

Support Systems In Marketing Decision Making

Ms. Sukhmani Sandhu

Assistant Professor
Chandigarh Business School of Administration

Ms. Yuvika Singh(A.P.)

Assistant Professor
Chandigarh Business School of Administration

Abstract

Marketing management support systems are designed to make marketing managers more effective decision makers in this electronic era. Developments in information technology have caused a marketing data explosion, but have also provided a powerful set of tools (DSS & ESS) that can transform this data into applicable marketing knowledge. Consequently, companies are making major investments in such marketing decision aids. The role of Management Support Systems is described and analyzed in light of its capability for Marketing decision making.

A MSS is a computer based system (an application program) capable of analyzing an organizational (or business) data and then presents it in a way that helps the user to make business decisions more efficiently and effectively.

This paper focuses on *marketing management support systems* and its tools that are meant to support a marketing decision maker. The important question of the effectiveness of a marketing management support systems is dealt with: does an MMSS really improve the quality of marketing decision making and, if so, under which conditions? It is basically an informational application which depends on the information already input while answering to a given query. An MMSS can have *analytical capabilities* available in the form of statistical packages to analyze marketing data, estimation procedures to estimate parameters, marketing models (e.g. response functions for marketing-mix instruments) and optimization and simulation procedures.

Keywords: Marketing management support systems, marketing decision making, Components of marketing management support systems

Introduction

A Marketing Management Support Systems can be defined as any device combining (i) information technology, (ii) marketing data and/ or knowledge, and (iii) analytical capabilities, made available to one or more marketing decision-makers with the objective to improve the quality of marketing decision-making. **In** this paper we present different types of marketing management support systems. Three types of MMSS, developed so far, can be identified: marketing information systems, marketing decision support systems and marketing knowledge-based systems. Each of these systems emphasize different components. This paper deals with the type of MMSS that at this moment seems to be most prominent in companies in practice: marketing decision support systems (MDSS), i.e. (according to our definition) systems that combine analytical capabilities, marketing data and IT.

Information Systems can be conceptualized in terms of three types of systems: Transactional Processing Systems (TPS), Management Information Systems (MIS), and Expert Systems. MIS

has several subsets such as Decision Support Systems and Executive Information Systems. The role of MIS in decision support is best discussed in the context of the subset referred to as Decision Support System (DSS). A DSS is a computer based system (an application program) capable of analyzing an organizational (or business) data and then presents it in a way that helps the user to make business decisions more efficiently and effectively. It is basically an informational application which depends on the information already input while answering to a given query.

For example, a decision support system could provide:

- Comparative sales figures for one week/month and the next
- Projected revenue figures based on new product sales assumptions
- Consequences of different decision alternatives, given past experience

Literature Review

In the marketing literature several articles can be found that more or less *illustrate* the use and impact of marketing decision systems. An often cited article is Moriarty and Swartz (1989) that gives examples of how automation is used to support marketing and sales and of the (substantial) effects of these systems. Whereas Moriarty and Swartz's examples are mostly in the area of business-to-business marketing, Eisenhardt (1990) shows how consumer product companies use marketing decision support systems and claim to obtain (fabulous) pay-out ratios for their investments in these systems. However, there is very limited *systematical* knowledge about the actual adoption of and satisfaction with marketing decision support systems in companies and little insight in the factors (company factors, marketing factors, personal factors) that affect adoption and satisfaction.

Evolution Of Mmss

When we think about the essence of marketing management support systems, an important observation seems to be that such systems offer their contribution through a *combination of a set of components* and that different types of marketing management support systems can be distinguished because they emphasize different components. The basic components are indicated in Figure I. All MMSS make use of *information technology* (IT) in the form of hardware (computers, PC's, input-output devices etc.) and software (database management systems, spreadsheets, windows etc.). Secondly, an MMSS can have *analytical capabilities* available in the form of statistical packages to analyze marketing data, estimation procedures to estimate parameters, marketing models (e.g. response functions for marketing-mix instruments) and optimization and simulation procedures.

In the third place we have *marketing data*: quantitative information about marketing variables like sales, market shares, prices, own marketing-mix expenditures, competitors' marketing-mix expenditures, distribution figures etc. The fourth component is *marketing knowledge*. This refers to qualitative knowledge a marketer can have about his brands and markets, for example about the suitability of specific marketing actions (e.g. sales promotions) in specific circumstances, the way consumers will react to specific types of advertising, the attributes that consumers find important in a product, the marketing strategies of competitors, etc. This qualitative knowledge is the result of experience and intuition. The four components model of an MMSS depicted in

Figure 1 .

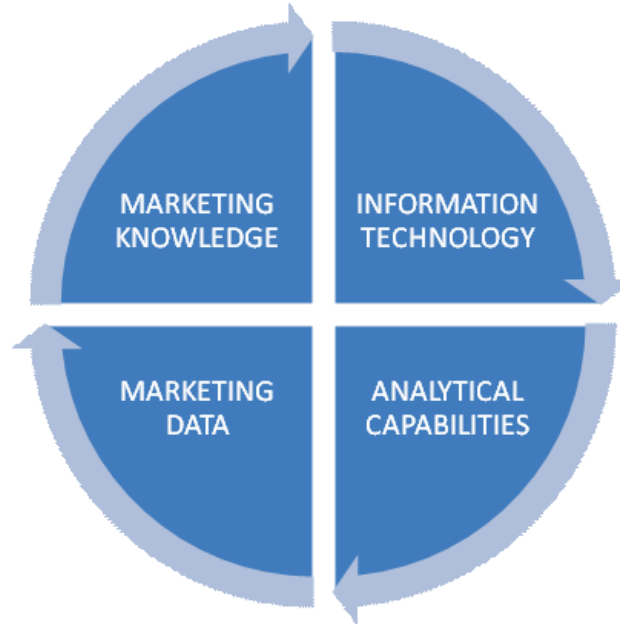


Figure 1-Components of marketing management support systems

Role Of Mis In Improving Decision Making

Decision making is an integral part of any business. This is because a majority of operations in an organization revolve around decisions made by the management and other key stakeholders in the organization. And in order for decision to be made adequately, it is vital for there to be a good information system since decisions are based on information available. Organizations must ensure that they have a good management information system. As a notable general observation, a good MIS ensures good decision making just in the same way bad MIS propel the making of bad decisions.

