

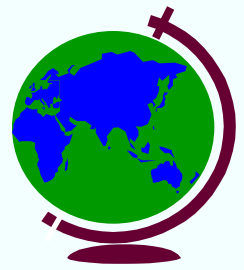
# Chapter 8



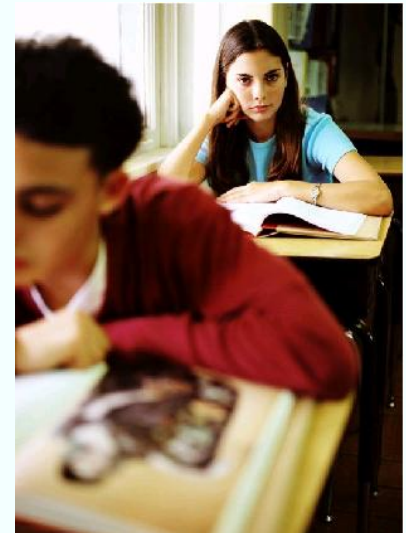
## Developing a Global Vision through Marketing Research

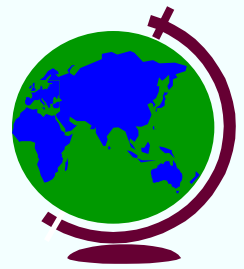


# Chapter Learning Objectives



- 1. The importance of problem definition in international research.**
- 2. The problems of availability and use of secondary data.**
- 3. Quantitative and qualitative research methods.**
- 4. How to analyze and use research information.**





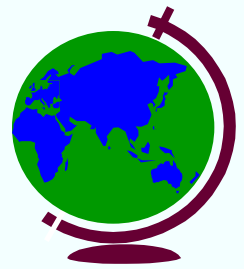
## Selling Apples in Japan Can Be A Bruising Business



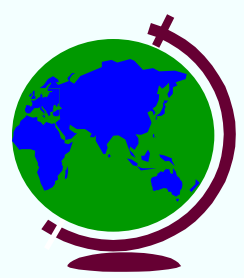
The case illustrates selling any thing, even apples, in foreign country will require the best marketing research efforts of the international marketers. The basis of a marketing budget is the all-important forecast of demand, which requires statistical analysis and macroeconomic data from the target market.

To collect those data, consumer focus groups and surveys must be conducted. The international marketers must also travel across the Pacific for visits to grocery stores, consumers' homes, or office buildings to see firsthand these evolving markets at their cores.

# Introduction



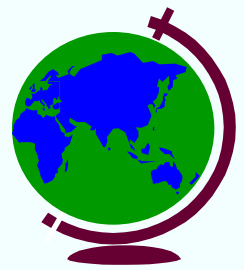
- Information is the key component in developing successful marketing strategies.
- Information is needed for decisions about product, promotion, distribution, and price.
- A marketer must find the most accurate and reliable data possible within the limits imposed by time, cost, and the present state of the art.



Here he shakes hands with the first Xbox customer in Japan.

Even Microsoft's Bill Gates is very busy, he still has a heavy international travel schedule. He finds face-to-face meetings with foreign vendors, partners, customers, and regulators a crucial part of trying to understand international markets.

# Marketing Research

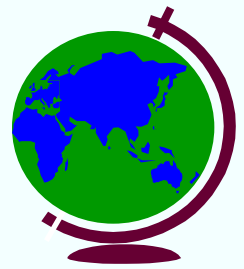


**Marketing research** is traditionally defined as the systematic gathering, recording, and analyzing of data to provide information useful in marketing decision making.

- Research processes and methods are same whether applied in Shanghai or Sri Lanka.

