Decision-Making Challenges in Marketing

OBSTACLES TO DECISION-MAKING AND CAUSES OF DECISION FAILURES

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“Whenever you see a successful business, someone once made a courageous decision.”
(Peter F. Drucker, in Hitt/Collins, 2007)

Making decisions is one of the most important tasks of people responsible for marketing and sales. But it is often also a risky task. Because wrong or suboptimal decisions can not only have personal consequences for the respective manager but can also cost a lot of money and endanger the image – or even the existence – of a company. There are numerous examples of this. No one is immune from stumbling over obstacles or their own misjudgments. However, “Forewarned is forearmed.”

In this respect, gaining insight into how better decisions can be made and why poor decisions are made in the first place is an important task for researchers. In the present study, we aim to take a step toward more empirical research on marketing decisions. Further steps will follow.

The participants were, without exception, marketing and sales decision-makers with companies with at least 50 employees. Drawing on their own experience, they answered our questions regarding what they consider to be the most common causes for poor decisions and which obstacles they generally encounter when making decisions.

We hope you enjoy reading this study and look forward to your personal feedback on this topic.

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1

Obstacles to Decision-Making
Obstacles to Marketing Decisions (Introduction)

“Making decisions is the most important job of any executive. It’s also the toughest and riskiest.” (Hammond J. S, Keeny R.L, Raiffa H., 1998)

Making management decisions is consistently described in academic literature as a complex and challenging process that demands a great deal of reflection, awareness and rationality (e.g., Rommelfanger & Eickemeier, 2002; Gründig & Kühn, 2017). The emphasis is always on the absolute comprehensibility and transparency of the decision-making process. However, many key parameters – i.e., complete information, alternatives or even future consequences – are often unknown, which considerably complicates decision-making and leads to “decisions under uncertainty.” Therefore, the realistic goal is usually not an optimal solution but can instead (only) be a satisfactory one (e.g., Bamberg & Coenenberg & Krapp, 2019; Simon, 1960; French, Maule & Papamichail, 2009).

However, there are more highly complex difficulties and limits than the ones described in decision theory. In reality, other completely “self-made” obstacles may arise, which are banal from a theoretical perspective. In this survey, we asked about such obstacles, limitations and blocks. The result: Even seen from such points of view, optimal conditions for decisions are apparently rare. The results of the survey clearly demonstrate this.

The question was formulated as follows: We put together a list of potential obstacles that may arise in connection with marketing decisions. Please tell us how often these obstacles normally occur in your own experience. There were 13 possible obstacles to choose from, and the possible answers ranged from “always” to “often,” “occasionally” or “never.”
The Most Important Obstacles when Making Marketing Decisions

Please tell us how often these obstacles normally occur in your own experience

Responses; deviations from 100 % due to rounding

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>always</th>
<th>often</th>
<th>occasionally</th>
<th>never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time pressure inhibits adequate analysis</td>
<td>9%</td>
<td>54%</td>
<td>31%</td>
<td>6%</td>
</tr>
<tr>
<td>Cost pressure inhibits adequate analysis</td>
<td>7%</td>
<td>48%</td>
<td>28%</td>
<td>17%</td>
</tr>
<tr>
<td>Flood of information</td>
<td>10%</td>
<td>36%</td>
<td>40%</td>
<td>15%</td>
</tr>
<tr>
<td>Too little relevant data</td>
<td>3%</td>
<td>35%</td>
<td>47%</td>
<td>14%</td>
</tr>
<tr>
<td>Too little customer contact</td>
<td>4%</td>
<td>33%</td>
<td>38%</td>
<td>25%</td>
</tr>
<tr>
<td>Market requirements change too quickly</td>
<td>5%</td>
<td>27%</td>
<td>47%</td>
<td>22%</td>
</tr>
<tr>
<td>Resistance from employees or other areas</td>
<td>3%</td>
<td>27%</td>
<td>52%</td>
<td>19%</td>
</tr>
<tr>
<td>Uncomfortable information is ignored</td>
<td>3%</td>
<td>26%</td>
<td>48%</td>
<td>24%</td>
</tr>
<tr>
<td>Too little interaction with experts and colleagues</td>
<td>3%</td>
<td>26%</td>
<td>49%</td>
<td>23%</td>
</tr>
<tr>
<td>Trends recognized too late</td>
<td>3%</td>
<td>25%</td>
<td>60%</td>
<td>13%</td>
</tr>
<tr>
<td>Outdated information</td>
<td>1%</td>
<td>25%</td>
<td>56%</td>
<td>17%</td>
</tr>
<tr>
<td>Conflicting information</td>
<td>1%</td>
<td>18%</td>
<td>58%</td>
<td>23%</td>
</tr>
<tr>
<td>Technology difficult to understand</td>
<td>2%</td>
<td>16%</td>
<td>51%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Basis: n = 200 marketing and/or sales managers from production/processing of consumer goods/other products for end consumers.

