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| Title | Teddy bears and perfumes: advertising information - knowledge management at its best! |
| Authors | Burke, ME |
| Type | Conference or Workshop Item |
| URL | This version is available at: http://usir.salford.ac.uk/id/eprint/1880/ |
| Published Date | 1998 |

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Teddy Bears and Perfumes: Advertising Information - knowledge management at it's best!

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This paper deals with advertising and distribution in today's market place. A product must not only be correctly promoted and priced, but also made available in the right places. To a great extent, the pattern of distribution will be determined by the nature of the product. At the same time, the existence of certain types of outlet has encouraged the development of new products and different types of packaging. For Central and Eastern European countries there has never been a more important time for the knowledge managers to assist organisations with this kind of business information.

This paper will examine the issues surrounding advertising in today's business orientated climate; the role of the knowledge managers as providers of information and attempt to identify the major sources of advertising information.

According to the Institute of Marketing, marketing is 'the management process which identifies, anticipates and supplies customer requirements efficiently and profitably' as quoted in Lancaster (1). Although at first sight this definition appears to confine the term to the activities of a marketing department, it actually implies something much wider. The management process indeed refers to the internal organization of marketing, but other elements implicitly present include market research (identifying and anticipating); correct design and delivery of product or service (customer requirements); and satisfactory pricing policy (profitability). The modern view of marketing, indeed, is that it is not just a separate function of a specific department of the firm; rather, a marketing stance should be taken by all departments and employees of the company, if the business is to prosper.

A classic analysis of marketing breaks it down into four main elements, namely product, price, place and promotion (the four Ps, or marketing mix). Successful marketing means not only that these four elements must be individually correctly positioned, but that they should be consistent with each other to produce a synergistic effect. Thus, a product which is correctly designed for the chosen type of customer must be priced accordingly, appropriately distributed at the right places, and suitably advertised and promoted. However one looks at it,

correct marketing must be the top-rank objective of any business, and all other activities contribute to this aim. In this sense, marketing is the concept that unifies all activities of the firm.

Definitions of Markets

In its narrowest sense, a market is simply the types and number of customers for a given product or service. However, in a wider view, a market may be considered to be the entire exchange system of producers, wholesalers, retailers and customers dealing in the product or service. Markets can be classified in different ways, as follows.

Consumer and Industrial Markets

It is sometimes helpful to distinguish between consumer markets and industrial (or business-to-business) markets. In the case of mass-produced branded consumer goods, for example, the manufacturer has thousands of unknown buyers who purchase the product through retail outlets; in the case of industrial equipment and supplies, there may be only a handful of firms who buy the product and they are well known to the manufacturer, who may cultivate their business carefully on an individual basis. The terms on which goods and services are sold to other businesses are quite different from those applying to consumer markets, and industrial marketing and market research are indeed a separate branch of the marketing profession.

Goods and Services

An obvious distinction is between goods and services; and within goods, between consumables and durables. One can also, of course, have combinations of classifications, hence we can talk about consumer durables, for example. It is also worth pointing out that markets may not be mutually exclusive, thus many businesses buy food, drinks and other consumable items commonly retailed in the consumer market. Another concept commonly encountered is that of fast-moving consumer goods, sometimes abbreviated to FMCG, meaning foods, drinks, chocolate countlines, household cleaning materials and a host of similar items which turn over very quickly. One of the reasons for introducing these terms is

that sources of information are often structured in corresponding ways. Thus, some market reports or compilations of statistics may concentrate on or be confined to some particular class of goods or services, and it may help to bear this in mind, especially when evaluating new sources. It is worth mentioning at this point that there is much more published data on consumer markets than on industrial ones.

Geography

A further analysis of markets can be made on a geographical basis, an obvious distinction being between home and export markets. A moment's thought is sufficient to realize the host of additional problems presented by export markets – as opposed to home markets – foreign languages, overseas standards and regulations, transport and distribution problems, representation abroad, different patterns of market behaviour, and so on. Another geographical analysis of markets might distinguish between local markets (e.g. the market for fresh fruit, or haircuts); regional markets (such as the hire of farm machinery in the South-East); national markets (e.g. for women's magazines); and international markets (e.g. oil).

