

# Lecture 3

## By Dr. Rafiq Mansoor

### Chapter 3

# Collecting Information and Forecasting Demand



# Components of a Modern Marketing Information System (MIS)

- ✓ Internal company records
- ✓ Marketing intelligence activities
  - ✓ Marketing research



# Internal records

- Internal reports of orders
- Sales
- Prices
- Costs
- Inventory levels
- Receivables
- Payables



# Marketing intelligence

- Marketing intelligence system: a set of procedures and sources that managers use to obtain everyday information about developments in the marketing environment



# Analyzing the Macroenvironment

- Needs and Trends
  - Fad
  - Trend
  - Megatrend



# External Marketing Environment

## Major Forces in the environment

Demographic

Natural

Economic

Technological

Socio-cultural

Political-legal



# The Demographic Environment

- Worldwide population growth
- Population age mix
- Ethnic and other markets
- Educational groups
- Household patterns



# The Economic Environment

CONSUMER PSYCHOLOGY

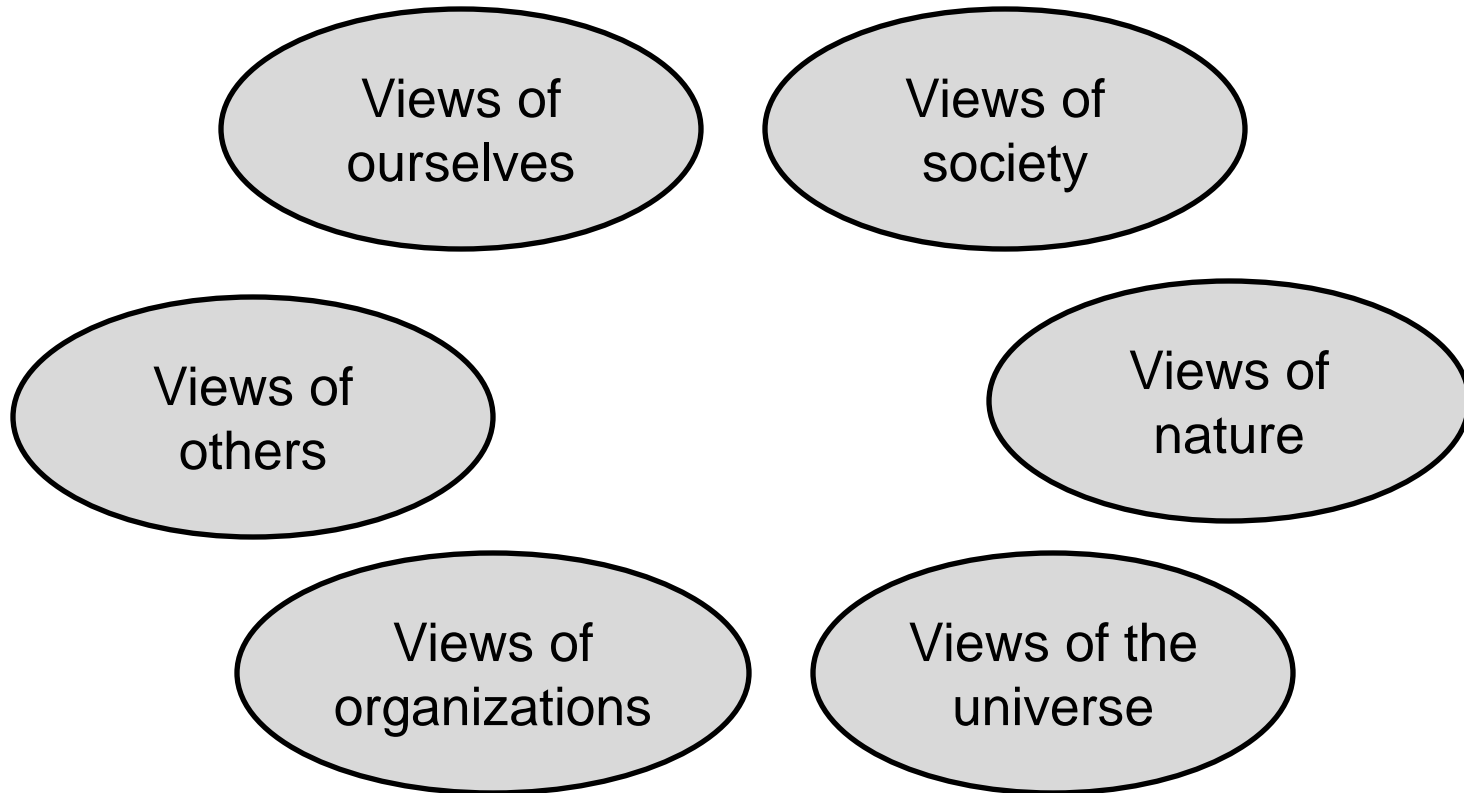
INCOME DISTRIBUTION

INCOME, SAVINGS, DEBT, CREDIT





# The Sociocultural Environment



# The Sociocultural Environment

- Core cultural values
  - Values are passed from parents to children and reinforced by social institutions
- Subcultures
  - Groups with shared values, beliefs, preferences, and behaviors emerging from their special life experiences or circumstances



# The natural environment

- Corporate environmentalism
  - Opportunities await those who can reconcile prosperity with environmental protection



# The Technological Environment

Accelerating pace of change

Unlimited opportunities  
for innovation

Varying R&D budgets

Increased regulation of  
technological change



# The Political-Legal Environment

LAWS

GOVERNMENT AGENCIES

PRESSURE GROUPS



# Forecasting and Demand Measurement

- Market demand measures
  - Potential market
  - Available market
  - Target market
  - Penetrated market



# Estimating Current Demand

- Total market potential
  - Chain-ratio method

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$$\begin{array}{ccccccc} \text{Demand} & & \text{Personal} & & \text{Average} & & \text{Average} & & \text{Average} & & \text{Expected} \\ \text{for the} & & \text{discretionary} & & \text{percentage of} & & \text{percentage of} & & \text{percentage of} & & \text{percentage of} \\ \text{new} & & \text{income} & & \text{discretionary} & & \text{of amount spent} & & \text{of amount spent} & & \text{of amount spent} \\ \text{light} & = & \text{per} & \times & \text{income} & \times & \text{on food that is} & \times & \text{on alcoholic} & \times & \text{on beer that} \\ \text{beer} & \text{Population} & \text{capita} & & \text{spent} & & \text{spent on} & & \text{beverages that} & & \text{will be spent on} \\ & & & & \text{on food} & & \text{beverages} & & \text{is spent on beer} & & \text{light beer} \\ & & & & & & & & & & \end{array}$$

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# Estimating future demand

- Survey of buyers' intentions
  - Forecasting and purchase probability scale
- Composite of sales force opinions
- Expert opinion
- Past-sales analysis
- Market-test method