Note: Statements partially shortened here due to reasons of space; for complete formulations see p. 11
Obstacles to Marketing Decisions
(Detailed results I)

- The daily work of most managers is apparently strongly marked by time pressure. Time pressure is mentioned by almost two-thirds of the surveyed marketing decision-makers as the most common or even the constant obstacle to decision-making processes. They indicated in the survey that in their experience, lack of time is a permanent or frequent obstacle to marketing decisions because it prevents sufficient analysis. The remaining one-third declared this to be the case at least occasionally. Only 6% said that this was never an issue.

- Cost pressure is seen the second most common obstacle. More than half of the participants always or often see this as a difficulty when it comes to making marketing decisions because it leads to a lack of opportunity for sufficient detailed analysis. However, a significantly greater number of participants are of the opposite opinion than is the case with time restrictions. 17% of participants never see budget limitations as an obstacle. However, if both restrictions are combined in a cross-sectional analysis, only 3% of participants think that either factor ever represents a problem when making management-level decisions.

- In third place in the frequency ranking is a bewildering surplus rather than a shortage: the flood of information. Nearly half of participants believe that this always or often leads to difficulties in the decision-making process. This naturally depends on the amount of time and the financial budget available for analyses. However, time seems to be more relevant than money. In terms of factor analysis, a lack of time and a flood of information have a common dimension (→ p. 11).

- Point 4 relates to the exact opposite of Point 3, the inverse of surplus: Here, we are dealing with a deficiency of relevant information. Nearly 40% of participants see this as a decision obstacle that always or frequently arises. 47% think this problem complicates the decision-making process at least occasionally and only 14% have not experienced this. In factor analyses, the obstacle presents itself as part of a dimension which otherwise involves restrictions in communication, customer knowledge and budget (→ p. 11).
Likewise, almost 40% see insufficient customer contact as a common or permanent problem affecting decision-making in marketing. This is an extremely high percentage in light of the crucial importance that recognition of customer needs and wishes has, or should have, for marketing managers. Nevertheless, not all participants share this negative experience, since it has apparently never been a problem for a quarter of them.

The following four obstacles in the ranking all received very similar frequency values though they refer to different dimensions.

First of all, this is a result of an external factor: a kind of overload due to the fast pace of the market. A solid 30% of participants think the rapidly-changing requirements of the market often or always lead to problems. Only 22% do not think so at all. The largest portion, nearly half of participants, apparently grapple with this problem at least occasionally.

Intra-company resistance is seen as an obstacle that arises just as frequently. 30% are of the opinion that resistance from other company divisions, colleagues or even fellow employees often obstruct the decision-making process; 52% believe this happens sometimes. Here questions arise as to what extent such resistance is actually destructive, or whether it might even prove useful and valuable for decision-making processes. Project management service provider Truecare suggests using the “latent energy” of resistance, for example. And the authors of the article “The Hidden Traps in Decision Making,” published in the Harvard Business Review, explicitly suggest that you “Don’t surround yourself with yes-men.” But dealing with resistance obviously depends heavily on the type of resistance as well as the underlying history, motivations, situations and corporate culture. The topic surely offers many starting points for additional and more in-depth empirical research.
Obstacles to Marketing Decisions
(Detailed results III)

▶ Another intra-corporate source of problems can be caused by “ignoring inconvenient information.” In the worst case, such behavior can result in enormous company crises; on a smaller scale, it can also create massive obstacles for strategic and operative decision-making processes. Still, 29% of participants in the survey see this potential obstacle as a frequent or continual reason for barriers to decision-making processes.

