Near East University

MARKETING RESEARCH

MARK 401

Internal secondary data and the use of databases

SESSION 4

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Dr. Eric Shiu lecture notes

Internal secondary data and the use of databases

If all you do is stick to research in an organisation like this, then you're dead really.

Chapter outline

1) Internal secondary data

2) Scanning devices

3) Relating customer data to scanning systems

4) Geodemographic data

5) Linking different types of data

6) Stages of development in using databases and survey data to build profiles of consumers and model marketing decisions

7) The datawarehouse

8) Data mining

9) Databases and marketing research

10) International marketing research

11) Ethics in marketing research

12) Internet and computing application

Examples of data generated from invoices that could help to understand consumer behaviour

- What products customers buy
- Which customers buy the most products
- Which customers repeat purchases
- Which customers appear only when there are special offers
- Where these customers are located
- How these customers pay – by cash or credit
- Which customers are the most profitable
- Seasonal patterns of purchasing behaviour by product types and customer types.

Marketers' benefits of 'loyalty' card and product scanning systems

- Profile of customers can be built up

- Products used and not used

- Communications that have worked and not worked

- Distribution methods can be tailored

Marketing researchers' benefits of 'loyalty' card and product scanning systems (Continued)

- One big laboratory

- Refining the marketing process

- Develop clear understanding of 'gaps' in knowledge of consumers

- Link of behavioural and attitudinal data

Geodemographic information system

At a base level, a geodemographic information system matches geographic information with demographic information. This allows subsequent data analyses to be presented on maps.

Geodemographic classification

Geodemographic classification groups consumers together based on the types of neighbourhood in which they live. If a set of neighbourhoods are similar across a wide range of demographic measures, they will also offer similar potential across most products, brands, services and media.

Sophisticated singles

Sophisticated Singles contains young people, mostly single and well educated, who positively enjoy the variety and stimulation afforded by life in large cities. Typically international in their outlook and with a rich network of personal contacts, they are quick to explore and adopt new social and political attitudes and are important agents of innovation, in terms of both lifestyles and the adoption of consumer products. Most are at the stage of their lives when the development of 'human' capital, i.e. skills, contacts, knowledge, continue to take precedence over the maximization of their incomes or indeed the accumulation of financial assets and much of their income is spent on 'experiences', such as entertainment, eating out, travel, books and magazines, rather than on equipment. They exhibit a variety of household arrangements and typically marry and have children late in their lives. Such people gravitate towards the smarter downtown areas of major cities where they spend short periods of time living in small, rented apartments.

Table 5.1 MOSAIC Global classification of the Global, Australian and Swedish

Classification descriptor	% of Global population[1]	% in Australian population	% in Swedish population
Sophisticated Singles	7.90	10.40	4.34
Bourgeois Prosperity	9.20	22.40	18.61
Career and Family	8.60	3.50	7.13
Comfortable Retirement	2.90	2.00	2.54
Routine Service Workers	9.30	3.80	11.40
Hard Working Blue Collar	10.90	18.90	5.59
Metropolitan Strugglers	18.50	5.00	26.02
Low Income Elders	6.20	4.20	10.25
Post Industrial Survivors	12.20	16.80	2.89
Rural Inheritance	14.60	13.30	11.22

[1] The countries where Experian are able to access data and build their groups

Table 5.2 Example of marketing research surveys that are linked to geodemographic classifications

| Marketing research survey	Markets covered	Linked geodemographic classifications
FRS – NOP's Financial Research Survey (www.gfknop.co.uk)	Financial	Acorn (www.acorn.caci.co.uk)
MFS – MORI's Financial Survey (www.mori.com)	Financial	Mosaic, (www.experian.co.uk) CAMEO (www.eurodirect.co.uk)
TNS – Taylor Nelson Sofres' Superpanel (www.superpanel.tns-global.com)	Fast moving consumer goods	Acorn (www.acorn.caci.co.uk)

