

CUSTOMER CARE (DES 3102)

LECTURE : 9

TOPIC : Interpretation of Data

LESSON OUTCOME:

At the end of this chapter you should be able to understand:

1. The benefits of using secondary data
2. Interpretation of secondary data

TOPIC OUTLINE:

- 9.1 Internal Secondary Data
- 9.2 Usefulness of Secondary Data
- 9.3 Published Statistics
- 9.4 Government Agencies and Non Government Agencies



In spite of all the uses of secondary data, it has been shown that many businesses do not use secondary data to full advantage. Many sources are left untapped.

9.1 Internal Secondary Data

Internal secondary data are **records inside the organisation**, gathered by another department or section for the research task in hand. They therefore include the followings:

- (a) **Production data** about quantity produced, materials and labour resources used and so on;
- (b) Data about **stock**;
- (c) Data about **sales volumes**, analysed by sales area, sales person, quantity, prices, profitability, distribution outlet, customer and the like;
- (d) Data about **marketing** itself, such as promotion and brand data;
- (e) All **cost and management accounting data**;
- (f) **Financial management data** relating to the capital structure of the firm, capital tied up in stock and debtors and so on.

Webb (1992) gives an alternative summary of internal sources of data.

- (a) **Accounts.** Contain information on:
 - customer's name and location
 - type and quantity of product purchased
 - costs of sales, advertising and so on
- (b) **Sales records.** Contain information on
 - markets
 - products
 - distribution systems
- (c) **Other reports.** Contain information on
 - trade associations and trade fairs
 - exhibitions
 - customers' complaint letters
 - previous marketing research reports
 - conferences

You can see that some of the **information collected** by a particular department in an organisation would be **useful to other departments** within the business. It is often the case, however, that there is little inter-departmental communication of such information. In an organisation with good information channels between departments, such data would be reported to other interested departments. For example, bad debts and credit control analysis should be passed from accounts to the sales department. Similarly, the breakdown of customer by geographic location indicated by the return of guarantee cards could be sent to the sales department from the customer service department (Webb, 1992)

A problem may be that information passed from one department to another is in a **format, which is unsuitable** for that second department to use. The increasing use of management information system has made data manipulation straightforward. This allows interdepartmental data to be adjusted as required.

Webb also points out the **failure** of most information systems to incorporate a **reporting system**, which can use the expertise and knowledge of customers, **held by the force**. These people are, after all, the only ones in the company to meet the customers face to face.

9.2 Usefulness of Secondary Data

Despite the problems associated with internal secondary data, it can be extremely useful for sales and marketing, as the following examples show.

- (a) **Order/sales statistics (by customer)**. An understanding of who the customers are allows marketing activity to be directed appropriately (promotions, invitation to sponsored events and so on). Having the correct view of the types of existing customers and where they live allows consumer product companies to use geodemographic databases to target other like-minded people susceptible to buying the product.

Sales representatives need to understand **who their most important customers are** to be able to manage their time effectively. Very important customers may be categorised as needing contact once a month, medium-sized customers as needing to be seen every quarter and so on.

Trends need to be monitored as the 'league table' of customers will change and new important customers should be given the most appropriate treatment.

- (b) **Sales statistics (by product)**. These allow product managers to monitor the popularity of products to help decide where to direct the marketing activity and which products to withdraw so that the most appropriate ones are available? Having an appropriate mix of products is required to maintain good customers' relationships.

- (c) **Delivery details.** Where these are different from customer/order details, these help the representatives identify new contacts and new sites/establishments.
- (d) **Profitability (by product/by customer).** It is important that the sales force put their energy into spending time with their most profitable customers and building relations with them accordingly.
- (e) **Complaints.** Having an understanding of the nature of complaints can help sales and marketing people communicate with the customers more effectively. It may be a question of explaining the functioning of the product differently or changing the customers' expectation and perceptions.
- (f) **Stock levels.** Knowing that there is stock that needs to be shifted quickly or that a particular item will need two weeks' notice can help the sales seem more professional and interested in their customers.
- (g) **Debtor information.** A representative could have spent a lot of time building up a good relationship only to have the time wasted by a letter going out from the accounts department threatening to withdraw credit facilities. It would be preferable to discuss such matters with the sales manager and in certain instances ask the manager or representatives to discuss it directly with the customer (or at least know that it may not be a good time to call!)