▶ Nearly 30% consider the lack of communication with experts or colleagues who could potentially be important for the decision to be a frequent or continual difficulty. Close to half see it as a problem at least occasionally. This means specifically that for the majority of marketing managers, an important step in preparing for a decision – gathering options and hearing other ideas and perspectives – cannot successfully take place in an adequate and satisfactory manner.

▶ According to 28% of participants, the belated recognition of trends often leads to problems in decision-making. And judging by the results of factor analyses (→ p. 11), this is often linked to internal resistance including the ignoring of inconvenient information, as mentioned above.

▶ According to the results of the survey, a lack of reliable information is also seen as a common obstacle by some marketing decision-makers. Here, outdated information (26%) is apparently a somewhat more common problem than conflicting information (19%).

▶ Last but not least, technology that is difficult to understand often or always represents an obstacle for nearly 20% of decision-makers. Around half consider this to sometimes be the case, while 31% never regard it as a barrier.
Obstacles to Marketing Decisions (Factor Analysis)

The different obstacles in question can theoretically arise individually and in isolation, though in most cases managers must apparently grapple with several of them. They are not necessarily independent of each other but are partially mutually dependent, or appear jointly in certain situations and reinforce each other. Analysis of the main components allowed five dimensions to be extracted from the 13 statements. Taken together, they explain 61% of the total variance. The description of the five obstacle dimensions and the component matrix with the weights of the individual questions are represented in the following two pages.
### Final Result of the Factor Analysis

<table>
<thead>
<tr>
<th>Rotated component matrix (principal components analysis, Varimax)</th>
<th>(Lack of communication, data and/or customer knowledge)</th>
<th>Too little time to analyze the flood of information</th>
<th>Resistance and suppression of information and trends</th>
<th>Fast-paced markets and new technology</th>
<th>Conflicting or outdated information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time pressure inhibits adequately detailed analysis</td>
<td>0.045</td>
<td><strong>0.829</strong></td>
<td>0.072</td>
<td>-0.128</td>
<td>0.034</td>
</tr>
<tr>
<td>Cost pressure inhibits adequately detailed analysis</td>
<td><strong>0.601</strong></td>
<td>0.100</td>
<td>0.076</td>
<td>0.033</td>
<td>-0.007</td>
</tr>
<tr>
<td>Market requirements change too quickly</td>
<td>-0.059</td>
<td>0.165</td>
<td>0.010</td>
<td><strong>0.884</strong></td>
<td>0.105</td>
</tr>
<tr>
<td>Too little relevant data available</td>
<td><strong>0.684</strong></td>
<td>0.036</td>
<td>-0.302</td>
<td>-0.020</td>
<td>0.092</td>
</tr>
<tr>
<td>The available information is conflicting</td>
<td>-0.125</td>
<td>-0.060</td>
<td>0.191</td>
<td>0.086</td>
<td><strong>0.863</strong></td>
</tr>
<tr>
<td>The available information is outdated</td>
<td>0.565</td>
<td>0.125</td>
<td>-0.033</td>
<td>0.003</td>
<td><strong>0.585</strong></td>
</tr>
<tr>
<td>Flood of information is overwhelming</td>
<td>0.008</td>
<td><strong>0.692</strong></td>
<td>0.182</td>
<td>0.321</td>
<td>-0.030</td>
</tr>
<tr>
<td>Resistance from other divisions or from employees and colleagues</td>
<td>0.040</td>
<td>-0.009</td>
<td><strong>0.778</strong></td>
<td>0.009</td>
<td>0.084</td>
</tr>
<tr>
<td>Lack of communication with experts or colleagues who might be important for the decision</td>
<td><strong>0.726</strong></td>
<td>0.035</td>
<td>0.270</td>
<td>0.077</td>
<td>0.039</td>
</tr>
<tr>
<td>Insufficient contact with the actual customers</td>
<td>0.618</td>
<td>-0.183</td>
<td>0.302</td>
<td>0.029</td>
<td>-0.123</td>
</tr>
<tr>
<td>Technology is difficult to understand</td>
<td>0.494</td>
<td>-0.202</td>
<td>0.137</td>
<td><strong>0.603</strong></td>
<td>-0.003</td>
</tr>
<tr>
<td>Information is ignored because it is inconvenient</td>
<td>0.068</td>
<td>0.200</td>
<td><strong>0.732</strong></td>
<td>0.035</td>
<td>0.020</td>
</tr>
<tr>
<td>Trends recognized too late</td>
<td>0.257</td>
<td>0.136</td>
<td><strong>0.454</strong></td>
<td>0.130</td>
<td>0.281</td>
</tr>
</tbody>
</table>
Description of Analysis Results:
Five obstacle dimensions for marketing decisions