The quality of managerial decision-making depends directly on the quality of available information” and the managers should therefore cultivate an environment that encourages the growth and viable sprouting of quality information.

Essentially, before deciding on which MIS strategy to use, it is vital to ensure that the choice made is fully compatible with our current system. This will not only help in avoiding erratic choices but it will also save the time and money that would have been otherwise wasted by that person.

As a key consideration, Management Information Systems is a highly complex and delicate arena that calls for a lot of caution to be taken by its managers. It is for this reason that it is recommendable for organizations to ensure that they carefully select the individuals who are placed to control the systems. The more cautious and professional a person is, the better the person gets an assurance of positive prospects of in MIS with regards to decision making and other related areas of business.

MIS normally lays a firm foundation for the establishment of concrete decisions through its systematic tools, timely information and adequate managerial policies and regulations.

Furthermore, Management information Systems' statutes regarding businesses act as guidelines to business owners when making critical decisions about their businesses. As a result, managers and key decision makers are bridled from overstepping their boundaries or exceeding their business mandate. This is very crucial as it helps in keeping businesses checked and balanced thus ensuring that only proven decisions are considered while the untried ones are thwarted.

This is important for companies in the modern-day generation where any slight lapse in decision making can lead to very huge losses. Still, Management information systems are very elemental improving company securities. For example, in many instances, most management information systems can be easily programmed by the owner to conduct certain actions at certain times.

In effect, managers can program the system to perform certain routine checks which can help in improving efficiency of a company through easy discovery of bugs or problems. Furthermore, the programmability of most MIS saves a lot of priceless time and resources for owners.

As a matter of fact, most organizations tend to suffer due to poor accountability from those charged with the mandate to manage certain details. This safeguard action of some MIS is what macroeconomists refer to as the “gate-keeping” role of MIS in decision making and overall well-being of the organization. On another level, a good number of MIS play the role of record keeping or institutionalization of data bases that can easily keep confidential or invaluable

Conclusion And Recommendations

Despite the positives associated with the role of MIS in decision making process, there are a few challenges that are believed to limit the efficacy of MIS. These include:

The dynamic nature of MIS makes it difficult for some organizations to keep up with the principles, strategies, propositions or even ideas.

Different situations call for different decisions to be made. This poses challenges to MIS theorists since some MIS tend to not be adaptable.

The institutionalization, programming, monitoring and evaluating MIS requires a lot of expertise—something which numerous organizations lack.

The running of MIS programs tends to be relatively costly for some organization— especially small ones who are not well-endowed financially.

MIS is more of a science-oriented field while business is art-oriented. Consequently, finding a middle ground where the two can be linked is quite challenging to some people.

Most organizations do not a well-defined decision making system. So even with the right MIS tools, very little can be achieved in terms of improving decision-making.

Based on these limitations—plus other underlying issues that arise from the main discussion, the following recommendations are suggested:

There should be an increased monitoring of MIS so as to avoid falling victims of unobserved MIS which has dire ramifications.

Managers and business owners should find a way of tailoring information in a way that it fits various decision making processes in variant businesses.

The management should encourage the effectuation of a mutually interdependent and balanced MIS where workers and automated systems are handled with due respect.

Business entities should find a way inculcating teachings about new MIS in order to reduce the trend of businesses being left behind on new inventions.

A well-defined decision making system should be fledged in businesses so as to provide a viable working environment for MIS.

Business managers must ensure that they employ (or alternatively outsource) professional personnel who are able to ardently run both MIS and the decision making process.

Conclusion

This paper focuses on *marketing management support systems* and its tools that are meant to support a marketing decision maker. Principally, it is inherent to note that in spite of the fact that this paper is expressively analytical, more research needs to be done in order to bring more information into public knowhow. Moreover, business owners must learn to cope up with the ever changing trends in MSS and decision making, without which it will be very challenging to make positive progress in decision making. Finally, it is vital to remember that improvement in decision making is fundamentally meant to ensure customer satisfaction while businesses continue to flourish in success. All MSS strategies should therefore be tailored in a way that the above business goals are achieved.

REFERENCES

- McIntyre, S.H., 1982. "An Experimental Study of the Impact of Judgment-Based Marketing Models", *Management Science*, Vol. 28, No. 1
- Naert, P. and P. Leeflang, 1978. *Building Implementable Marketing Models*, Martinus Nijhoff Social Sciences Division, Leiden.
- Rangaswamy, A., R.R. Burke, J. Eliashberg and J. Wind, 1987. *Expert Systems for Marketing*, Working Paper No. 86-036R The Wharton School, University of Pennsylvania, Philadelphia.
- Simon, H.A., 1977. *The new science of management decision*, revised edition, Prentice Hall, Inc., Englewood Cliffs.
- Zmud, R.W., 1979. "Individual Differences and MIS success: a review of the empirical literature", *Management Science*, Vol. 25
- sadagopan s. "management information systems" PHI Learning Publication
- Gupta. Hitesh. "management information systems" International book house pvt.ltd.