Buyers and Sellers

Finally, markets can be classified by the number of buyers and sellers. In a competitive market, there are plenty of buyers and sellers, so that, for example, no one seller can impose prices on the buyers. In a completely monopolistic market, a single seller could dictate terms and prices to the buyers. For this reason, in modern economies monopolies are usually outlawed, apart from some state monopolies. An oligopoly means that a small handful of sellers dominate a market, and may act to maintain their position, without of course breaking the law. Petrol is a case in point, with the large suppliers like Shell and Esso tending to charge the same price, so as to avoid rocking the boat. Finally, an uncommon situation is represented by the little-used term monopsony, which means that there is only one buyer in a market, who could therefore unduly influence prices and terms of trade.

Factors affecting markets

The behaviour and structure of markets are influenced by a complex network of factors, some of them represented by the above considerations of geography and the number of buyers and sellers. Other important factors include the following.

Transport facilities and costs

Good or bad transport facilities, whether by road, rail, air or sea, are powerful determinants, and poor facilities may prevent a market from existing at all. The markets for perishable foods have been greatly extended in recent times by a fast motorway network and the existence of refrigerated container vehicles.

Trade Tariffs

Governments impose tariffs (import duties), quota restrictions on quantities permitted to be imported, or even outright bans on certain goods. Tariff barriers between members of the European Union have long since disappeared, but the UK imposes import duties on many products imported from countries outside the Union. Rates of import duty into the UK, and information on quotas, customs procedures, import and export prohibitions, anti-dumping measures, etc, may be found in the *Integrated tariff of the United Kingdom*, (3) but for the most up-to-date information on tariffs and quotas both at home and abroad reference should be made to the tariff section of the British Overseas Trade Board.

Consumer groups and the 'green' movement

Manufacturers and retailers are increasingly being affected by the environmental and consumer lobbies. Many organisations are now having to pay some attention to environmental issues and this has manifested itself in various ways such as less packaging on goods, full information regarding the ingredients of labelled products and the availability of recycling depots at larger superstores.

Controls on advertising

In some countries markets such as tobacco and cigarette market, are not free to promote their goods as they wish, and the controls exerted on advertising, both statutory and voluntary, have an effect on consumer behaviour.

The nature of the consumer

The level of demand for consumer goods is influenced by a variety of factors such as the amount of personal disposable income available for the purchase of optional items. Individual tastes in goods vary, and may be affected by a number of psychological and other variables which are difficult to study and to take account of in marketing. Tastes can, of course, be influenced by group behaviour, as in the case of clothes fashions; and manufacturers can themselves create fashions or tastes in some sectors by clever promotion.

Prices

Price influences choice in complex ways. Thus, for example, people may buy more fresh strawberries when the price falls than when they first appear on the market at a very high price. But, however low the price may fall, customers will not necessarily go on buying more; they may become surfeited with strawberries, or some other attraction arises, so that the marginal utility of an extra strawberry is seen to be too low. Prices also relate to substitute and complementary goods. The recent cases in the UK of BSE infected meat products have affected the pricing structure of meat products considerably. Buyers have a tendency to switch to other types of foods. In the case of, say, two complementary goods, supply, demand and prices of both are interconnected. Thus, a rise in the price of petrol may tend to reduce the demand, not only for petrol but also for cars, in the sense that perhaps some customers reduce their motoring costs by buying a second-hand car next instead of a new one.

General social and economic factors

Social and economic factors include changes in the size and composition of the population, which will have some effect on the markets for products and services aimed at these groups. Similarly, uneven distribution of income and wealth in society will have an effect on markets.

Thus, the lower level of unemployment and greater wealth of the South East of England relative to the rest of the UK means that consumer markets in the South East are likely to be much more attractive to some manufacturers than elsewhere.

Factors affecting supply

Factors affecting supply include such things as the prices and supply of raw materials, the cost of labour, energy and other operating costs, the efficiency or otherwise of the technology in use, and so on. Also important to consider are the political issues of the moment (which may affect a particular industry) and such things as the economic stability - or instability of the supplier's country.

Market Research

Clearly, the factors outlined above have implications for the supply of information. Some of this will come from a company's own in-house files, such as analyses of sales of the firm's products, to indicate likely trends or regional variations. Much information about the market generally, social and economic trends, the fortunes of competitive brands and products, relevant legislation and regulations, and so on, will be available from published sources. Finally, in the absence of required data, a firm may set out itself to research buying behaviour and other aspects of its markets.