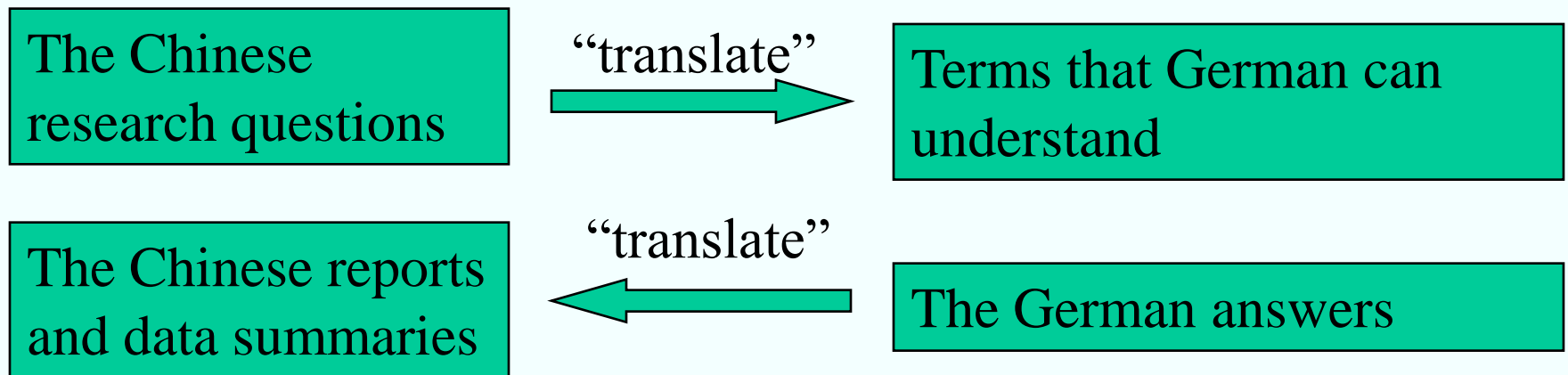


# Marketing Research



**International marketing research involves two additional complications:**

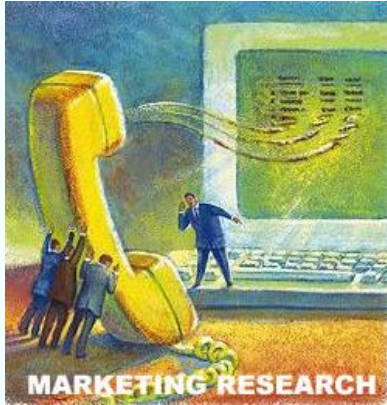
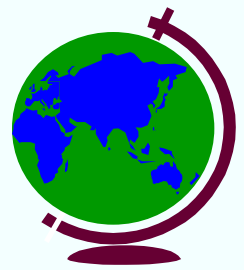
- **First, information must be communicated across cultural boundaries.**



- **Second, the environments in which research tools are applied are often different in foreign markets.**



# Scope of International Marketing Research

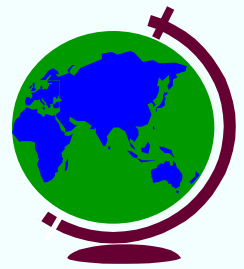


- Foreign market research is the broader scope than domestic
- Research can be divided into three types based on information needs:

- (1) general information about the country;**
- (2) information necessary to forecast future marketing requirements by anticipating social, economic, consumer, and industry trends within specific markets or countries;**
- (3) specific market information used to make product, promotion, distribution, and price decisions and to develop marketing plans.**



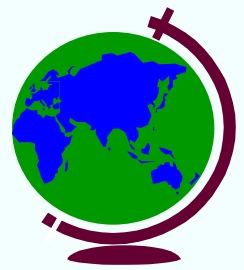
# Collecting Information: Unisys Corporation's Way



1. **Economic.** data on growth of the economy, inflation, business cycle trends, and the like; profitability analysis for the division's products; specific industry economic studies.
2. **Cultural, sociological, and political climate.** A general non-economic review of conditions affecting the division's business.
3. **Overview of market conditions.** A detailed analysis of market conditions that the division faces, by market segment, including international.
4. **Summary of the technological environment.** State-of-the-art technology as it relates to the division's business, carefully broken down by product segments.
5. **Competitive situation.** A review of competitors' sales revenues, methods of market segmentation, products, and apparent strategies on an international scope.

