For the past few years, many small businesses in the U.S. have gone under and many others have downsized their operations. In order to survive, a small business must do its best to improve its competitive edge. To do so, one applaudable way is to establish and utilize the marketing information system (MKIS). The MKIS has been known to create competitive advantage for companies in various industries. This study surveys 1000 small U.S. companies to explore their overall status of MKIS usage. Generally speaking, small firms are not utilizing as much of the MKIS as the larger firms. They are not fully exploiting the latest information technologies to create competitive advantages. Many marketing managers in the firms are not satisfied with their MKISs. As the global market becomes increasingly competitive, it is vital to small firms to improve their MKIS usage in the near future. Otherwise, many of them are likely to go under in the next wave of economic recession.

Corporate America today is in an era of increasing globalization and competition. The recent recession of the U.S. economy has caused many small businesses to go under and forced many others to downsize their operations. In order to survive in today’s business war games, firms must collect environmental information and increase their internal efficiencies and effectiveness. It has been reported that many firms across U.S. industries have been utilizing marketing information systems (MKISs) to do so. A marketing information system (MKIS) is the nerve center of marketing organizations in the U.S. It provides a marketing manager with the information about customer needs in the marketplace and identifies new or improved products and services to satisfy the customers. The manager must make many decisions from the time a need is recognized until the product or service appears on the market. The role of MKIS is to assist the manager in decision making activities and makes it possible for a firm to react more quickly to the customer’s needs. It allows the manager to follow up on how well the needs have been met. This feedback information is then used to modify, improve, or delete products and services which in turn increases the efficiency and effectiveness of the firm’s operations and improve its competitive edge. Therefore, having a successful MKIS is vital to a firm in order to compete in today’s global marketplace.

To gain a perspective on MKISs in the U.S., many researchers have surveyed different groups of companies during the past two decades. Boone and Kurtz (1971), McLeod and Rogers (1982), and Li, McLeod, and Rogers (1993) reported the status and progress of MKISs in Fortune 500 companies. McLeod and Rogers (1985) and Li (1995) disclosed the MKIS status of the top 1000 U.S. firms. Berry (1983) and Mentzer et al. (1987) revealed the use of microcomputers in the MKISs of U.S. firms. Higby and Farah (1991) reported the use of decision support and expert systems
in the MKISs of U.S. firms. Among all these studies, the ones
described by McLeod and Rogers (1982,1985) and Li
(1993,1995) are more theoretically sound and provide a more
complete perspective of MKIS in a firm. However, their
surveys have invariably focused on large U.S. companies.
Neither of the other researchers has reported the MKIS status
specifically for small businesses in the U.S.

Small businesses have been known to account for over
90% of all U.S. firms and almost half of the gross national
revenue (Raymond, 1985). It is important for us to study their
use of MKISs and the impact of MKISs on their marketing
functions. This study surveys a sample of 1000 small compa-
nies across U.S. industries. The current status of small U.S.
companies reported by this study can be used as a yardstick by
a company of comparable size to measure against its MKIS
operations. Strengths and weaknesses of the company’s
MKIS can then be identified. This may in turn provide the
company management useful guidelines for formulating
MKIS implementation strategies and identifying MKIS appli-
cation portfolios.

Research Method

The subjects of this study were the marketing executives
of the firms systematically selected from a recent version of
the Standard & Poor’s directory (Standard & Poor’s Corpora-
tion, 1992). The sampling process first selects a firm ran-
domly from the directory. If the firm’s sales dollar is no more
than 250 million and the number of employees is under 1500,
it is kept in the sample. Otherwise, another firm is selected.
This process was repeated until 1000 companies had been
obtained. The sizes of the sampled firms were considerably
smaller than those of Fortune 500 and Fortune 1000 firms as
surveyed in the previous studies (McLeod and Rogers, 1982,
1985; Li, 1993, 1995). This allows us to contrast some
differences in MKIS usage between small and large U.S.
firms.

