

Marketing Decision Making

Marketing personnel must make decisions whenever they perform any of the marketing functions. Marketers must continuously decide what is to be done, who is to do it, how it is to be done, and when and where are the best time and place to do it.

How To Make Decisions

Step 1: Define idea or problem to be acted upon. Before seeking answers, you need to identify the real problem. The first step in decision making is to find out what the problem really is; only then should you work toward a solution or answer. Defining the problem is not an easy task in most cases. What appears to be the problem might at best be merely a symptom that shows on the surface.

Step 2: Collect, interpret and evaluate relevant information about the problem.

Usually there are many sources from which to gather information affecting a decision. Sometimes standing orders, policies, procedures, rules, and regulations provide relevant information. Other sources of information include your own experience, company records and reports, discussion with individuals and personal observations.

Step 3: Develop possible alternative solutions. The next step is to develop alternative ways of solving the problem or taking advantage of the opportunity. Alternatives are possible courses of action that can satisfy a need or solve a problem. Usually several choices are available to the decision maker if he or she is able to identify or develop them.

Step 4: Select the preferred or “best” alternative. You have reached a point where you must make a decision. You should logically and rationally pick the alternative you think is most desirable for all concerned from an objective, ethical, and practical point of view. Sometimes the preferred alternative involves cost/benefit analysis and risk analysis.

Cost/Benefit Analysis:

You estimate what each alternative will cost in terms of human, physical and financial resources. Then you estimate the expected benefits. Finally, you compare the two estimates and select the one with the greatest “payoff” where the ratio of benefits to cost is more favorable.

Risk Analysis:

Risk, which is the possibility of defeat, disadvantage, injury, or loss is inherent in decision making. You should try to minimize the risks involved by effectively forecasting outcomes and considering all variables involved.

Step 5: Implement the decision. Effective decision making doesn't stop when you choose from among alternative solutions. The decision must be put into operation.

Step 6: Follow-up, evaluate, and make changes if needed. Follow-up and the evaluation of the outcome of a decision is part of the process of decision making. Follow-up and evaluation of a decision can take many forms depending on the nature of the decision, timing, costs, standards expected, personnel, and other factors. If the follow-up and evaluation indicate that something has gone wrong or that the results have not been as anticipated, then the decision-making process must begin all over again. This may even mean going back over each of the various steps of the decision-making process in detail.