Results of the principal components analyses: Five dimensions arose from 13 statements

1. **Lack of communication, data and/or customer knowledge**: The exchange with others, whether they are colleagues, customers or experts, is insufficient and/or the budget is not sufficient to obtain all relevant information.

2. **Too little time to analyze the flood of information**: The time pressure is too intense, so that the amount of information available is overwhelming instead of helpful.

3. **Resistance and suppression of information and trends**: There is resistance from other areas, colleagues or fellow employees and/or information is ignored because it is inconvenient. The belated recognition of trends is a problem commonly associated with this.

4. **Fast-paced markets and new technologies**: The speed with which market requirements change is overwhelming. And (new?) technologies partially also cause difficulties.

5. **Conflicting or outdated information**: The information is confusing because it is conflicting and partially not up-to-date enough.

Note: In addition to their main dimensions, the items “technology difficult to understand” and “outdated information” also refer to the dimensions “lacking communication, data and/or customer knowledge.”
Reasons for Decision Failures
Reasons for Decision Failures (Introduction)

“In making decisions, your own mind may be your worst enemy” (Hammond J. S, Keeny R.L, Raiffa H., 1998)

› Not a pleasant thought: Could our mind be our worst enemy when we’re making decisions? We are evidently susceptible to many traps: This has been proven in scientific experiments. For example, we usually favor the status quo over change (status quo trap) or orient ourselves to something we have recently heard or read, even if this information may not be particularly helpful for our problem (anchoring trap). We are also often tricked by previous bad decisions because we try – consciously or unconsciously – to justify them through subsequent decisions (sunk cost bias). This can lead to problematic decision spirals. A clear recommendation exists to counter this: “If you find yourself in a hole, stop digging.” (Hammond J. S, Keeny R.L, Raiffa H., 1998).

› Yet making the right decision is easier said than done. Authors Russo and Schoemaker believe that a good decision-maker should systematically analyze all phases like a pro athlete. They identified 10 points as particularly common traps. These include, for example, a lack of control over the framework within which the particular decision is initially set, or unreasonably high confidence in one’s own judgment when assessing alternatives or forecasts (Russo J.E., Schoemaker P.J.H., 1989, a review by Pham T.). On the other hand, a phenomenon known as “Analysis Paralysis” also exists, which can be caused by too many formal analysis or assessment criteria (e.g., Boss J., 2015).

› For marketing managers, the subject of decision failures is especially sensitive. Nevertheless, we dared to ask them – in an open question: What causes occasional decision failures? They told us the most important reasons, in their experience. We categorized the answers; the ten most frequently mentioned are described in detail in this report. Furthermore, we have included many original quotations.
The Ten Most Important Reasons for Decision Failures

What do you think leads to occasional decision failures in marketing? What are the most important reasons for this?