Some writers distinguish between marketing research and market research. Marketing research is concerned with discovering the needs of customers and subsequent testing to ensure those needs have been correctly interpreted including pre- and post-testing of specific elements of the marketing mix, such as advertising and sales. These activities can be described as consumer research. This is in contrast to market research, which focuses on the market itself, including market size and market share analysis and the continuous monitoring of the market place.

Whether research focuses on the marketing of a specific product or on understanding and monitoring a market generally, information in the three categories mentioned above is likely to be required. From the point of view of the market researcher, the necessary information can be primary data acquired by fieldwork, for example by interviewing actual or potential customers; or by desk research, which implies the use of in-house data and published or other secondary sources.

Market research Methods

Fieldwork

Companies may operate their own market-research departments and/or commission market research agencies to undertake work for them. Methods employed include the following:

- *Surveys of consumers by interview or questionnaire*

These may be done by selecting respondents in the street, or in stores, or on the doorstep, often by reputable organizations such as the British Market Research Bureau, Marplan Research International, or the Harris Research Centre which are market and survey research companies. This kind of research is open to abuse by unscrupulous salespersons pretending to conduct surveys but in reality attempting to sell something. Reputable firms may be expected to belong to the Association of Market Survey Organizations, which operates a code of practice; and individual researchers should be members of the Market Research Society and carry an interviewer membership card. The Market Research Society and the Industrial Marketing Research Association also have a joint code of conduct. This kind of survey involves correct sampling and inferential statistical methods, if the conclusions are to be valid.

- *Market testing*

A new product is sometimes test marketed in different areas, perhaps using different packs, prices and promotional methods. Consumers can then be asked for their opinions on the product.

- *In-store audits*

Specialist firms such as Nielsen Marketing Research can be employed by manufacturers of branded consumer goods to monitor the turnover of their brands and those of their competitors in selected retail outlets. Such audits may include, not merely statistics of sales, but also the effect on the brand of shelf location, and observations of consumer behaviour.

4.1.2 Desk research

As noted above, desk research may draw on both in-house company information and on external published or semi-published materials. The latter is a major concern of the librarian, and the remainder of this chapter reviews the main types of sources that will be encountered, together with examples. What follows is only an outline guide, and further information should be sought from specialist guides such as Key Notes latest edition of *The Guide*, (5) a considerable compilation covering key information sources including a useful section on pan European sources as well chapter's which cover individual countries in some detail. The reader may also find it useful to consult the relevant chapter of the *Business information basics*, (6).

What may be considered market information will vary considerably, depending on one's needs. The market researcher and the marketer could require information on almost any aspect of business covered by this book, for example standards and regulations, legislation, even patent or design rights. However, for our purposes marketing-information sources are considered to be those which primarily provide data, statistics and reports relevant to the nature, composition and behaviour of customers in the market place. Included in this definition are, firstly, market surveys and reports specially aimed at the marketer. Official and unofficial statistical publications that may be used for marketing purposes are covered elsewhere in Chapter 3.

5. Market surveys and reports

This section reviews the major types and series of published reports and their bibliographical control, and discusses the problems of access to this kind of literature. There are many commercial and some governmental organizations which produce market surveys. They may

appear as one-off monographs or in series or periodical form; and they range from the cheap and cheerful to the very expensive. Broadly speaking, those reports which are basically the result of desk research tend to be relatively cheap. These may offer some estimates of their own or report what they describe as 'trade estimates', but by and large they are secondary reports based on published data such as official statistics, which are readily available elsewhere. Of course, the information is structured and packaged, with informed comment, and therefore has added value. Reports of this kind may cost about £400. At the other end of the scale, it is possible to pay thousands of pounds for a report based on a specially conducted survey, using highly skilled staff and proper sampling and statistical methods. Such a report may well use secondary data, but the primary investigation makes it very costly. Needless to say, reports in this class are seldom found in public-sector libraries.

There are several mainstream producers of market information reports. The company Frost and Sullivan is a long standing specialist market information organisation who produce comprehensive ranges of industry and consumer market research reports which contain in-depth analysis and forecasts of market trends. M.A.I.D. (Market Analysis and Information Database), founded in 1985, set out to establish a specialised on-line database of market research reports in response to the needs of the advertising and marketing industries. Since then the company and its product portfolio have grown, but M.A.I.D. is still well known for its provision of market information, which is supplied in a number of delivery formats, including the internet.