Once the mailing list of the sample was completed, a
questionnaire adopted from Li (1995) for measuring the use of
MKIS and a letter with instructions for completing the ques-
tionnaire were sent to the marketing executives of the sampled
companies. Six weeks later, a second wave of mailing was
sent to the non-respondents. After two months, a total of one
hundred and fifty-three questionnaires were returned, giving
us a 15% response rate. This response rate is typical of an
unsolicited mail survey. It is somewhat higher than the range
of 7% to 14% as reported by the other related studies (Berry,
1983; Higby and Farah, 1991; Li, 1995; Mentzer et al., 1987).
Among the 153 respondents, 78 (51%) indicated their firms
have some form of MKIS and were able to complete the entire
questionnaire. These 78 questionnaires were completed by 41
respondents from the first-wave mailing and another 37 re-

In order to examine the existence of non-response bias,
a series of chi-square and ‘t’ tests were then conducted
between the samples with completed questionnaires from the
two waves of mailing. No significant difference was found on
any question on the questionnaire between the two samples,
indicating there is no significant non-response bias. There-
fore, these two samples were regarded as coming from the
same population and merged as one for further analyses in this
study.

All the 153 respondents are from for-profit organiza-
tions. Table 1 shows the distributions of industries in which
the respondents’ companies operate. Likewise, Table 2 re-
veals the distributions of sales dollars and number of employ-
ees. The sizes of sales ranged from 3 to 215 million dollars,
while the sizes of employees ranged from 7 to 1,460 persons.
Since those companies having no MKISs did not fill out the
questionnaire, they were excluded from any further analysis.
The following sections are based on the responses from the 78
companies having MKISs. The representativeness of the
sample seems to exist since the respondents represent a wide
range of companies in terms of industrial types and business
sizes. The chi-square test was used to identify significant
differences in the demographic distributions between the
companies having MKISs and those having no MKISs. No
significant difference (at the 0.05 level) was found in the
distributions of industry type and employee size between the
two groups of companies, indicating that the companies hav-
ing MKISs should be as representative as the entire sample.
This group of companies allows us to develop an MKIS status
of small businesses in the U.S. as a whole.

Results and Discussion

Based on chi-square tests, the distributions of sales
volume of the two groups of companies (having versus not
having MKISs) were significantly different at the 0.05 level,
suggesting that the less the firm’s sales dollars, the higher the
likelihood that it may not have an MKIS. The percentage
(49%) of firms not having any MKIS is much higher than the
24% and 25% found in the top 1000 U.S. firms (McLeod and
Rogers, 1985; Li, 1995). This is probably due to the fact that
many small firms cannot afford to own and operate their own
MKISs; they are more likely than large firms to outsource their
MKISs, if they can afford to do so.

Integration of CIS and Marketing Plans

Many (73.7%) of the firms having MKISs also had
company-wide CISs. Almost half (46.3%) of the firms having
CISs had formal, written company-wide CIS plans. More than
half (58.3%) of the CIS plans were influenced by their market-
ing strategies. On the other hand, many (67.5%) of them said
they had formal, written marketing plans. However, not as
many (48.1%) formal marketing plans were influenced by the
www.igi-global.com/e-resources/library-recommendation/?id=2

Related Content

Analysis of the Factors Affecting Sustainable Electronic Supply Chains in Healthcare Centers: An Interpretive-Structural Modeling Approach
www.igi-global.com/article/analysis-of-the-factors-affecting-sustainable-electronic-supply-chains-in-healthcare-centers/212709?camid=4v1a

Creativity-Centered Design from an Ecologically Grounded Perspective: Activities and Resources in Palafito 1.0
www.igi-global.com/article/creativity-centered-design-from-an-ecologically-grounded-perspective/149958?camid=4v1a

Making Sense of IS Failures
www.igi-global.com/chapter/making-sense-failures/13932?camid=4v1a

Do Information Security Policies Reduce the Incidence of Security Breaches: An Exploratory Analysis
www.igi-global.com/article/information-security-policies-reduce-incidence/1279?camid=4v1a