Open answers were categorized; multiple responses; net sums

- Customers and/or their needs not understood: 19%
- Incorrect assumptions/assessments of markets and trends: 18%
- Lack of competence regarding analysis, tools, technology: 14%
- Missing, incorrect data/information: 14%
- Hasty (gut) decisions: 13%
- Wrong strategy/missing big picture/conflicting objectives: 11%
- Decision processes in company problematic: 10%
- Scarcity of resources in company: 9%
- Entrenched/inflexible corporate structure/culture: 8%
- Time pressure/lack of time: 6%

Basis: n = 200 marketing and/or sales managers from production/processing of consumer goods/other products for end consumers
Decision failures: Lack of understanding | Lack of expertise

- Lack of understanding of one's own customers and target groups was the most spontaneously mentioned factor and thus occupies first place. Despite all the research options available through market research and social media tracking, consumers are evidently still a mystery to many decision-makers. Yet this is not just a question of the availability of consumer information that's been gathered through observation and research. It is also a matter of seeing things through “the eyes of the customer,” in the descriptive words of a participant – that is, through the perspective of the people for whom the products and services are conceived.

- In second place, but mentioned almost as frequently, is a lack of market expertise and misjudgment of market conditions or trends. This is again a question of the skills and perceptual difficulties of the human decision-makers and their advisors.

- The third place is also occupied by inadequate human capabilities, in this case “manual” aspects. Incompetent use, or lack of understanding of analyses, tools and/or other (new) technologies are seen to result in bad decisions.

- Only in fourth place do we encounter an objective reason that is not necessarily caused by human shortcomings: Missing or incorrect data and information.
Reasons for Decision Failures (Survey results II)

Decision failures: Insufficient consideration | Problematic corporate structure/culture

- A human factor as a cause of decision failures was identified in the next place on the list: Insufficient advance consideration, research and analysis, or “gut decisions” and opinions not based on data.
- The following point is similar, though it underscores more strongly and clearly that weaknesses in the corporate culture are connected to poor decisions. In the experience of many participants, problems originate when we don’t think outside the box and fail to see the big picture, and when strategies and targets lead to confusion or conflict.
- The following also point to problems in corporate structures and cultures: First, coordination and decision-making processes that are poorly organized or need improvement (for example, a lack of transparency, poor communication); second, a lack of resources (budget, staff); and third, entrenched hierarchical structures.
- Though this was the most frequently mentioned factor in terms of obstacles, it evidently only plays a minor role with regard to poor decisions. External pressure due to time limitations came in at tenth place and is thus relatively seldom.
The Most Important Reasons for Decision Failures – Details (I)

What do you think leads to occasional decision failures in marketing? What are the most important reasons for this?

Unaided labeling; multiple responses

Customers and/or their needs were not understood: 19 %
(Net sum)

- Lack of knowledge/understanding of target group(s)/customers: 16 %
- The perspective of the customer(s) and their needs is not taken into account: 5 %

Wrong assumptions/assessments of markets and trends: 18 %
(Net sum)

- Wrong assumptions/assessments of markets: 9 %
- Missing knowledge of market(s): 5 %
- Missed trends, uncertainty regarding trends, wrong assessment of trends: 5 %

Lack of competence regarding analysis, tools and/or technology: 14 % (Net sum)

- Problems in dealing with marketing tools or new technologies: 8 %
- Lack of expertise (particularly concerning data and market analysis): 7 %

Basis: n = 200 marketing and/or sales managers from production/processing of consumer goods/other products for end consumers
The Most Important Reasons for Decision Failures – Details (II)

What do you think leads to occasional decision failures in marketing? What are the most important reasons for this?

