

Data Diving

Identifying Marketing Data



Just the facts

What's the source?

Go for seconds

Data Based



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It's time for Robin's Bakery to plan its next marketing campaign. The bakery's business manager, Gabbie, wants to take out several newspaper ads, run a summer-long special on cupcakes, and try to obtain some catering contracts with local businesses. While these are all good ideas, Gabbie doesn't realize that most of the newspaper's subscribers aren't in the bakery's target market, the bakery down the street is running a cupcake special already, and the business doesn't have the money to buy a catering van right now.

Gabbie wants to make her business successful, but she needs more data so she can make better marketing decisions. There are many types of information that can help with marketing decision making—sales data, customer data, competitor data, etc. Thriving businesses take the time and effort to gather and analyze this data and use it to their best advantage. Learn the skills you need to gather useful marketing data for *your* business.

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Think about some of the decisions you've made this week. Perhaps you ordered pizza for a class party, chose a new pair of running shoes, or purchased a birthday gift for your best friend. Each of those decisions required you to have some **data** (information) on hand. For the pizza party, you needed to know how many students were in the class and what toppings they liked. For the shoes, you needed to know what brand was the most comfortable and what the store's return policy was. For the gift, you needed to know what your friend needed or wanted and how much money you had available to spend.

You can make decisions without having or using data, but those decisions are much less likely to be successful if you make them blindly. Not using the available data could have resulted in the class not having enough pizza or your best friend getting a DVD he already has. Businesses require data for decision making, too. How can a business increase sales in a particular market segment if it doesn't even know that sales are lagging in that segment? How can a business address frequent customer complaints if it doesn't even know what those complaints are?

Sources of Primary Data	Sources of Secondary Data
Current Customers	Company Sales Records/Invoices
Vendors	Financial Statements
Employees	Customer Databases
Management	Customer Comment Cards
Channel Members	Trade Associations and Publications
Former Customers	Competitors' Web Sites
Prospective Customers	Directories

Objectives

- A** Explain the nature of secondary data monitored for marketing decision making.
- B** Demonstrate procedures for identifying data to monitor for marketing decision making.

Identifying, gathering, organizing, analyzing, and using data for marketing decision making is a crucial task for every organization. Data can come from either primary or secondary sources. **Primary data** come from new research the organization carries out on its own initiative—a marketing research study or focus group, for example. **Secondary data** come from research that is already available—internal financial records, sales invoices, and public investment information, to name just a few sources.



In this LAP, we'll focus on identifying important data from secondary sources. Let's take a quick look at some of the main categories in which secondary data can be found.

The sales team

A company's sales records are an invaluable source of data that can be used for marketing decision making. Two important analyses that can be derived from sales data are sales volume analysis and market share analysis. **Sales volume analysis** allows a company to measure its actual sales against a number of different criteria. The sales data can be broken down to show how sales differed among geographic areas, among products or product lines, or among market segments. They can also be used to measure actual sales against the company's goals for a particular month, quarter, or year. Managers can then use these findings to make adjustments to sales processes or marketing strategies.



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Market Share



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Market share analysis allows a company to measure its sales performance against those of its competitors. **Market share** is the company's portion of the total industry sales in a specific market. For example, if 10,000 private jets are manufactured in the United States this year, and the Gold Star Company produces 5,000 of them, the Gold Star Company has a 50 percent market share in the category. Managers can use market share data to judge how well the company is competing and to make necessary adjustments. Like sales volume data, market share data can be measured in specific market segments and measured against company goals.

Sales volume analyses and market share analyses can be very useful when managers use them hand in hand. Sales volume may increase during the same time period that market share decreases. How is this possible? Perhaps the market is growing as a whole, but competition is increasing. Successful businesses learn to keep a close eye on this important data.

Customers

Most companies strive to keep useful customer records—and if they don't, they need to start right away! Customers provide a wealth of secondary data that businesses can use for smart marketing decision making, including demographic data and insights into buying habits. Even customer complaints can be helpful. Many companies track these complaints: What were they? How were they resolved? Was the customer satisfied? Has

the customer returned to the business since the complaint was resolved? Wise use of this data can help the business take the appropriate steps to improve customer relations and increase marketing and sales success.