ICC produce *ICC Key notes* and *ICC Business Ratio Reports*, both of which contain detailed market information on a range of consumer and industrial markets. Datamonitor products include market reports and forecasts on UK consumer markets.

Predicast produces a range of databases:- Predicast prompt: market and technology, including predicast aerospace / defence markets and technology, Predicasts marketing and advertising which covers the promotional side of marketing and Predicast forecasts which provides a comprehensive range of published forecasts.

5.1 Reports

Individual reports are published by a variety of organizations, such as Euromonitor and the Economist Intelligence Unit. Euromonitor is one of the most prolific publishers in the field. A glance at their catalogue 7, reveals some 200 titles covering a wide variety of topics such as the motor industry, catering, travel, food and drink, personal care products, household cleaners and finance. Other sources include

- *Top Markets* (8)

Published by MAPS this publication presents full marketing information on a range of topics such as market size and segmentation. Includes 5-10 year forecasts.

- *Headland Business Information Reports* (9)

These reports are clear and comprehensive and consist of three series - the local authority leisure market; the drinks market and the tourism market.

- *Market Direction Reports* (10)

This is Euromonitor's online version is a database of over 400 updated market reports. The annual reports cover a variety of market sectors from Cars to Tobacco. Each of the reports contain detailed information covering aspects such as market overview and size, sources of supply, brands and manufacturing, retail distribution and future outlook. Covers the UK, USA, France, Italy, Germany, Spain and Japan.

- *BIS Strategic Decisions*, (11)

This company provides information on the electronic industry and produces a variety of reports on

related areas.

5.2 Periodicals

There are several reasonably priced periodicals which are within the budgets of many libraries. They include:

- *Retail Business* (12)

This is formerly an Economist Intelligence Unit publication which is now produced by Corporate Intelligence on Retailing. It comprises *Market Surveys* (monthly), with surveys each month of four consumer-goods markets. Included with each edition is also either a *Product Sector Review* - which gives reviews of broad consumer product groups; or a *Technology Review* - which assesses key developments in the application of new technology in retailing) or an *Economic Review* which gives detailed consumer spending forecasts and prospects for the UK economy)

- *Marketing in Europe* (13)

This publication is also formerly produced by the Economist Intelligence Unit and is now published by Corporate Intelligence and Retailing. It is a monthly periodical carrying special reports on individual products in specific countries, e.g. the soft drinks market in Italy. The publication also contains detailed sector reviews and market surveys.

- *Mintel International* (14)

Four periodicals are included in this group, viz. *Market intelligence*, monthly, offering short reports on the major fast moving consumer-goods markets, six reports per issue, the whole revised over a two-year cycle; *Retail intelligence*, six times a year, four reports per issue; *Leisure intelligence*, quarterly, six studies per issue; *Personal finance intelligence*, quarterly.

- *Market Research Great Britain* (15)

This is produced monthly by Euromonitor. Each issue contains seven reports on individual products or services.

- *Market Research Europe* (16)

A monthly Euromonitor publication with six reports per month covering market sectors in one country or across Europe, and reports on consumer spending and trends in retailing.

Other Euromonitor journals are *Retail Monitor International* (17) and the relatively new *Market Research International*.(18)

5.3 Series

Some monograph reports appear in series, and cover a regular range of topics, revised and reissued at intervals. The main ones are:

- *Key Note Reports* (19)

The series covers about 200 markets, many of which are updated on an annual basis. The reports are mainly on consumer goods and services, with a few on industrial markets. They are useful in covering a number of service sectors such as credit cards, employment agencies, estate agents and retail banking. More recently, Key Note began a new series called *Market reviews*, which deal with broader areas than the standard *Key Note* reports. Other new series are *Euroviews* and *European overviews*. *Key Note* are also available online in full text on DATASTAR.

5.4 Market Databases and other sources

Other sources include the many databases which are now available such as *MarketLine* (20)

Marketline is advertised as “the complete market research library in a single product”.

