staff. More and more, companies are faced with the need to control an ever larger and rapidly changing marketing environment. The information processing requirements of companies are expanding as their competitive environments become more dynamic and volatile [1]. Effectively managing the performance of the business means knowing what questions to ask and having the facts readily at hand to answer them. This is what BI delivers. BI is a combination of the tools and systems involved in an enterprise's strategic planning that aid in its analysis. BI, at its core, is the ability to access data from multiple sources within an enterprise and deliver it to business users for analysis [2]. Business intelligence tools and systems play a key role in the strategic planning process of a firm. These systems allow the firm to gather, store, access, and analyze corporate data to aid in decision making. The science of BI is being utilized by specialists in different business fields today. Business intelligence comprises several components—financial intelligence, marketing intelligence, accounting intelligence, and management intelligence among others.

Successful business planning and development requires a good understanding of market potential, and of your capabilities against those of competitors. B2B company executives must not only generate winning ideas on how their organizations can grow by developing new products and markets, they are also accountable for performance once plans are put into place. Customer orientated organisations have to look after the changing needs of the customer and try to deliver high value with the same cost. Having this objective, entails having the organization learn from its marketing successes and failures; hence, you need the ability to review results of your efforts, as well as to have the tools to analyze and identify ways to improve your marketing activities. Market Intelligence Systems will keep track of all the occurrences in the market depending the way the model of Market Intelligence is designed.

Need for the Study: The customer-centric marketing organization aims to continually improve its marketing strategies. Every day customers, competitors, suppliers, and employees are providing bits of Information useful to business owners. Customers are talking with sales people and service associates, competitors are sharing their plans with your customers, frontline employees are seeing opportunities and experiencing problems, and suppliers are bargaining to someone. All these information is very important for a business firm practicing marketing. Making critical decisions without sufficient information is a typical problem that companies are facing. While information is unlimited, time and budgets are not. The key for these problems may be designing Marketing Intelligence system for the organization. Marketing Intelligence allows the user to respond based on the performance measures, graphical trends, drill down reports, and favorite reports. Hence it is proposed to organize a study on Marketing Intelligence.

Objectives of the Study: The primary objective of the study is to study various models of Marketing Intelligence that are developed and implemented by various institutions. The secondary objectives include reviewing the literature of Marketing Intelligence and finally offering recommendations for better Marketing Intelligence solutions for effective business performance.

Review of Literature: Marketing Intelligence

MI consists of information gathered from the outside of confines of the business and helps marketing managers to make better decisions related to the business. A Market Intelligence System employs various methods of collecting valuable data or information that enables you to forecast the direction of market. American Marketing Association [3] marketing is defined as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing Intelligence (MI) systemically gathers and processes critical business information, transforming it into actionable management intelligence for marketing decisions.

Marketing Intelligence allows the user to respond based on the performance measures, graphical trends, drill down reports, and favorite reports. Cornish (1997) [4] defined MI as it is “the process of acquiring and analyzing information in order to understand the market (both existing and potential customers); to determine the current and future needs and preferences, attitudes and behavior of the market; and to assess changes in the business environment that may affect the size and nature of the market in future.”

The publishing giant Wiley [5] published that Marketing Intelligence has the capacity to be at the forefront in contributing to the development of a business environment through strategic research, risk and policy analysis, credit-rating documentation, storage, publication, reporting, and communication of reliable, timely, and objective business information. Michael Huster (2005) [6] opined that Marketing Intelligence calls for understanding, analyzing and assessing the internal and external environment related to a company’s customers, competitors, markets, and industry to enhance the decision-making process. This would require the integration of competitive intelligence, marketing research, market analysis, and business and financial analysis information.

A Google search on “Market Intelligence” leads to vertical market or technology category coverage, industry news, database products, and financial market focus. Many disciplines that make up traditional market research process evolved out of consumer packaged goods industries and, therefore, fit imperfectly into the B2B world. According to a First Resource survey of 16 marketing executives across industries, market intelligence is best defined as:

- A process, not a product
- Both quantitative and qualitative
- Dynamic, not static
- An ongoing activity, not a one-time snapshot
- Multifaceted—considers customers, influencers, industry watchers, and channel players

- Cross-functional—it brings together perspectives often followed by different groups (sales and marketing)
- A subset of Business Intelligence (BI) that focuses on external market data
- Market intelligence is decision-centric

The benefits of MI are like it is modeled based on customer and market orientation so that it enables the marketers to deliver better value along with the actual product or service. MI saves resources of an organisation in terms of time, money and efforts for ease of finding information from business environment which is getting increasingly complex and dynamic. MI identifies the types of outbound and inbound channels that are effective in the sales of your products and services. MI assists in developing business and marketing strategies by minimizing investment risks. MI enables the marketing managers to recognize the channels that are most effective for the sales of your products and services. MI evaluates the effectiveness of current practices and practices and prompts the decision makers to adapt changes on model, if necessary.