Sales volume analyses must look at the whole picture, not just total sales. Total sales may look good, but the company could still have underlying problems—underperformance of a certain product line or diminishing sales in a certain territory or industry. Looking below the surface of sales volume alone is often called adhering to the "iceberg" principle.

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Competitors

No business achieves marketing success without keeping a close watch on what competitors are doing. McDonald's marketers study Burger King. General Motors' marketers scrutinize Toyota's sales campaigns. And, JC Penney keeps an eye on the moves that Macy's is making. Knowing what competitors are up to can help marketers plan their strategies with more precision as they strive to hang on to every percentage of market share they can. Secondary data about competitors might include:

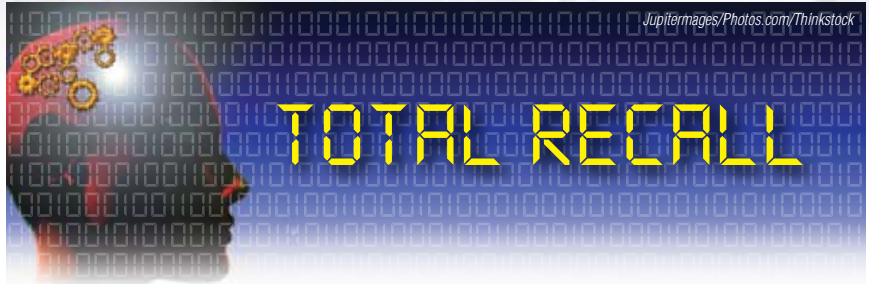
- Sales volume data
- Market share data
- Insights into the company's strengths and weaknesses
- Insights into the company's future plans (new products, new marketing campaigns, etc.)
- Financial records (for public corporations)



Obtaining secondary data about competitors can sometimes be tough. After all, it isn't as if businesses voluntarily share their information with the "enemy." Browsing the investor relations page of a company's web site can be a good place to start.

Summary

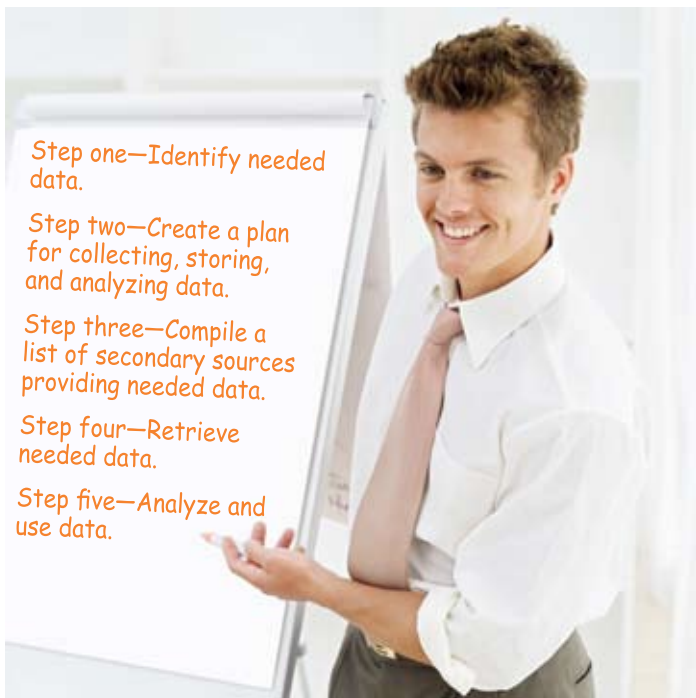
Businesses must have the proper data to make smart marketing decisions. Data can be either primary or secondary—primary data come from new research, whereas secondary data come from sources that have already been established. Useful data can come from sales records, customers, and competitors, among other sources.



1. What is primary data?
2. What is secondary data?
3. What is sales volume analysis?
4. What is market share analysis?
5. What important data can come from customers?
6. What do companies want to know about their competitors?



