

MARKETING AND THE STATISTICIAN

... by ...
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The Shape of Things to Come

There has been no period in Philippine history when a more active and penetrating interest in the field of economics has been more apparent than in the past couple of years. And the trend towards more vigorous economic thinking continues in an upward movement. The most manifest of this philosophy of thought is planning for the economic development of our country, calculated to bring about a structural change in our economy—from one of agricultural orientation to that of a balanced agro-industrial character... and the Socio-Economic Program of the present administration aims at precisely just that.

To put our subsequent thesis into focus, let us look at some of the targets of this particular program:

1. Gross domestic product
1960 — P11,822 million)
) increase of 45.2%
1867 — P17,841 million)
(average annual rate of 6%)
2. Private consumption expenditures
1960 — P 9,304 million)
) increase of 45.2%
1967 — P13,512 million)

3. For these production targets to be met, fixed investments for the 5-Year period (1963-67) shall be as follows:

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	<i>Million</i>	<i>%</i>
Agriculture	P 809	6.71
Mining	399	3.31
Manufacturing	3,929	32.57
Construction	2,429	20.15
Transp. & Communications	4,000	33.19
All other sectors	499	4.07
	P16,056	

This means investments in basic industries for supplying light industries with raw materials, which are presently imported from abroad: basic metals and products, integrated iron and steel, basic chemicals, pulp and paper, integrated textile manufacturing, etc.

4. Agriculture—expansion of agricultural food production processing; development of the cattle and dairy industries:

rice production — increase by 1.56 million cavans per year

meat production — increase by 14 million kilos a year

milk and dairy products — increase by 5 million kilos annually.

5. Construction, Transportation, Communications — Roads and irrigation facilities, water supply, power development, expansion of railroad units, and telecommunications.

6. On the basis of these investments, it is estimated that national income that will be generated will be as follows:

	<u>1960</u>	<u>1967</u>	<i>(millions of pesos)</i>
Agriculture	P 3,472	P 4,257	
Industry	1,970	3,850	
Construction	324	607	
Basic Facilities			
Trade & Services	<u>4,488</u>	6,448	
National Income	<u>P10,254</u>	<u>P15,162</u>	

Alongside these economic goals we are faced with the following facts:

1. A population growth of 3.2% annually or 1 million more people every year to feed, houses, and clothe.

2. Because of population growth, an increase in number of households, estimated at 130,000 yearly:

1960 — 4,566,000

1965 — 5,333,000

3. Average of 600,000 new school children every year.

As have been a favorite thesis of mine, I would like to make the observation that this particular program, as that of previous ones, continue to be production-oriented and that an important element in the success of any economic development program has been left out, or at least taken for granted—and that is **MARKETING**.

The goals as have been set out should bring about an upliftment in our economy. But only when they are spelled out in terms of markets, of capacities to absorb and consume, of their finding consumer acceptance in the market place, of being distributed efficiently and at a minimum cost, can all of these economic goals be realized.

For programs for economic development in any country—but more so for an under-developed one—can be successful only when marketing-orientation is a basic part of it, when marketing planning and implementation is integrated into it.

In essence, therefore, marketing becomes the catalyst, the primary factor of any program for economic development. In simpler words, we may have the most modern machineries to turn out products, the resources to finance our marketing operations . . . but if we haven't got the market to absorb these goods nor the organization, nor the facilities to affect the movement of these goods from the factory to the consumer, then this economic development program will amount to nothing much.

These goals have real meaning to the marketing man, and together with him, to the professional in the field of statistics.

The net effect of all these developmental efforts is clear:

First, industrial growth and expansion would mean the need for stimulation of consumer demand to absorb the output of new facilities on a continuous basis;

Second, these will be a growing trend towards product diversification as a means of gaining stability in over-all corporate income. These, in turn, will accentuate problems associated with product planning, new product introduction to the market, and inventory management.

Third, these will be an elevation in our present standards of living, tending to make consumers more discriminating in their wants and more exacting with respect to price, quality, and the range of products from which to make their selections.