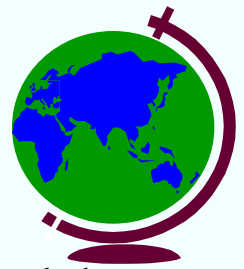
## Exhibit 8.1

# Top Twenty Countries for Marketing Research Expenditures (Millions of dollars)



United States	\$5,992	Sweden	228
United Kingdom	1,623	Mexico	213
Germany	1,290	Brazil	197
Japan	1,206	China	181
France	958	Switzerland	118
Canada	434	Belgium	114
Italy	415	S. Korea	106
Spain	273	Austria	91
Australia	273	Argentina	90
Netherlands	228	Taiwan	74

# The Research Process

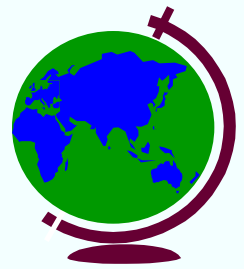


The marketing research process for any country should follow these steps:

- 1. Define the research problem and establish research objectives.**
- 2. Determine the sources of information to fulfill the research objectives.**
- 3. Consider the costs and benefits of the research effort.**
- 4. Gather the relevant data from secondary or primary sources, or both.**
- 5. Analyze, interpret, and summarize the results.**
- 6. Effectively communicate the results to decision makers.**



# Defining the Problem and Establishing Research Objectives



The research process begins with a definition of the research problem and the establishment of specific research objectives.

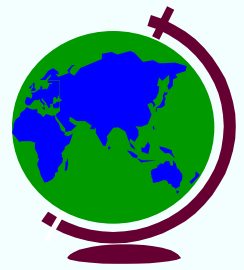
The major difficulty here is converting a series of often ambiguous **business problems** into tightly drawn and achievable **research objectives**.

**For example:**

Whether to develop a new product is a decision problem, but how to convert to the research objectives?

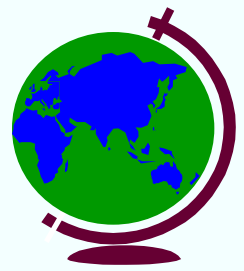


# Defining the Problem and Establishing Research Objectives



- Other difficulties in foreign research stem from failure to establish problem limits **broad enough to include all relevant variables**.
- The market researcher must be certain the problem definition is sufficiently broad to cover the whole range of response possibilities and **not be clouded by his self-reference criterion**.
- Once the research objectives are established, the researcher must determine the availability of the information needed.

# The Problems of Availability and Use of Secondary Data



Availability of Data

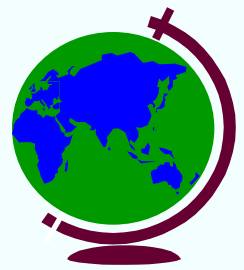


Reliability of Data

Comparability of Data

Validating Secondary Data

# Secondary Data Sources

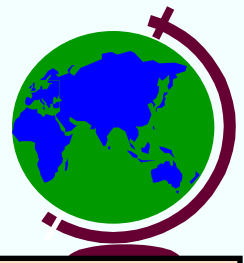


- Governments
- International organizations
- Service organizations
- Directories and Newsletters
- Electronic Information Services
- Other firms

The screenshot shows the U.S. Small Business Administration (SBA) website homepage. The header includes the SBA logo, navigation links (About SBA, SBA Programs, Your Local SBA, SBA News, Subscriptions, Forms, Library), a search bar, and a "Frequently Requested Services" dropdown. Below the header, there are several content blocks: "Training" with a building image, "SBA Spotlight", and four main service categories: "Starting Your Business", "Financing Your Business", "Managing Your Business", and "Business Opportunities". Each category has a list of sub-topics. At the bottom, there are logos for the White House, egov, and FIRSTGOV, along with a footer containing the date "Friday, February 28th, 2003" and contact information for the SBA Answer Desk.



# Validating Secondary Data



Although data may be available, the following questions should be asked to effectively judge the reliability of secondary data sources:



1. Who collected the data? Would there be any reason for purposely misrepresenting the facts?



2. For what purposes were the data collected?

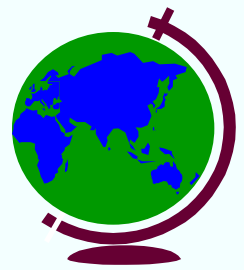


3. How were the data collected? (methodology)



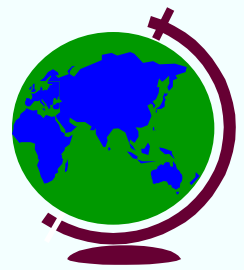
4. Are the data internally consistent and logical in light of known data sources or market factors?

# Validating Secondary Data



- Checking the consistency of one secondary data with other data of known validity is an effective and often-used way of judging validity.
- In general, the availability and accuracy of recorded secondary data increase as the level of economic development increases.
- However, where no data are available, or the secondary data sources are inadequate, it is necessary to begin the collection of primary data.