Get Informed



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You can identify and gather the data your business needs for marketing decision making by following a few steps. But, before you get started, keep a couple of basic rules in mind:

- One of the main goals of marketing is to create sales and profits for the company. If you overextend the company's resources (time, money, human resources) when gathering data, you may be defeating your own purpose. Create a plan that works reasonably within your company's size and budget.
- Avoid information overload! There is literally no end to the types and amount of data you can gather that could be relevant to your business's marketing efforts. But, gathering too *much* data can be almost as bad as not gathering any at all. Remember, data are only good to your business if they are useful. If you gather so much data that you can't possibly organize or analyze them all, they are going to be difficult or impossible to use. Create a plan that gathers the right types and amount of data for your company.

Step one—Identify needed data.

It's only logical—before you start gathering data, you must know what types of data you need. This means that you'll need to answer some important questions. You can start with the basics. Identify large categories of data you want to have on hand. Sales data, customer contact data, public data on major competitors—these are just a few examples. From here, you can break the categories down into smaller parts. For customer contact data, for instance, you might decide that you want names, addresses, phone numbers, e-mail addresses, and (for corporate clients) web site information.

You'll also need to set **parameters** (limits or boundaries) for the data you'll gather. For example, say that you are determining what data you'll need to measure sales volume. There are different ways to define a sale. **Has a sale occurred when the order is taken? When the product has been shipped or delivered? Or when the customer has paid?** However you define it, the data must be recorded consistently throughout the company, or sales volume analyses are likely to be inaccurate. You'll also need to decide what units of measure to use. **For sales, will you refer to dollar amounts, units sold, percentages, or all three? And how will you break down the data?** Here are just some of the ways that sales figures can be considered:

- By territory
- By customer group or type
- By salesperson
- By order size
- By product or product line
- By method of sale (online, catalog, in-store, etc.)
- By distribution method

As you can see, there's a lot to think through before getting started with gathering data. Don't move forward until you have a good handle on what you need.



THE GRAY ZONE



Shane works in marketing for a major manufacturer of household goods, such as laundry detergent, dish soap, shampoo, and deodorant. Over the past year, the company has been losing market share due to increasing competition from another business. Shane's friend Drew works for this competitor. She tells Shane that the company is getting ready to launch a brand-new product and offers to give him details about the project. Shane isn't sure what to do. He knows it's unethical for Drew to give out inside information about her company, but is it unethical for him to listen to and use the data to help his marketing team? What do you think?

Step two—Create a plan for collecting, storing, and analyzing data.

Collecting, storing, and analyzing the data needed for marketing decision making is a continuous process for almost all organizations. When planned correctly, it should run seamlessly without stopping. Most, if not all, employees will participate in the process in some way, though they may not even realize the importance of the data they're contributing.

Your plan should include answers to important questions such as these:

- Who will collect the data?
- For what tasks is each involved employee specifically responsible?
- What financial resources are necessary?
- Where will the financial resources come from?
- What technological resources are necessary (software, databases, etc.)?
- How will the data be stored and organized?
- To whom in the company will the data be distributed for analysis?
- How will they be distributed?



Create a strong foundation for your efforts by planning well during Step Two.



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Step three—Compile a list of secondary sources providing needed data.

Remember, secondary sources are places where data are already waiting for you—you don't have to conduct any research. If you find that there are not enough secondary data available to meet your company's needs, then you may have to go back, revise your plan, and conduct (or hire someone else to conduct) primary research.

 The Magic Bean Coffee Company 					
Sales Invoice		25125 E 129th St. Seattle, WA 98121		No. 19764	
Bill To: Central Perk 345 5th Ave New York, NY 10020			Corresponding Documents		
Date of Invoice 23-May-2011			Sales Order Number	Shipment Number for SO	Bill of Lading Number
			503	1	504
Coffee Mix Name	Mix Code	Mix Type	Quantity Sold	Price per Pound	Extended Price
Brazilian Roast	BR-1	Reg	575	\$6.25	\$3,593.75
French Roast	FR-2	Reg	325	\$6.50	\$2,112.50
Hazelnut	HZ-3	Blend	275	\$6.75	\$1,856.75
Subtotals			1175		\$7,563.00
Freight					\$427.56
Total Payment					\$7,990.56