Figure 5.1 Methods of segmenting markets
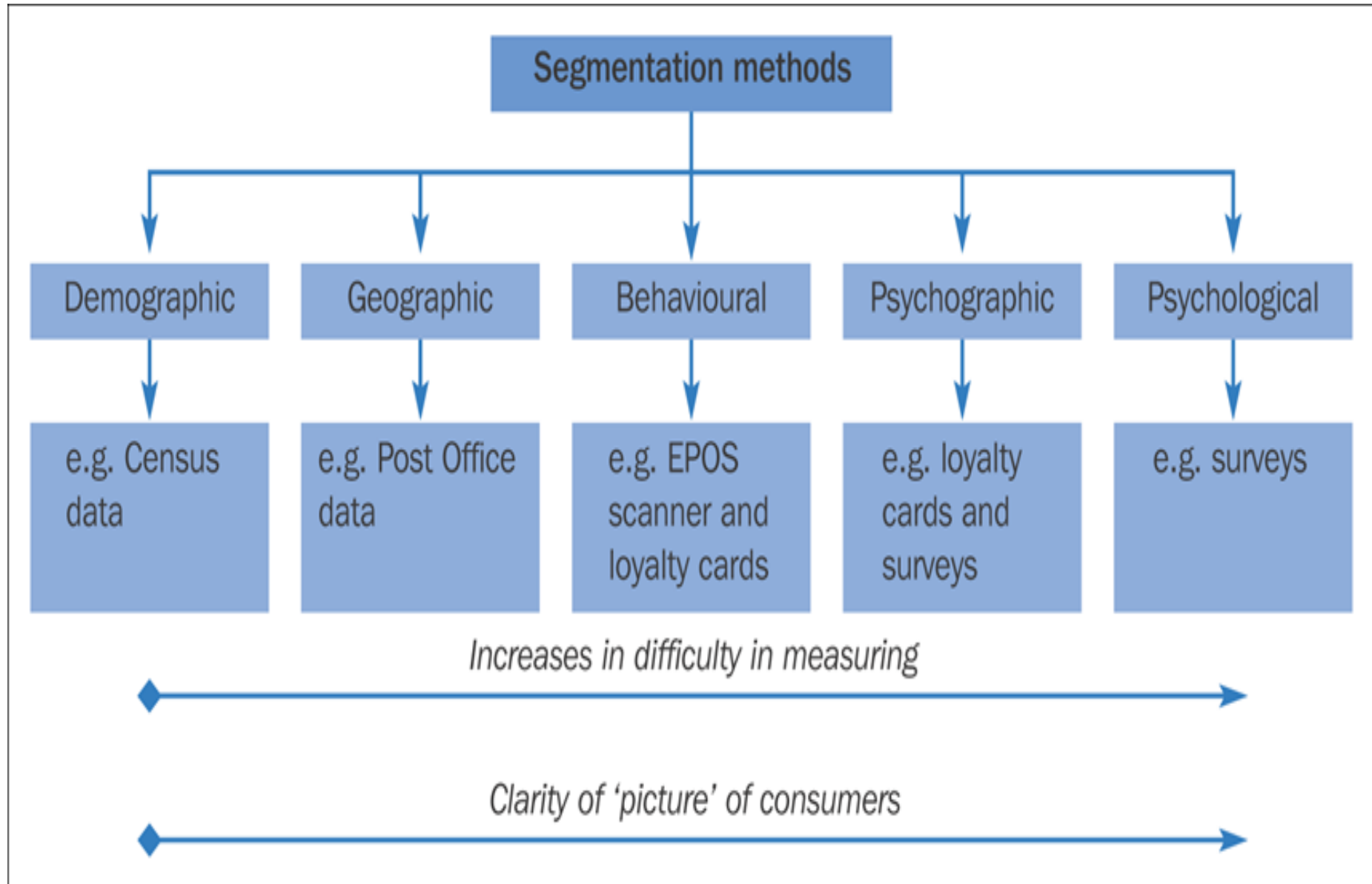
Figure 5.2 Stages of development in using databases and survey data to build profiles of consumers and model marketing decision
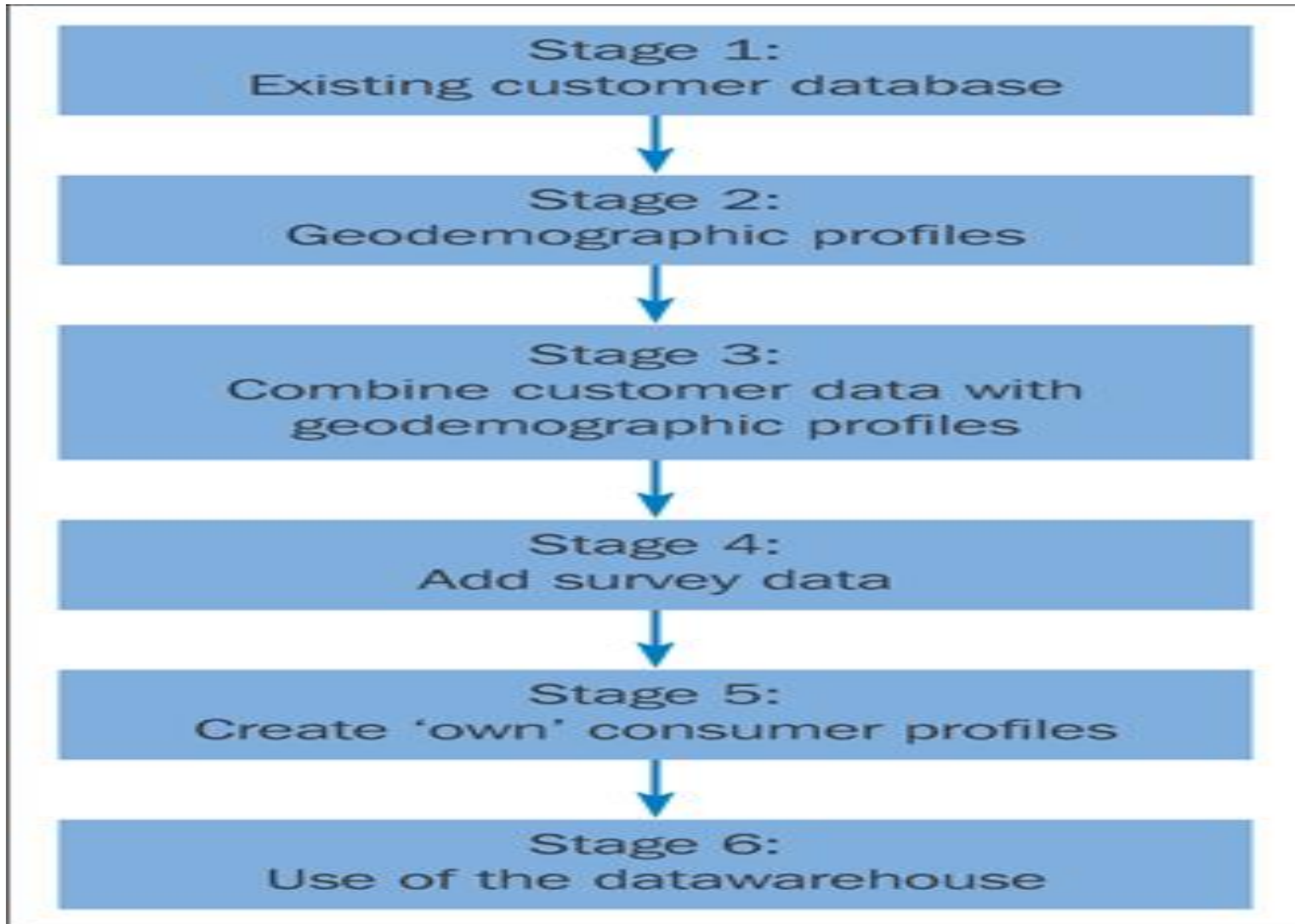
A datawarehouse

It is as much a process of gathering disparate data, converting it into a consistent format that can aid business decision making, as it is a configuration of software and hardware.

Datawarehouses empower users by providing them with access to a whole array of information in an organisation, making it available for use in other applications.

The datawarehouse has three components

- Acquisition – existing databases

- Storage – data from various sources

- Access – perform individual analyses

Data mining

The process of discovering meaningful correlations, patterns and trends by sifting through large amounts of data stored in repositories, using pattern recognition as well as statistical and mathematical techniques.

Examples of what data mining aims to do

- Classify customers into specific categories that are meaningful to decision-makers
- Identify potential target markets that possess the characteristics that decision-makers seek
- Forecast sales or the use of services
- Discover which types of products or services are purchased together
- Discover patterns and trends over time, such as 'after graduation, students take a holiday', and be able to show the probabilities associated with different holiday types.

What ethical dilemmas emerge from the marketing researcher working with databases where respondent anonymity is lost?

The marketing research industry needs to acknowledge that databases are serious products and that both types of information have benefits. If you take the best of both – what we call information based marketing – you get something that is significantly more powerful. The `them and us' situation does nobody any favours and the idea that the two disciplines bear no resemblance to each other is wrong.

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