Available online or on CD ROM (*MarketLine OnDisc*) the database provides primary research on over 4,000 market segments. *MarketLine* covers markets in the UK, France, Germany, Italy, Spain, USA and Japan. The database provides detailed market sector information and regional analysis as well as many other features. Other companies also provide their information on CD ROM such as *Key Notes on CD ROM*, *Mintel on CD ROM* and *MAPS Intelligence on CD ROM*.

The Internet is a prime source for starting to research markets. The site produced by Webber of the University of Strathclyde's Department of Information Science is an excellent place to start and the internet address is given at the end of the section. In addition there are two more interesting Euromonitor publications which give information not easily available in other places :

- *Strategic Management Overviews* (21)

These reports claim to analyse and compare the markets in the UK, USA, France, Germany, and Italy. These report contain key trends and developments, major market comparison, market performance and company profiles.

- *Strategy 2000 Reports* (22)

These reports deal with the strategic marketing analysis and provide a world wide overview.

Irregular publication.

There are various series of reports which are not primarily produced as market reports, but can be useful background when researching a market. In this context, reports issued by firms of stockbrokers can be very valuable.

6. Access to market reports

As mentioned above most market research companies now have their data available in a variety of electronic formats, including online, CD ROM and increasingly the World Wide Web. Availability of these reports in hard copy can sometimes be more difficult to locate. The cheaper ones may be found in the larger public business libraries, the libraries of the Manchester and London Business Schools, and some university collections. Some series have for long been available at the Business Information Service of the British Library SRIS, but are generally for reference only. The BL Document Supply Centre has a policy for these reports, and from January 1986 onwards it has been acquiring all reports in certain series, notably *Key notes*, *ICC Business ratio reports*, *ICC Financial surveys* and *Euromonitor reports*. Requests to borrow other series not held are passed to the Business Information Service, who may lend from their own stock or suggest alternatives

7. Bibliography of market reports

Apart from the general guides mentioned above, there are several important bibliographies of individual reports.

- *Marketsearch* (23)

Now in its 21st edition, this is an annual bibliography, formerly called the *International directory of published market research*. It lists about 20,000 separately published reports world-wide on both industrial and consumer goods and services.

- *Marketing surveys index (24)*

A loose-leaf guide to separately published reports, with monthly updates cumulating into an annual volume. It is in three parts: the report directory (alphabetical subject index); report details (annotated listing in accession number order); and publisher details. A glance at this last section will give a good indication of the range and types of organizations in this field.

- *Reports index (25)*

Issued every two months, this is a subject guide to separately published reports.

- *Statistics and market research bulletin (26)*

A monthly subject index to about 50 periodicals taken by Birmingham Public Library's Business Information Department. Extremely useful as being practically the only index to periodical articles in this field, such as those in *Mintel* or *Retail business*.

Market statistics are also a vital tool for market research and this area is covered in a later chapter.

8. Conclusion

This chapter, then, has served to introduce the user to the nature of markets and marketing in the late 20th century. The whole area of marketing is one that is never static and no doubt the year 2000 will see many new marketing products in the information industry. The chapter has aimed to give the user an overview of market research, outlined the main market surveys and reports that are available and identified a selection of key journals and other relevant sources. Marketing is really about decision making and this closing quotation serves to highlight the importance of information in the marketing industry -

“timely information improves decision-making. To be effective, the marketer needs to gather enough information to understand past events, to identify what is occurring now, and to predict what might occur in the future. Good marketing information is an extremely valuable management tool because it reduces uncertainty about the risks associated with decision making.” (27)

9. Web Sites

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| Euromonitor | - | http://www.euromonitor.com |
| Frost & Sullivan | - | http://www.frost.com |
| Key Note | - | http://www.keynote.co.uk |
| M.A.I.D. | - | http://www.maid-plc.com |
| Mintel International | - | http://www.mintel.co.uk |
| University of Strathclyde DIS Market Pages | - | http://www.dis.strath.ac.uk/business/market.html |

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- 18 *Market Research International* , London, Euromonitor, monthly.
- 19 *Key note reports*, Hampton, Key Note Publications, irregular.
- 20 *MarketLine*. London, MarketLine
- 21 *Strategic management overviews*, London, Euromonitor, irregular
- 22 *Strategy 2000 reports*. London Euromonitor, irregular
- 23 *Marketsearch*, London, Arlington Management Publications, annual.
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