# Gathering Primary Data: Quantitative and Qualitative Research



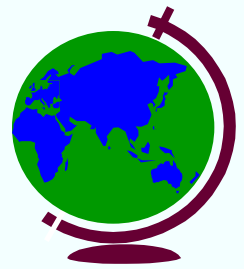
Often the market researcher must collect primary data, that is, data collected specifically for the particular research project at hand.

Marketing research methods can be grouped into two basic types:

(1) quantitative research

(2) qualitative research

# Quantitative Research

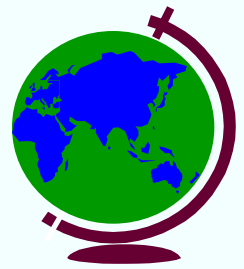


**In Quantitative research**, usually a large number of respondents are asked to reply questions using a specific response format (such as yes/no or to select a response from a set of choices ).



- **Questions** are designed to obtain specific responses regarding aspects of the respondents' behavior, intentions, attitudes, motives, and demographic characteristics.

# Quantitative Research

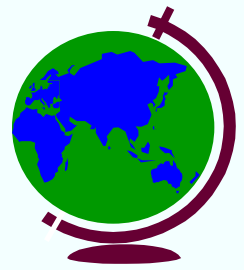


- Quantitative research provides marketer with responses that can be presented with **precise estimations**.
- The result can be summarized in **percentages and averages**.
- For example, 76% of the respondents prefer product A over product B

The typical instrument is **questionnaire** administered by personal interview, mail, telephone, and over the internet.



# Qualitative Research

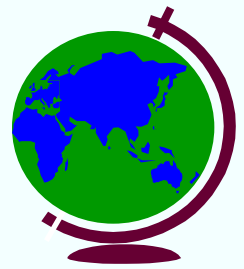


**In qualitative research**, if questions are asked they are almost always **open-ended** or **in-depth**, and **unstructured responses** that reflecting the person's thoughts and feelings on the subject.

**Direct observation** of consumers in choice or product usage situations is another important qualitative approach to marketing research.



# Qualitative Research



Qualitative research seeks to interpret what the people in the sample are like --their outlooks, their feelings, the dynamic interplay of their feelings and ideas, their attitudes and opinions, and their resulting actions.

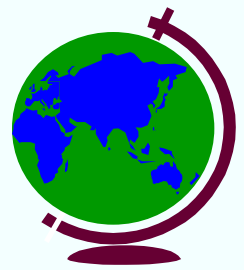


The most often used form of qualitative questioning is the **focus group** interviews.

Oftentimes the combination of qualitative and quantitative research proves quite useful.



# Problems of Gathering Primary Data

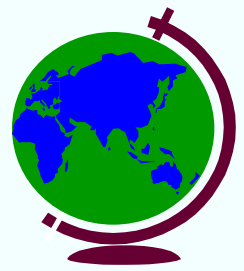


Most problems in collecting primary data in international research stem from **cultural differences** among countries.

Problems of gathering primary data include:

**(1) Ability to Communicate Opinions:** It is difficult for a person to formulate needs, attitudes, and opinions about goods whose use may not be understood, that are not in common use within the community, or that have never been available

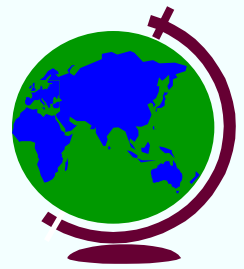
# Problems of Gathering Primary Data



**(2) Willingness to Respond:** Cultural differences offer the best explanation for the unwillingness to respond to research surveys



# Problems of Gathering Primary Data

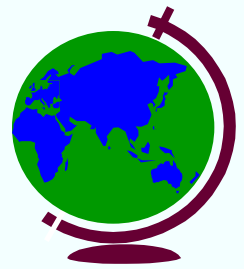


**(3) Sampling in Field Surveys:** The greatest problem in sampling stems from the lack of adequate demographic data and available lists from which to draw meaningful samples

The kinds of problems encountered in drawing a random sample include the following:

- ◆ No officially recognized census of population.
- ◆ No other listings that can serve as sampling frames.
- ◆ Incomplete and out-of-date telephone directories.
- ◆ No accurate maps of population centers. Thus, no cluster (area) samples can be developed.