Internal record system of an organisation supplies results of data whereas Marketing Intelligence system supplies happenings of data. Marketing intelligence may be obtained with help of Salesman, Middleman, Customers, Ghost shoppers, Purchasing information, Internal marketing information center, Business support organisations,

Governmental organisations, Trade associations, National statistical offices, Trade magazines, News papers and Internet. The users of MI include senior executives, middle level managers and marketing analysts. The components of MI include Information, Information Management Process, Intelligence Development Processes, Computer system and an organisation focus.

Stages in developing a Marketing Intelligence System

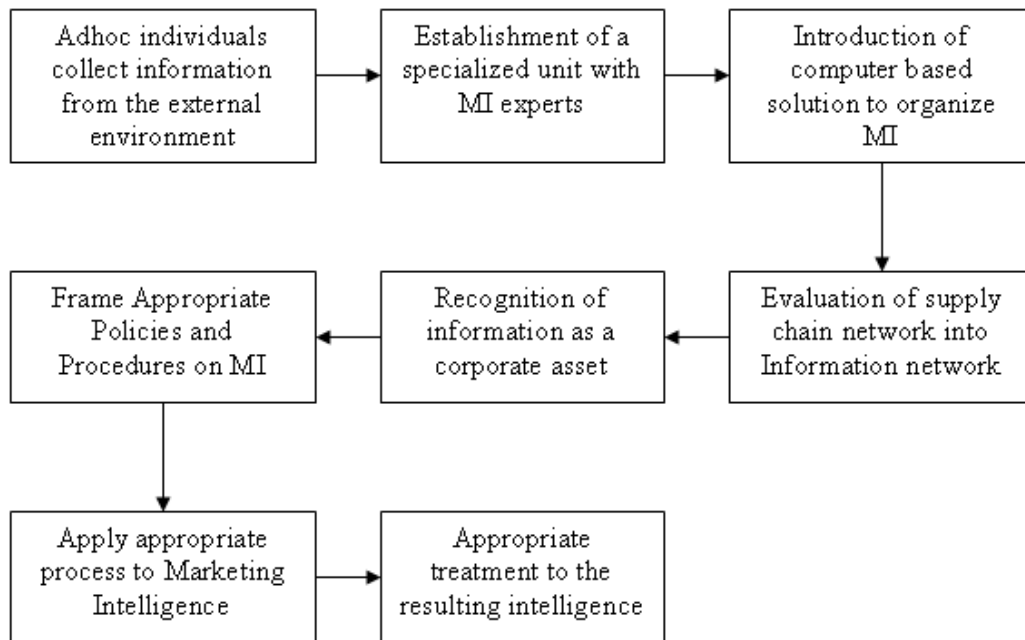


Figure 1: Step-by-step process in development of MI System

The Development process of Marketing Intelligence System can broadly be divided into three stages. Firstly, appointment of MI team that consists of individuals to collect information, MI experts to process information and adaption of a computer based system. Secondly, framing the information policies and procedures on MI. Thirdly, application of appropriate process to MI and appropriate treatment to the resultant information to make effective decisions. The effectiveness of decision depends on the accuracy of information. The accuracy of information depends on application of the appropriate process to the information. In order to design an appropriate process the following models of Marketing Intelligence have been designed and implemented by various institutions.

Model 1: MI model of Latitude Consulting firm

Model 2: MI model of First Resource Consulting firm.

Model 3: MI model of Oracle Corporation

Model 4: MI model of Brokers Choice of America.

MODEL 1: Marketing Intelligence Model proposed by Latitude consulting firm

Latitude is an independent strategy consulting firm working with businesses and public organizations in issues of strategy, sustainability, trade-related economic growth and corporate training programs. The firm designed the following MI model [9].

