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Marketing Information Sources and the Performance of Australian Businesses

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Abstract

This study investigated the various sources of information used by business organisations and their association with business performance indicators. The results showed that larger Australian companies predominantly used various internal and external secondary data sources of information, followed by formal primary marketing research. The study indicated an association between market share and the use of competitors, advertising agencies, and sales promotion agencies as sources of information, while overall financial performance was associated with the use of competitors and media/trade publications.

Introduction

The purpose of this article is to report the findings of an empirical study that examined the usage of various sources of marketing information by larger Australian organisations, to assess management’s perception of their usefulness, and to investigate the relationship between the range of information sources used and organisational performance. There has been no recent empirical investigation of the various sources of marketing information used by Australian business organisations.

Recognising the existing complexities and the growing uncertainties in business decision-making, there appears to be a growing need for more current and reliable information (Low and Mohr, 2001). Technology increasingly provides faster access to a wider range of more current sources of information (Talvinen, 1994). The use of a wider range of sources of information could, potentially, enhance the quality of the information needed for strategic and transaction-level marketing decision-making (Kotler and Keller, 2006).

Information acquisition has been described as attention or awareness that has direction and intensity. It has also been termed intelligence generation (in market orientation models), bringing information about the external and internal environments within the boundary of organisational decision-making positions (Kohli, Jaworski, and Kumar, 1993).

It has been suggested that management’s choices of sources of information and utilisation of information may be in relation to the extent of the complexity of the marketing tasks facing the decision-maker and the skills and sophistication of the manager using them (Herttzmun and Pejtersen, 2000). Additionally, while the types and sources of information used are indicative of management’s tendency toward non-intuitive and objective decision making, the processing as well as dissemination of market information is more an organisational characteristic (Ottum and Moore, 1997). However, the effectiveness of information and its influence on business performance-related decisions may also rely on management’s decision-making style, the degree of formalisation of the organisation (Deshpande and Zaltman, 1987), and the decision-making process of the organisation.

Companies have always gathered marketing information from internal and external sources. However, smaller companies may have, potentially, a greater amount of direct customer contact. They may rely more on the use of secondary data and expert judgment (Deshpande
and Zaltman, 1987). The larger companies may be further removed from their customers, so they may need more investigative primary data collection (Benczur, 2005; Abdul Karim, 2004), and they may require substantial managerial skills to convert data to information and knowledge (Correla and Wilson, 2001).

Additionally, while the current market orientation models (Kohli, Jaworski, and Kumar, 1993) highlight the categories of some information (content) that may constitute the “Intelligence Generation” measure in their model, they do not detail the sources from which this information is being obtained. This current study may provide some indication, in terms of differences existing between the users and non-users of some sources of information and the intelligence generation component of the market orientation model.

Recognising this literature related to the diversity of information sources used, and variations in organisational demographics such as size, and other organisational attributes, and the desire to relate these to variations in organisational performance, this study aimed to test the following hypotheses:

\[
H_1 \quad \text{There is a relationship between the types of information sources used and:} \\
\begin{align*}
\text{a. } & \text{organisational marketing performance.} \\
\text{b. } & \text{organisational financial performance.}
\end{align*}
\]

\[
H_2 \quad \text{There is a relationship between the sources of information used and respondents’ characteristics.}
\]

\[
H_3 \quad \text{There is a positive association between the range of sources of information used, and the size of the organisation.}
\]

\[
H_4 \quad \text{The users and non-users of certain sources of information are different in terms of the intelligence generation component of market orientation.}
\]

**Method**

A mail survey was designed and implemented to test the hypotheses. The questionnaire for this study was developed as part of a larger marketing research project investigating market orientation. Given the specific objectives of the study and the absence of an existing instrument used by other researchers, the questions on the sources of marketing information used had to be developed using various sources including a series of personal interviews with some senior marketing managers, by using the literature on the sources of marketing information, and by drawing on personal experience in corporate decision-making. The questions developed were modified through a two-stage pre-test process. The resulting instrument included items for various sources of information and how useful each information source has been to assist with making marketing decisions, and the two performance indicators including directional changes in the organisation’s market share and their overall financial performance. All measurements were subjective assessments by the respondents using Likert-type scales (Wren, 1997), with a 1-4 interval range for information source usefulness and 1-7 for other variables, as well as other response formats.