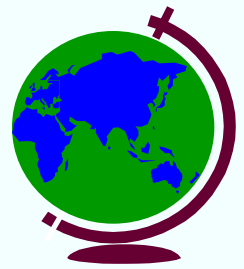
# The Sampling Plan



- **System data must be:**
  - **Relevant**
  - **Timely**
  - **Flexible**
  - **Accurate**
  - **Exhaustive**
  - **Convenient**



# Problems of Gathering Primary Data



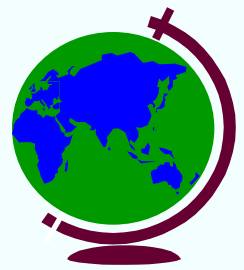
**(4) Language and Comprehension:** The most universal survey research problem in foreign countries is the language barrier, due to differences in idiom and the difficulty of exact translation.

Marketers use three different techniques to help ferret out translation errors ahead of time.

- **Back Translation.** In back translation the questionnaire is translated from one language to another, and then a second party translates it back into the original.
- **Parallel Translation.** In this process, more than two translators are used for the back translation; the results are compared, differences discussed, and the most appropriate translation selected.
- **Decentering.** A hybrid of back translation, this is a successive process of translation and retranslation of a questionnaire, each time by a different translator.



# Analyzing and interpreting Research Information



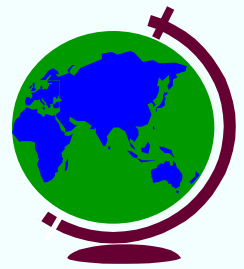
After data are collected, the next steps in the research process are the analysis and interpretation of findings.

The foreign marketing researcher must possess three talents to generate meaningful marketing information:

- (1) A high degree of cultural understanding of the market
- (2) A creative talent for adapting research methods
- (3) A skeptical attitude in handling data

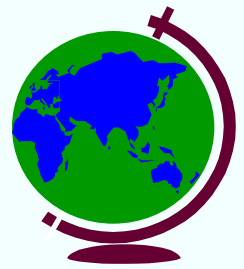


# Multicultural Research: A Special Problem



- **Multicultural research** involves dealing with countries that have different languages, economies, social structures, behavior, and attitude patterns.
- An important point to keep in mind when designing research to be applied across cultures is to ensure comparability and equivalency of results
- Such differences may mean that different research methods should be applied in individual countries

# Research on the Internet: A Growing Opportunity

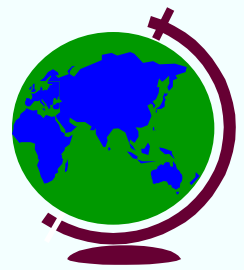


- **For many companies the Internet provides a new and increasingly important medium for conducting a variety of international marketing research.**



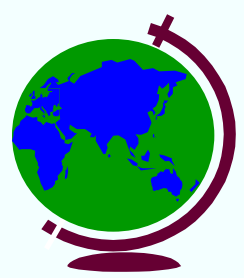
- There are at least seven different uses for the Internet in international research:
  - (1) Online surveys and buyer panels
  - (2) Online focus groups
  - (3) Web visitor tracking
  - (4) Advertising measurement
  - (5) Customer identification systems
  - (6) E-mail marketing lists
  - (7) Embedded research