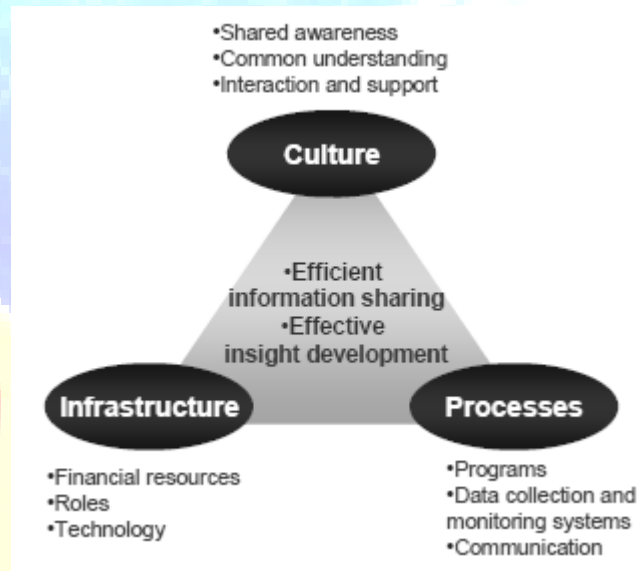


Figure 2: MI model proposed by Latitude Consulting firm

Designing and implementing the necessary systems to improve an organization's market intelligence capabilities will depend on factors such as size, needs and resources available. Yet, it is important to consider all the elements that will strengthen market intelligence efforts so managers can make a conscious assessment of how to best organize their research activities. Efficient information sharing and Effective insight development will enable the Marketing

Intelligence system effective. This module is divided into three sub systems i.e. Culture, Infrastructure and Processes.

Culture: Culture can be the total of the inherited ideas, beliefs, values, and knowledge, which constitute the shared bases of social action. Shared awareness, common understanding, interaction and support among customers in a society can give very good inputs for the Marketing Intelligence.

Infrastructure: Infrastructure should be top priority in order to manage and maintain the information. The infrastructural resources like technology, Information and Communication devices, financial resources, human resources play significant role in developing and maintaining intelligence database.

Processes: The Information collected from Culture using Infrastructural resources will be processed using programs based on this model and various data collection systems. A collection of software programs will be developed based on the model to process the information. Every sub module will have a program to process the data. After raw data is processed, the information will be communicated to users of MI system.

MODEL 2: Marketing Intelligence Model proposed by First Resource Consulting firm



Figure 3: MI model proposed by First Source consulting firm

This model [10] suggests that a Marketing Intelligence system is a combination of information of Competitive Environment, Market Place and Customer or Prospect research. These are the three pillars of Marketing Intelligence. Each focus provides a different perspective and insight that supports decision making. Synergistically, it's best to have all three. The whole is greater than the sum of the parts in that, when considered collectively, decision making encompasses a far greater understanding of all aspects of the market.

Customer or Prospect Research: Prospective Customer is the one who has ability to pay for the product and willingness to buy. The prospects can be identified in marketing research in many ways like customer databases, retail databases, salesman research, marketing consultants, old records of the company etc. After a prospect is identified, the needs and wants of the customer, perceptions towards product, tastes and preferences etc will be fed into MI system.

Market place or Industry: Market place consists of Products, Services, Customers, Competitors, Distributors, Agents, Wholesalers, Retailers, Salespeople etc. Information about all these people and processes should be fed into the MI System. Apart from these individuals, information can be generated from some agencies like regulators and watchdog agencies, professional groups and societies, standard setting entities, Public Opinion etc.

Competitive Environment: The complete information about the competitors should be stored in this module. Not only information of existing competitors but also the information of potential competitors has to be stored in the MI system. If a firm doesn't know the information about existing and potential competitors, the firm is heading in risk and uncertainty.

This model of Marketing Intelligence is simple and practical that can be adopted by a small size firm to a mid size firm with less cost and resources.