The sample frame used was Dun and Bradstreet’s Australian businesses database including 22,000 businesses. The sample selection was based on the largest companies, in terms of reported revenue. The assumption was that these companies had a greater likelihood of practising more “professional” marketing. Of these companies, the largest 1,441 companies were sent questionnaires with a personally addressed letter to the chief executive officer.
requesting that the questionnaire be completed by the senior marketing person. The sample size was determined based on the assumption of a 15 per cent return rate, which would provide a minimum of 200 completed questionnaires, considered necessary to enable adequate statistical power for the study. The returned useable questionnaires totalled 216, which was a response rate of about 16 per cent. The comparison between the outgoing sample profile and the returned questionnaires indicated no significant non-response bias.

Results and Discussion

The results of the usage of the various information sources used and the perceived usefulness of each source are listed in Table 1. It was not surprising to find that almost all respondents reported using a variety of internal and external secondary data sources. The most widely used sources of information mentioned were feedback from the sales force, media/trade publications, internal records, and customer visits by marketing personnel. These sources of information may be generally characterised as factual and operational in nature, directly appropriate to the business and easily available (Souchon, Cadogan, Procter, and Dewsnup, 2004), assisting the marketing decision-maker to implement and manage the current tactical marketing program. The most widely used external sources of information in addition to media/trade publications were trade associations and competitors. A relatively large number of respondents indicated using formal marketing research including ad hoc quantitative research (70 per cent), longitudinal quantitative (panel) research (47 per cent), and qualitative research (54 per cent). The functional marketing audit (31 per cent) was more widely used than the full marketing audit (25 per cent). This may be due to the higher cost and longer time needed for conducting a full marketing audit. The high technology-based management assistance tools are also being used by a smaller number of companies including MkIS (Marketing Information Systems) (23 per cent), PIMS (Profit Impact of Marketing Strategy) (13 per cent), IMkIS (Intelligent Marketing Information Systems) (11 per cent), and MDSS (Marketing Decision Support Systems) (five per cent). The respondents were also asked if they use other sources not included in the list. Some other sources were mentioned, including annual overseas visits to trade shows, different databases, distribution input, own database, academic conference papers, and company sales agents. The multiple response analysis of the usage of various sources of information indicated that all companies use a range of sources of information. The users of the investigative and diagnostic sources were fewer in comparison to the internal and some of the external secondary data sources used.

The respondents were also asked to indicate their perception of the usefulness of the sources of information they use (Table 1). The most useful sources were customer visits by marketing personnel and feedback from the sales force. These were followed closely by MDSS, MkIS, IMkIS, and the full marketing audit.

The t-test procedure was used to establish if there were differences between the users and non-users of different sources of information with respect to the means of the business performance indicators. The results indicated that the users of MkIS, full marketing audit, sales promotion agencies, and competitors were different from the non-users and were associated positively with market share, while the users of media/trade publications and competitors were different from non-users and were associated positively with the overall financial performance. Therefore, $H_{1a}$ and $H_{1b}$ were supported for some information sources. It appears that focusing on competitors and their activities as a source of information to be used for decision-making is related to both performance indicators. It may be suggested that
focusing on competitors as a source of information and a frame of reference may provoke a more appropriate content and timing of making marketing decisions that are more directly relevant to appropriate reactions to competitors’ activities, therefore, potentially, increasing the effectiveness of marketing activities. Additionally, the results indicated a positive association between market share and the use of advertising agencies and sales promotion agencies as sources of information, while the use of media/trade publications was associated positively with overall financial performance. There were also positive associations between some sources of information used and the respondents’ characteristics including MkIS (Master’s degree), Qualitative research (Business specialisation), MDSS (Science specialisation), Customer visits by marketing personnel (Chief executive officer), Marketing research agencies and advertising agencies (Marketing personnel). It appears that the managers’ personal characteristics in terms of qualification and specialisation, arguably because of their training and familiarity, may influence their choice of sources of information. Therefore, H₂ was supported.