Its implications on the responsibilities of the marketing executive is obvious, for it is in his principal field of activity to plan and introduce new products, penetrate and develop markets, create demand and build up sales volumes, effect the speedy and efficient distribution of commodities, and be responsible for over-all marketing management.

What may not be so obvious, and, therefore, unappreciated, is the role of the statistician in the over-all marketing effort.

At this point, I would like to bring out my thesis for today: Marketing and Statistics are closely inter-related and without the latter, the total marketing effort becomes a headless, futile activity, devoid of wisdom and sound judgment that only the crutches of statistics can provide.

Without the confidence brought about by statistical support, the marketing executive becomes a hapless individual, groping blindly in the dark, in the maze and labyrinths of the market-place where at every corner there is uncertainty.

There is hardly any activity of the marketing executive where reliance on statistical tools does not become necessary. Let's take a brief look.

Advertising Public Relations

- Evaluation of Advertising Program
- Measurements of Effectiveness of Advertising
- Copy and Layout Testing
- Measurements of Institutional Image

2. Product Planning and Development

- Brand Preferences
- Product Testing
- Consumer Attitudes about Products
- Brand Image

3. Demand Analysis

- Magnitude of Demand, Potential, Latent and Effective Demand
- Geographical and Time Considerations of Demand
- Market Shares
- Extent of Market Penetration
- Effects of Controllable Demand Determinants:
 - Pricing
 - Advertising
 - Personal Selling
 - Product Innovation
- Effects of Uncontrollable Demand Determinants:
 - Population
 - Income
 - Gross National Product
 - Educational Levels
 - Money Supply, etc.
- Forecasts — Industry and Company Demand
 - Empirical Studies
 - Industry Patterns and Trends
 - Influences of Economic Factors

4. Market Analysis

- Market Segmentation
- Pattern of Social Classes

5. *Consumer Surveys*

Buying Behavior
Who, Where, When
Opinions
Attitudes
Preferences
Why (Motivation)
Readership and Listening Habits

6. *Price Studies*

Price Movements
Price Structure
Determination of Prices
Multi-Pricing for Multi-Product Line

7. *Distribution Studies*

Cost Analysis

8. *Marketing Management*

Sales Control

By now, it should be obvious that in the exercise of marketing management in all its phases (planning, organization, direction, and control), the marketing executive is greatly dependent, or rather, has got to work hand in hand with the statistician, or in another light, the marketing man must be knowledgeable, conversant, and appreciative of the importance of statistical tools in his marketing strategy planning and decision-making.

As a general opinion, we in the marketing field are aware of this importance of the statistician and his role in our marketing efforts. But let me turn back the question at you, gentlemen. Are you aware or cognizant of the various potential that await your group in the marketing field? If so, I hardly see any real evidences of it.

Of a couple of statisticians who have ventured into the marketing research field, I have noted a lack of marketing

orientation and marketing thinking. The approach is one of rigid methodology, given to the use of pure mathematics or statistics in his reasoning. Analytical reports of data surveyed are cold and basically quantitative, lacking in interpretative insights on marketing problems, devoid of clues and recommendations for corrective measures towards marketing planning for which such data gathering or surveys were undertaken in the first place. Likewise, there is less sensitiveness to people who in the final analysis is the market.

Before I get totally misunderstood, this is not a critique of the statisticians as a group. I just wish to impress upon you the green fields of marketing which provide wonderful opportunities to the practicing professional statistician. But if he must be the vital intelligence support to marketing management, he must be able to equate mathematical logic with psychological and sociological insights, he must be familiar with the gamut of marketing involvements, he must have an understanding of the workings of various economic forces, and he must have the flexibility and adaptability necessary to a marketing orientation in his thinking.

If by any fortune, he becomes all these, then he does not deserve to be a marketing man. He has become a professional statistician, intelligent, logical, and in a class by himself, which each one of you are. And with that goes my admiration and gratitude to your group for providing me the opportunity of speaking out my views. Thank you.