MODEL 3: Marketing Intelligence Model proposed by Oracle Corporation

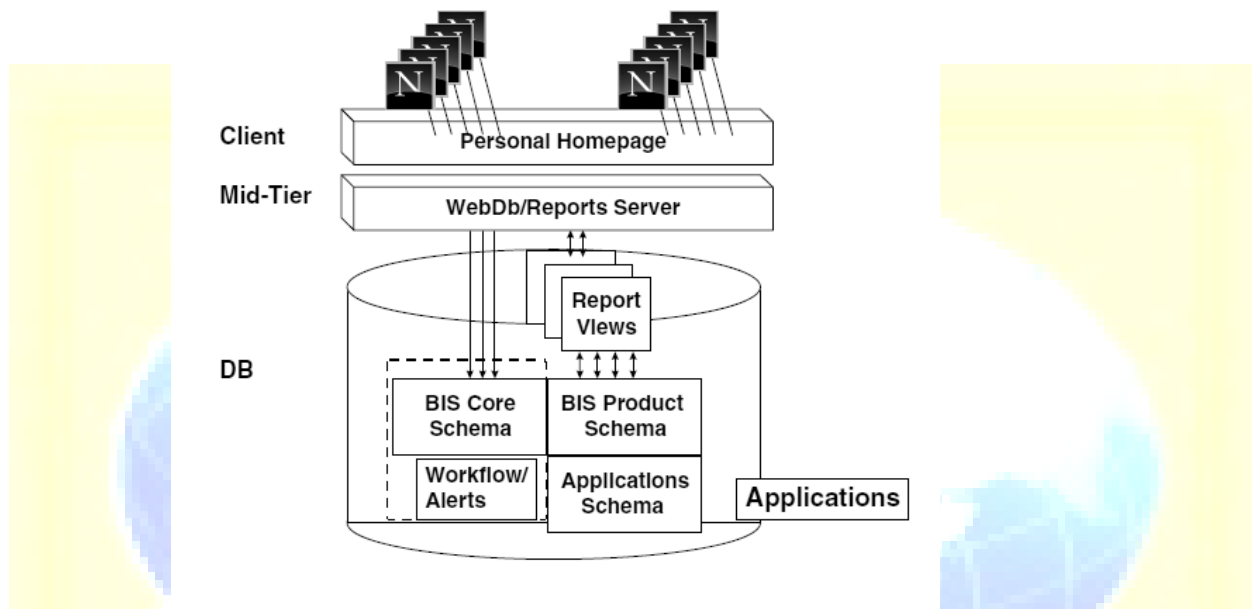


Figure 4: MI Model proposed by Oracle Corporation

Software Development Giant Oracle Corporation has developed a web based model of Marketing Intelligence [11] for a global marketing company. With this system, the users of MI can work from anywhere in the world. This model is divided into three layers i.e. Client-end, Middle-Tier and Backend-Database.

Client: Client is the user of the MI. A Client can be a salesman, a marketing manager, a customer or any executive from top management. Depending on the given privileges to users, a user is allowed to view privileged information only.

Mid-tier: A Mid-tier is an interface between the client-end interface and Backend database server. A middleware system is designed for filtering data, processing data and transferring it to a

specific module. A middleware system can handle a number of requests from users globally. It contains a Web-Database server and Reports server to handle the requests. The Web-Database server stores and retrieves the data from the Backend Database and transfers the requested information to Reports Server to generate report for the user.

Backend-Database: A Backend-Database contains a number of application programs to process the marketing intelligence information and supply it to client users through middleware. It has a number of application programs like BIS (Business Intelligence System) core schema, BIS product schema, Applications schema and work flow alerts. It also contains a module called Report views which will generate periodical reports for different clients. Backend –Database stores all information in a format required by the basic model of MI.

MODEL 4: Marketing Intelligence Model proposed by Brokers Choice of America

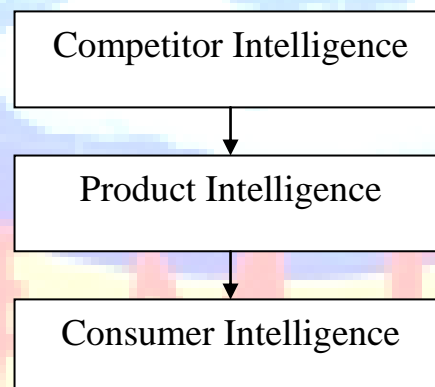


Figure 5: MI Model proposed by Brokers Choice of America

Brokers Choice of America (BCA) is a nationally recognized an insurance brokerage company leader which is dedicated to help in building businesses in America. BCA developed a Marketing Intelligence Model [12] for prospecting customers, developing customized products for individual customers, keeping an eye on competitors and finally bring success in the business. The below Marketing Intelligence model was developed with three modules i.e. Competitor Intelligence, Product Intelligence and Consumer Intelligence.

Competitor Intelligence: The MI system should also get the information from the external environment. The information about competitor must be fed into the system in order to change the marketing strategies that will defend the strategies of the competitor. The competitor will not offer information to anyone that belongs to external environment of his business. But the sources like suppliers, agents, middleman, distributors, wholesalers, retailers and customers may provide information to the salesman or marketing executives who directly interact with market people.