Unaided labeling; multiple responses

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missing, incorrect data/information:</td>
<td>14 %</td>
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<tr>
<td>(Net sum)</td>
<td></td>
</tr>
<tr>
<td>› Missing data/information:</td>
<td>8 %</td>
</tr>
<tr>
<td>› Incorrect data/information:</td>
<td>7 %</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Wrong strategy, missing big picture/targets, conflicting objectives:</td>
<td>11 %</td>
</tr>
<tr>
<td>(Net sum)</td>
<td></td>
</tr>
<tr>
<td>› Wrong/missing strategy/targets, conflicting goals:</td>
<td>6 %</td>
</tr>
<tr>
<td>› Missing big picture, not thinking outside the box:</td>
<td>5 %</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scarcity of resources in company:</td>
<td>9 %</td>
</tr>
<tr>
<td>(Net sum)</td>
<td></td>
</tr>
<tr>
<td>› Budget restrictions/shortage:</td>
<td>7 %</td>
</tr>
<tr>
<td>› Lack of (appropriate) human resources:</td>
<td>3 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hasty (“gut”) decisions:</td>
<td>13 %</td>
</tr>
<tr>
<td>(Net sum)</td>
<td></td>
</tr>
<tr>
<td>› Insufficiently analyzed/researched/considered in advance:</td>
<td>8 %</td>
</tr>
<tr>
<td>› “Gut” decisions and opinions not based on data:</td>
<td>7 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problematic decision processes in company:</td>
<td>10 %</td>
</tr>
<tr>
<td>(Net sum)</td>
<td></td>
</tr>
<tr>
<td>› Coordination processes, communication, transparency in company subpar:</td>
<td>8 %</td>
</tr>
<tr>
<td>› Too many decision-makers:</td>
<td>3 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrenched/inflexible corporate structure:</td>
<td>8 %</td>
</tr>
<tr>
<td>(Net sum)</td>
<td></td>
</tr>
<tr>
<td>› Conservative behavior patterns, ingrained ways:</td>
<td>4 %</td>
</tr>
<tr>
<td>› Corporate culture too hierarchical, centralized:</td>
<td>4 %</td>
</tr>
</tbody>
</table>

Basis: n = 200 marketing and/or sales managers from production/processing of consumer goods/other products for end consumers

Note: Time pressure/lack of time without subitems
The Most Important Reasons for Poor Decisions; Quotes

What do you think leads to occasional poor decisions in marketing? What are the most important reasons for this?

Original quotes; excerpts, spelling errors and punctuation partially corrected

“Errors in judgment are often a result of incorrect assumptions regarding the customer’s requirements.”

“Lack of understanding of the consumer; high turnover of decision-makers.”

“More importance must be placed on the opinion of consumers and less on the company’s point of view.”

“Missing work steps in target group analysis, “gut” decisions; decisions motivated by an individual’s enthusiasm that are not backed by statistics.”

“False information leading to exaggerated hopes and a failure to consider customer wishes.”

“Misjudgment of the market and market volume and a lack of information regarding customer wishes.”

“On the one hand, because the target group was not properly analyzed; on the other, because strategies were not well designed.”

“Ignorance of market structure, misjudgment of the user, lack of market research data.”

“When you don’t look at all aspects of a subject but think along a single direction. When you’re not open to new ideas and you miss out on trends.”

“Poor coordination processes, misguided assumptions, lack of expertise with digitalization.”

“Not seeing the different possibilities through the eyes of the customer.”

“Because of not paying enough attention to individual customer groups, such as their needs.”

“Not knowing the target group well enough and deciding too often based on budget considerations.”

Basis: n = 200 marketing and/or sales managers from production/processing of consumer goods/other products for end consumers
The Most Important Reasons for Poor Decisions; Quotes

What do you think leads to occasional poor decisions in marketing? What are the most important reasons for this?

Original quotes; excerpts, spelling errors partially corrected

“Time pressure: too little time to develop a marketing plan. Not having a large budget as a small company.”

“When decisions are made based on a “gut” feeling instead of on compiled data.”

“Existing data is not given enough consideration when making the decision; decisions based on “gut” feelings instead.”

“When people act without a strategy or a plan.”

“Regarding central decisions: Market behavior in other countries is not considered adequately.”

“Because people usually don’t take enough time. They should deliberate longer before trying to tap into new markets.”

“When people are too micro-oriented and much too self-centered and miss the big picture.”

“Budget reasons, lack of understanding of various marketing tools.”

“When too many employees fail to properly implement too many decisions. And the budget is often misallocated.”

“Insufficient communication, entrenched patterns, false trends.”

“The problem is that everything is organized and decisions are always made centrally, and that feedback from the smaller areas that work on the operating side falls on deaf ears.”

“Because people don’t understand the tools to use well enough.”

“Missing key figures, incorrect assessments.”

“Little internal and external coordination, lack of market expertise.”

“Lack of market knowledge, lack of information flow.”

“Too little research, actions not thoroughly thought out.”

Basis: n = 200 marketing and/or sales managers from production/processing of consumer goods/other products for end consumers
The Most Important Reasons for Poor Decisions; Quotes

What do you think leads to occasional poor decisions in marketing? What are the most important reasons for this?