# Estimating Market Demand

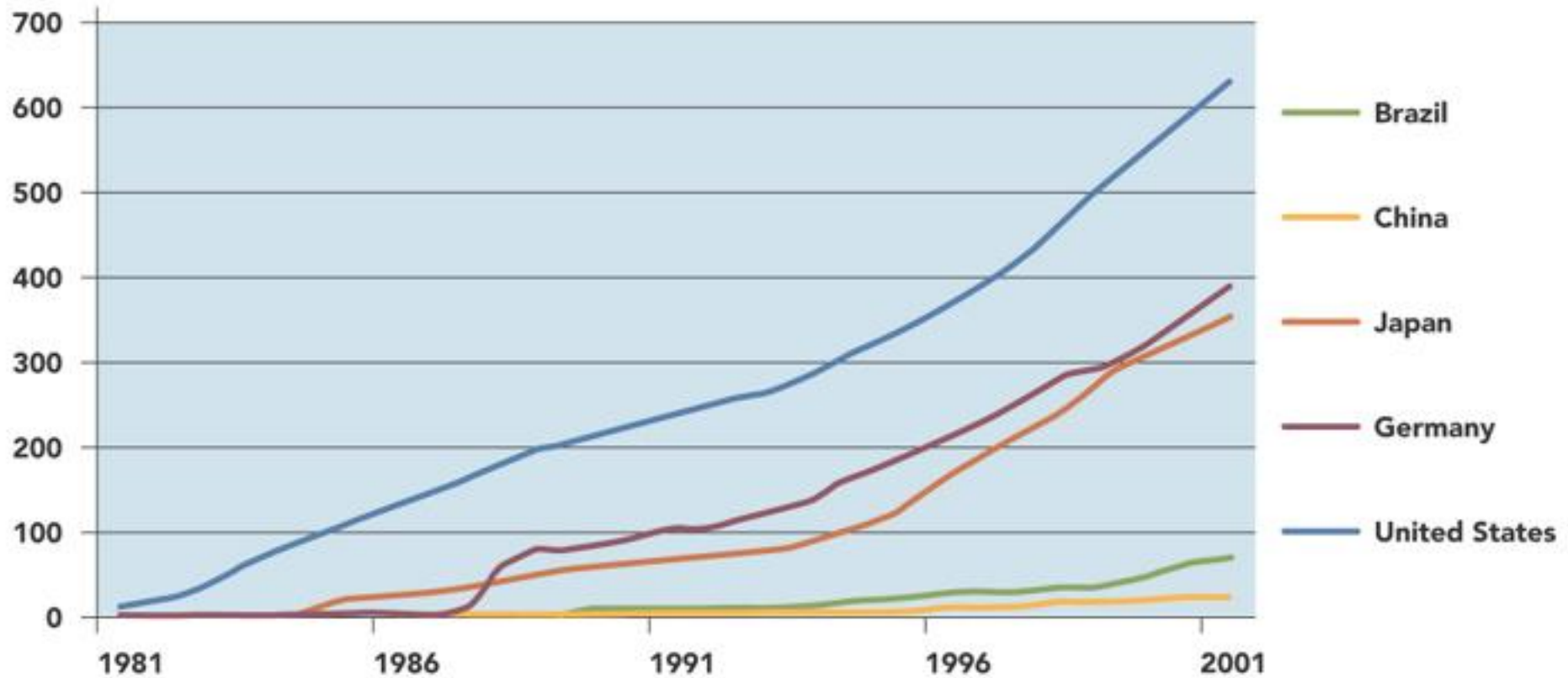


**In assessing current product demand and forecasting future demand, reliable historical data are required.**

- Given the greater uncertainties and data limitations associated with foreign markets, two methods of forecasting demand are particularly suitable:
  - (1) Expert Opinion:** In this method, experts such as sales managers or outside consultants and government officials are polled for their opinions about market size and growth rates
  - (2) Analogy:** This assumes that demand for a product develops in much the same way in all countries as comparable economic development occurs in each country