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Here are some of the places you can look for useful secondary data:

Sales invoices. Many companies consider sales invoices to be one of their most valuable sources of data. From a single sales invoice, you may be able to determine:

- The customer's name and contact information
- The customer's industry (for a corporate client)
- The name of the salesperson
- The products or services purchased
- The sale amount in units and in dollars
- The terms of the sale (discounts, coupons, etc.)
- The method of payment
- The method and costs of shipping

Customer records. It's important to keep track of your customers—who they are, where they are, how your company interacts with them, etc. Customer records should include data such as:

- The customer's contact information (name, address, e-mail, company web site, etc.)
- The customer's industry
- The number of sales calls made and name(s) of salesperson(s)
- Sale amounts in dollars and units
- Annual purchases and product usage

Sales reports. Sales reports might cover the month, the quarter, the year, or an even longer period of time. These reports can provide important data such as:

- Total dollar and unit sales
- Sales in relation to prior time periods
- Sales in relation to goals
- Increases/decreases in sales percentages
- Sales in relation to budget

Expense reports. Salespeople are usually required to provide expense reports, detailing the costs of travel, lodging, food, and entertainment while on the road or calling on current clients or potential clients. These reports are useful when considered jointly with sales reports—many companies like to know how much they're spending, on average, to achieve each sale.

Call reports. **Call reports** are records of sales calls. Since not every sales call results in a sale, there are not always invoices to refer to for needed data. A call report records useful information whether or not a sale is made. In call reports, salespeople keep track of data including:

- Prospect contacted
- Names of contacts
- Prospect's needs
- Orders obtained
- Product(s) discussed

This list of secondary data sources is by no means a complete one. Depending on your company and industry, you may be able to find a number of additional sources for secondary data. Consider cash register receipts, credit-card applications, store audits, data from test markets, and customer letters or comment cards.

You might notice that customer records include some of the same data that can be found on sales invoices. You will likely find that many of your secondary sources include overlapping data. This shouldn't be a problem. As long as your data are accurate and well-organized, they will be useful for marketing decision making.

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Warranty cards. When a customer purchases a product with a warranty, s/he is usually required to provide the manufacturer and/or retailer with some basic data such as:

- Where the product was purchased
- The product's selling price
- The reason for the purchase
- What service the customer expects for the product in the future

Competitor data. As you know, keeping track of the competition is crucial when it comes to making marketing decisions. In addition to the data that can be found in public documents, you might find out more about your competitors by talking to customers or suppliers, or by referring to relevant market research studies.

Step four—Retrieve needed data.

You know what you need and where to find it—now, go get it! This is where the plan you created in Step Two comes to life. Every employee who handles data should know exactly how to record them and where to send them. Salespeople must submit their call reports and expense reports in a timely and accurate manner. Shipping managers must know what products have gone where, and when. And, the correct software or databases should be in place to store and organize the data efficiently. Larger companies often employ database administrators to oversee many of these tasks.



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Step five—Analyze and use data.

You've learned that data are no good unless they are useful. Once you have gathered and organized your data, you and your fellow marketers have to decide what to do with them. Using the data, you should be able to answer many key questions including:

- Why are our current sales numbers what they are? If the numbers are good, how can we keep the trend going? If the numbers are *not* good, what do we need to change?
- How can we improve our market share?
- How can we improve customer satisfaction?
- How can we become more competitive?
- How can our sales staff become more efficient?



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When you have a plan in place, gathering data from secondary sources to use for marketing decision making is not a difficult task. Keep your company “in the know” and ready to succeed.

Summary

When gathering data for marketing decision making, be careful not to overextend company resources or overload on information. The five steps in this process are: identifying needed data; creating a plan for collecting, storing, and analyzing that data; compiling a list of secondary sources providing needed data; retrieving needed data; and analyzing and using data.



1. List two basic rules about gathering data for marketing decision making.
2. Describe the following steps in the process of gathering data for marketing decision making:
 - a. Identify needed data.
 - b. Create a plan for collecting, storing, and analyzing data.
 - c. Compile a list of secondary sources providing needed data.
 - d. Retrieve needed data.
 - e. Analyze and use data.