Original quotes; excerpts, spelling errors and punctuation partially corrected

“Lack of transparency, prescribed budgets; department targets often take precedence over company targets.”

“Inadequate market observation, new marketing tools.”

“Unclear strategic development, different decision-makers in different departments; conflicts between sales, marketing and production; inadequate analysis of consumer trends.”

“Decisions met too quickly, little thought, time pressure.”

“Ignoring the big picture and not including all topics and parameters often leads in the wrong direction.”

“It’s sometimes difficult to leave ingrained ways behind.”

“Not enough data is collected, lack of key figures, wrong assessments.”

“Trends are misjudged, and accordingly poor decisions are made.”

“Trends are missed out on, marketing budget is limited, wrong tools are used.”

“Staff is insufficiently trained and inexperienced; too much oversight by higher bodies; time pressure.”

“No backing from management, marketing managers have limited freedom; no clear corporate strategy.”

“Internal requirements; insufficient feedback between marketing and product management.”

“There might sometimes be a lack of knowledge because people are not up-to-date with the tools.”

Basis: n = 200 marketing and/or sales managers from production/processing of consumer goods/other products for end consumers
Summary and Outlook
Summary of Core Results

Improving decisions is an important but very difficult challenge for which there is no patented solution that encompasses the complexity of decision-making in the face of uncertainty, time pressure, lack of information, assumptions and intuition. For the present study, we asked how practitioners see the presence of obstacles to marketing decisions and the most important reasons for poor decisions. It would certainly be worthwhile to conduct further and more detailed research into some of the problems in the future.

At any rate, we hope you find it interesting to compare the present results with your own experience. Here are the main findings once again:

Interplay of obstacles to decisions in marketing and sales (principal components analysis from 13 statements)

1. Lack of communication, data and/or customer knowledge
2. Too little time to analyze the flood of information
3. Resistance and suppression of information and trends
4. Fast-paced markets and new technology
5. Conflicting or outdated information

The most important reasons for decision failures in marketing and sales:

1. Customers and/or their needs not understood
2. Incorrect assumptions/assessments of markets and trends
3. Lack of competence regarding analysis, tools, technology
4. Missing, incorrect data/information
5. Hasty (“gut”) decisions
Outlook

The question of how people in charge of marketing and sales can make better decisions will certainly continue to be important in the future. Not only because of potential disruptive crises that question the familiar, easily understood assumptions about linear and gradual market developments and consumer behavior. Even without an extraordinary disruption like the COVID-19 pandemic, the margin of error for real failures on the market is unfortunately becoming increasingly narrow.

The complex reasons for this are well-known: The globalization of competition, the enormous influence of digitalization, technological convergence, the erosion of category and industry borders, and the growing demands of consumers. All this generates increasing uncertainty as well as time and cost pressure. And while the pressure to succeed increases, there are often fewer resources available now that can be used to develop really new – and therefore risky – offerings.

The question of how to better understand poor market decisions in order to improve decision-making processes will continue to occupy the Nuremberg Institute for Market Decisions.

In the second half of 2020, we will initially publish additional – this time international – results of a study by the “Future & Trends” research group, for which 400 top executives were interviewed by telephone.
Method
Study Description and Method

The present study is part of our Marketing Challenges research series, which aims to explore and document the challenges facing companies in Germany. This year the publication was delayed due to the COVID-19 pandemic. Yet this has not diminished the relevance of the results that we obtained by questioning 200 people responsible for marketing and/or sales about the fundamental problems they encounter in decision-making processes.

Methodology Key Points:

› Personal interviews using CATI (Computer-Assisted Telephone Interviews) in October/November 2019
› The population was defined as follows: Companies with at least 50 employees in the areas of production/processing of consumer goods/other products for end consumers
› A total of n = 200 interviews with the respective managers of marketing and/or sales of each company
› Quoted based on three employment size categories. In real terms, a slightly higher quota was reached for large companies with at least 250 employees (23 %); mid-sized companies between 50 and 249 employees exactly match the target of 33 %; and, at 44 %, small companies came in slightly below the original target of 50 %
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