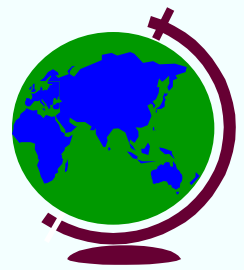


**Exhibit 8.2** Personal Computer Diffusion Rate (per 1000 people)

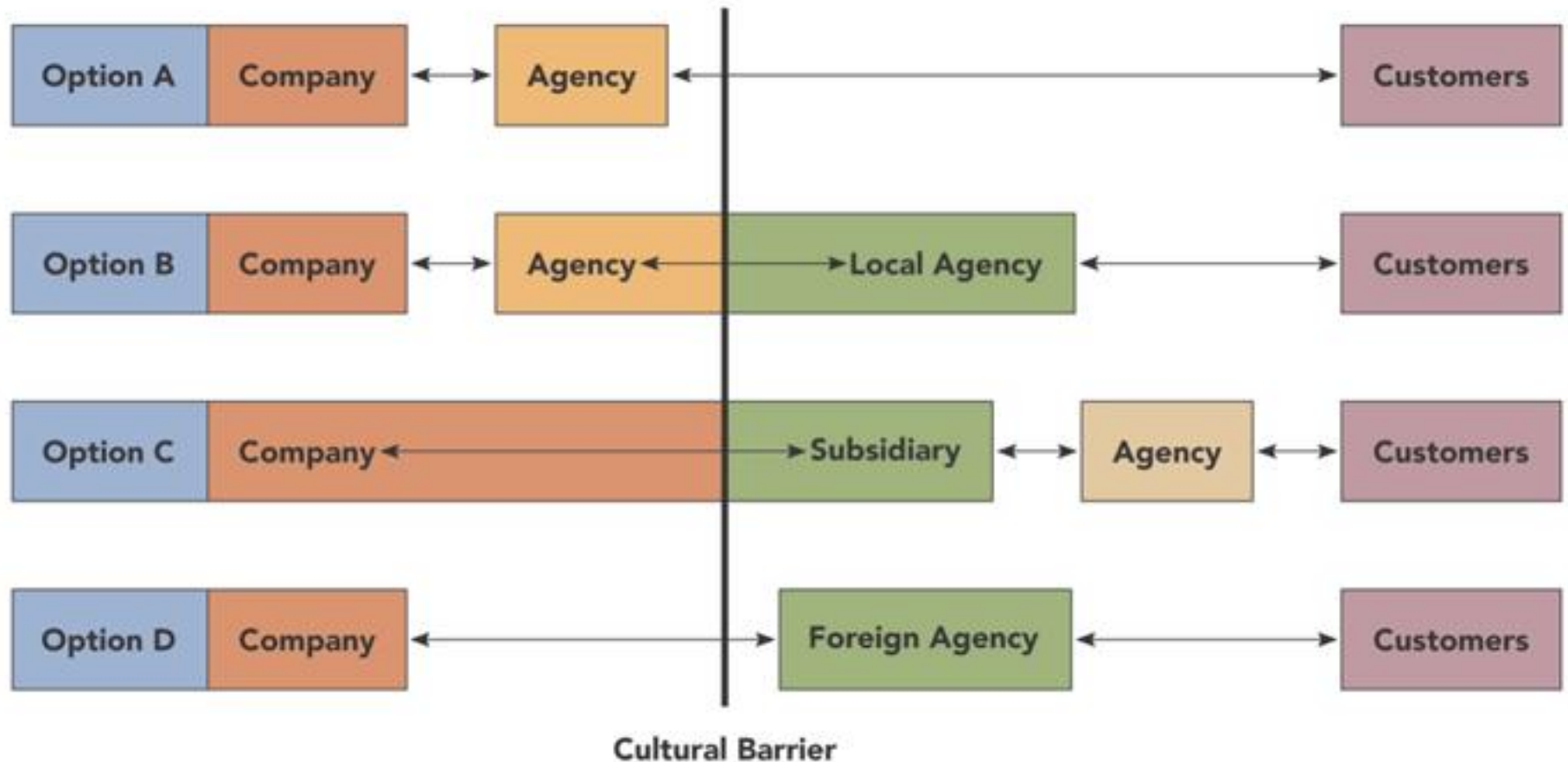


Source: World Development Indicators, World Bank, 2003.

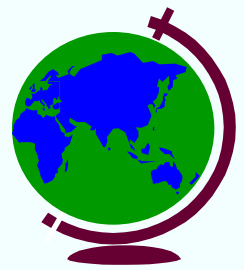
# Communicating with Decision Makers



**Exhibit 8.3** Managing the Cultural Barrier in International Marketing Research



# Availability of Data



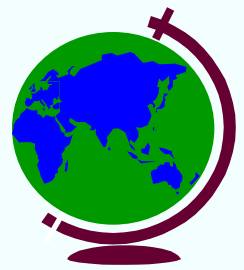
**The secondary data can be available from two sources:**

- **The interior source:** accountant record, sales record, the former research record and so on.
- **The exterior source:** the government organizations, the international organizations, the guilds, and the consulting companies, etc.

Some countries provide comprehensive data. Yet detailed data on the numbers of wholesalers, retailers, manufacturers, for example, are unavailable for many parts of the world.



# Reliability of Data



**Available data may not have the level of reliability necessary for confident decision making for many reasons.**

**Official statistics are sometimes too optimistic, reflecting national pride or politics rather than practical reality, especially in the less-developed countries.**