Table 1: Sources of Information Used and their Perceived Usefulness

<table>
<thead>
<tr>
<th>Information source</th>
<th>Number of responses</th>
<th>Percentage of total</th>
<th>Usefulness (mean) *</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feedback from the sales force</td>
<td>199</td>
<td>92.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Internal records</td>
<td>180</td>
<td>83.7</td>
<td>2.9</td>
</tr>
<tr>
<td>Customer visits by marketing personnel</td>
<td>168</td>
<td>78.1</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>External</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media/trade publications</td>
<td>184</td>
<td>85.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Trade associations</td>
<td>161</td>
<td>74.9</td>
<td>2.7</td>
</tr>
<tr>
<td>Competitors</td>
<td>140</td>
<td>65.1</td>
<td>2.8</td>
</tr>
<tr>
<td>Consultants</td>
<td>112</td>
<td>52.1</td>
<td>2.9</td>
</tr>
<tr>
<td>Advertising agencies</td>
<td>111</td>
<td>51.6</td>
<td>2.8</td>
</tr>
<tr>
<td>Marketing research agencies</td>
<td>98</td>
<td>45.8</td>
<td>3.1</td>
</tr>
<tr>
<td>Government sources</td>
<td>98</td>
<td>45.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Sales promotion agencies</td>
<td>49</td>
<td>22.8</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Electronic sources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet World Wide Web</td>
<td>163</td>
<td>76.2</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>Formal marketing research</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad hoc quantitative research (surveys)</td>
<td>151</td>
<td>70.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Qualitative research</td>
<td>117</td>
<td>54.4</td>
<td>3.2</td>
</tr>
<tr>
<td>Longitudinal quantitative research (panels)</td>
<td>47</td>
<td>21.9</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>The marketing audit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional marketing audit</td>
<td>67</td>
<td>31.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Full marketing audit</td>
<td>53</td>
<td>24.7</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Technology-based management assistance tools</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MkIS (Marketing Information Systems)</td>
<td>50</td>
<td>23.3</td>
<td>3.3</td>
</tr>
<tr>
<td>PIMS (Profit Impact of Marketing Strategy)</td>
<td>27</td>
<td>12.6</td>
<td>3.1</td>
</tr>
<tr>
<td>IMkIS (Intelligent Marketing Information Systems)</td>
<td>23</td>
<td>10.7</td>
<td>3.3</td>
</tr>
<tr>
<td>MDSS (Marketing Decision Support Systems)</td>
<td>11</td>
<td>5.1</td>
<td>3.3</td>
</tr>
</tbody>
</table>

* Scale range 1-4 (1= Low, 4= High).
Additionally, the size of the organisation in terms of the number of employees was associated with the use of qualitative research and marketing research agencies (1000-plus employees) and longitudinal quantitative research (500-plus employees). The size of the organisation in terms of the reported annual revenue was associated with the use of qualitative research, advertising and sales promotion agencies ($500-million-plus), marketing research agencies and consultants ($150-million-plus) and ad hoc quantitative research ($100-million-plus). It appears that the larger companies use more marketing research including qualitative research and the information provided by advertising, sales promotion, and marketing research agencies. Their use of more qualitative research could, arguably, be due to the recommendation of those agency specialists. Therefore, $H_3$ was supported.

Additionally, there is a positive association between decision-making processes characterised as being consultative, proactive, and quick, with both business performance indicators. At the same time, there was a difference between the measure of intelligence generation (construct) component of market orientation, in terms of some sources of information including MkIS, IMkIS, full marketing audit, PIMS, customer visits by company managers, and competitors. The companies using these sources of information showed higher levels of intelligence generation measure than the non-users. Therefore, $H_4$ was supported.

**Implications**

It would be simplistic to conclude that the usage of some specific sources of information can be decisive in the business performance outcome, since many other factors such as the manager’s skills and decision-making orientation, information utilisation processes, organisational cultural values, and the industry’s dynamics, just to name a few, are also very important. Nonetheless, it may be suggested that using competitors as a source of information (point of reference and focus) is related positively to the business performance indicators used in this study. This association may, arguably, be attributed to the benefit of using a more directly relevant platform for the type, content and sharply focused and tailored decisions to target specific competitors in the market. It may also mobilise more appropriately the internal resources of the organisation to implement marketing decisions, and may be considered to be a differentiating factor, for a market-oriented organisation, in effective marketing decision-making.

On the other hand, the respondents’ perception of information sources’ usefulness was highest for customer visits by marketing personnel and the feedback from the sales force. The feedback from the sales force would be comprehensive in terms of addressing customers’ preferences and attitudes, market changes and competitors’ activities occurring in their respective territories. At the same time, visiting customers by marketing personnel would contribute more directly to the better understanding of customers’ needs, direct personal communication with the customer, and ultimately, potentially, closer cooperation and productive business relationships.

Therefore, it may be suggested that while every manager has access to and is routinely using a range of easily available sources of information, it is ultimately the focus and intense concentration on "customers" and "competitors" as sources of information that may provide the effective basis needed for making better performance-related marketing decisions, and could, potentially, contribute to achieving a better market-oriented organisation.
References


