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Good Data Is Everything: Don't Compromise on MR

In developing markets, customers have gained extraordinary power in the buyer-seller relationship.

M Muneer



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The gravest concern amongst businesses of all kinds today is not just pandemic and related information but data in general. From reports of changes in GDP measurement and changed assumptions on unorganized sector to employment data, businesses are not too sure which data to be relied on.



The sanctity of independent data collection and dissemination should be preserved for enterprises to thrive in any economy. Access to the right data is critical for businesses, even if it is apparently not important for policymakers. Government's role is providing transparent data for businesses to make their own independent analysis and decision-making. More than anything else good data is sacrosanct and for long Indian businesses have struggled with marketing decisions without knowing much about consumer spread and reach, for instance.



In developing markets, customers have gained extraordinary power in the buyer-seller relationship. Yet, executives are reluctant to use marketing research to help gain an understanding of that power, because they have not found such research useful in the past. That reluctance must be overcome, because in the new world public relations and imagery are everything, and it is all the more important for businesses to find proper data that are not churned out by partisan agencies. There is no substitute for collecting

important strategic information directly from the marketplace. Industry clusters could be formed to make it cost-effective.

A combination of events over the last few years have made it more difficult than ever to compete: As more businesses viewed their markets as without borders, more competitors were attracted to the more lucrative markets across the world. Many domestic companies found new competitors in previously stable markets, and the retail revolution consolidated the major players into a few giants, moving the power in the supply chain to the end customer. The implications of this shift reverberated all the way back up the supply chain and even to the B2B arena. On its heels, the Internet made information about product specifications, prices, inventories, suppliers and everything else a buyer needs to know to wield power over sellers, readily available. The result is many more "perfect" markets and customers who know more about what they want to buy than most individual suppliers do.

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Knowledge is power, as the saying goes, and knowing more about what customers want is the basis of competitive advantage in this new marketplace. One would expect, then, that marketing and planning executives would be hungry for more information about what customers are thinking. Unfortunately, many of them have taken marketing research off their action lists because of poor previous experiences, full of impressive statistics and fancy diagrams but sorely lacking in useful information. Having found no better alternative to bad

marketing research, many of these executives have chosen to believe that "I know what my customers want." That's dangerous, because the information they are working with is probably faulty for several reasons:

The information is not raw and probably filtered. Rarely do top executives gather a representative quantity of data directly from customers, relying instead on their executives. Different employee groups operate on their own agenda, which may include sales quotas, job security and incentive compensation. Such information may be important to top-level, but it may not include what they need to know about customers.

The information may be biased. When they do receive information directly from customers, it is too often clouded by confusing messages being sent to the executives. Many customers don't want to hurt anybody's feelings and they will only say good stuff. There could also be confirmation bias and data will only be assimilated to confirm the assumption of the CEO or owner.

The information is based only on facts. This doesn't sound like a problem, but it can be disastrous to a seller, because customers don't always make decisions based on facts. For example, an executive may base his decision on the fact that the number of product defects being shipped from his plant is low, which would be irrelevant information if customers think those products aren't working quite right. The objective for any company is to benefit from customer purchasing decisions.

Bad inferences are made from good data. For example, customers typically want lower prices. When customers communicate that, however, it doesn't necessarily mean that the only appropriate response is to reduce prices. When customers say they want a lower price, it usually means that they don't perceive the value of the offer justifies the price, and there are many ways to respond to that problem. Executives who haven't used good marketing research for a while often have mentally moved from the original data ("There is a problem with value perception.") to a bad inference ("They won't be happy until we cut prices.").

Conducting and using good marketing research is more important now than ever. Especially when reliable data is so elusive!

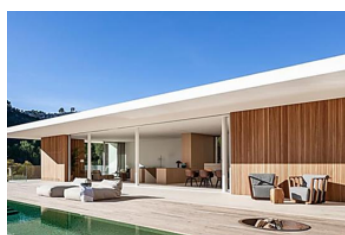
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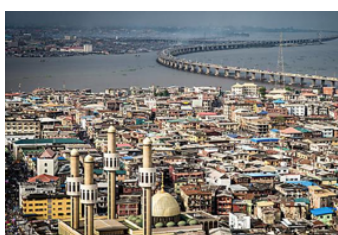
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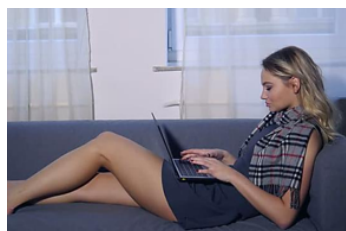
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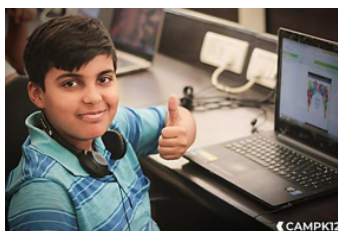
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