Product Intelligence: Product is something that satisfies a need or want of an individual or an organisation. There will be some service behind every product. That service will serve the need of individual or organisation. After a specific need is identified in the marketing research process, the next step is to design the product. There are different layers in making a product. Core products (the core ingredients of the product i.e. the brand name, design, style color etc), Formal product (this contains attributes, instructions, quality, packaging etc.), Augmented products (this contains the extra benefits given with the product like guarantees, warranties, customer complaint management etc.), Future product (products with customized designs with the futuristic approach of the company).

Consumer Intelligence: The information about consumer should be stored in this module. Demographic information like age, occupation, income, gender, family structure, household information etc. should be gathered through marketing research. Geographic information like market structures, Psychographic information like attitudes, perceptions, values, believes, personality, opinions, interests etc. must have to be stored and processed against the marketing strategy. Finally, Behavioral information like shopping behavior, buying behavior etc also have to be given importance in MI system.

Recommendations for better MI performance:

- The success of MI model depends on the users. Before developing any MI model, the exact users and their roles should be defined in advance. A good focus on critical needs of

the users and mapping them into MI solutions should be systematic and continuous process to improve it.

- Create intelligence culture in organisation. The usage MI solutions in business should become a culture of the company. Information policies and standards should be well defined.
- Implement a sourcing strategy that organizes and expands people network constantly. Promote communication so that as much information you can collect.
- Design and implement MI processes that should be integrated with decision making. Then identify and build infrastructure that gives a result-driven organisation with optimized resources.
- Organize a pilot project and then select and adapt appropriate technology. Look after the intelligence process and thereby focus the dissemination market the capability
- Adopt a specialized Marketing Intelligence tool which enables goal sharing of MI and Design and produce concentrate market intelligence deliverables.
- Always check out and monitor performance.

Conclusion:

Market intelligence is simple in concept but powerful in effect. A Market Intelligence System employs various methods of collecting valuable data or information that enables you to forecast the direction of market. At its base level, market intelligence is comprised of data collection activity, analytical tools, and the discipline to integrate resulting knowledge gained into the planning cycle. At the best practice level, its practice enjoys a corporate culture where unbiased and honest assessment of customer perceptions, competitive offerings, and market trends allow for actionable insights that drive critical business decisions. MI takes a more long-term look at the market research report and defines what data means on a deeper level. Although challenging to implement at the best practice levels, even base-level implementation has measurable value in that it leads to a more robust decision-making process.

References:

- [1] Child, J., "Information technology, organization, and the response to strategic challenges", *California Management Review*, Vol. 30 No. 1, fall 1987, pp. 33-50.
- [2] Making Sense of Marketing Intelligence, retrieved from http://www.directionsgroup.com/Directions_Group_Newsletter_Winter_2002.pdf and http://www.cognos.com/products/bi_whitepaper.pdf.
- [3] Lisa A. Keefe, "Marketing Defined," *Marketing News*, January 15, 2007, pp. 28–29.
- [4] S. L. Cornish, "Product Innovation and the Spatial Dynamics of Market Intelligence: Does Proximity to Markets Matter?" *Economic Geography*, Vol. 73, No. 2 (April 1997), pp. 147.
- [5] A Decision Making Perspective on Marketing Intelligence, retrieved from http://media.wiley.com/product_data/excerpt/39/EHEP0002/EHEP000239-1.pdf.
- [6] Michael Huster, "Marketing Intelligence: A First Mover Advantage," *Competitive Intelligence Magazine*, Washington: Vol. 8, Issue. 2 (March/April 2005), p. 13.
- [7] Kotler, P., "A design for the firm's marketing nerve center", *Business Horizons*, Vol. 9 No. 3, Fall 1966, pp. 63-74.
- [8] Kotler, P., (1988) *Marketing Management: Analysis Planning and Control*, Prentice-Hall p. 102.
- [9] Action Guide for Exporters, "Marketing Intelligence: A key to boost export", www.latitudeglobal.com.
- [10] Making sense of Marketing Intelligence, first resource, Dec 2009.
- [11] Oracle Marketing Intelligence Implementation Guide, Release 11i, August 2000.
- [12] Sundance Marketing (2008), "What is Marketing Intelligence?", Brokers Choice of America.