The **basis of good relationships** with customers is having the **right amount of information** about one's own business and the customers' business. Much of that information is available in-house and it is important that sales and marketing staff are given such data and also that they communicate back to other departments any intelligence acquired (impending bankruptcy or an imminent large order for example) so that the appropriate steps can be taken by other departments.

9.3 Published Statistics

It is with **external** data that the problems of volume and multiplicity of sources becomes a problem. The best approach, particularly in complete unknown areas, is to start with general information and then 'telescope' on to more specific data on industries and then individual companies or markets.

Directories

Examples (of business directories) include the following (although there are many others):

- Kompass Register (Kompass)
- Who owns Whom (Dun and Bradstreet)
- Key British Enterprises (Dun and Bradstreet)

As mentioned above, these directories can make a good starting point. The information provided is usually on industries and markets, manufacturers (size, location), products, sales and profits.

Computerised databases

These include the following:

- ACORN (consumption indices by class of neighbourhood)
- PRESTEL (British Telecom)
- TEXTLINE (abstracts and articles from approximately 80 newspapers)
- Marketing Survey Index (CIM)
- MRS Yearbook (Market Research Agencies and their specialism)
- TGI and other syndicated omnibus surveys

Webb (1992) also lists European databases.

- European Kompass Online
- Financial Times Company Information
- Hoppenstedt Austria / Germany / Netherlands
- Jordanwatch
- PTS Prompt
- Reuters Textline



With computer databases, it is usual for the researcher's computer to be connected to the database computer by modem. These databases are not cheap to use, but it is usually much less expensive than collecting the information oneself. A trained operator should be used to begin with, to avoid expensive waste of the resources.

Associations

There are associations in almost every field of business and leisure activity. All these bodies collect and publish data for their members, which can be of great interest to other users. Examples of such bodies include the Road Haulage Association (RHA), the British Association of Ski Instructors and the Institute of Chartered Accountants in England and Wales.

9.4 Government Agencies and Non Government Agencies

There is a wealth of published statistics, which can be used in marketing research. There are two prime sources - government and non-government.

The government is a major source of economic information and information about industry and population trends. Examples of government publications are as follows:

- (a) The **Annual Abstract of Statistics** and its monthly equivalent, the **Monthly Digest of Statistics**. These contain data about manufacturing output, housing, population, etc.;
- (b) The **Digest of UK Energy Statistics** (published annually);
- (c) **Housing and Construction Statistics** (published quarterly);
- (d) **Financial Statistics** (monthly);
- (e) **Economic Trends** (monthly);
- (f) **Census of Population**. The Office for National Statistics publishes continuous datasets including the **National Food Survey**, the **Household Survey**, and the **Family Expenditure Survey**.
- (g) **Census of Production** (annual). This has been described as 'one of the most important sources of desk research for industrial marketers'. It provides data about production by firms in each industry in the UK.
- (h) **Department of Employment Gazette** (monthly) gives details of employment in the UK.
- (i) **British Business** published weekly by the Department of Trade and Industry, gives data on industrial and commercial trends at home and overseas.
- (j) **Business Monitor** (published by the Business Statistics Office) gives detailed information about various industries.
- (k) **Social Trends** (annually).

Official statistics are also published by other government bodies such as the European Union, the United Nations and local authorities.

Non-government sources of information include the following:

- (a) Companies and other organisations specialising in the provision of economic and financial data (e.g. the Financial Times Business Information Service, the Data Research Institute, Reuters and the Extel Group);
- (b) Directories and yearbooks, such as Kompass or Kelly's Directory;
- (c) Professional institutions (e.g. Chartered Institute of Marketing, Industrial Marketing Research Association, British Institute of Management, Institute of Practitioners in Advertising);

- (d) Specialist libraries, such as the City Business Library in London, collect published information from a wide variety of sources.
- (e) Trade associations, trade unions and Chambers of Commerce;
- (f) Trade journals;
- (g) Commercial organisations such as banks and TV networks;
- (h) Market research agencies.

REFERENCES

1. The Marketing Customer Interface, (1999), CIM Text BPP Publishing Ltd.

