

# **International Marketing Research**

Chapter 5

The online lecture is yet to start.

#### Roadmap

- Introduction
- Marketing Research and Decision Making
- Secondary Research
- Primary Research
- Online Research Methods
- Other Types of Studies
- Setting up an International MIS



#### **Goals of the Lecture**

- To explain the importance of having a carefully designed international information system
- To link global marketing research to the decision-making process
- To discuss the key problems in gathering and using international market data
- To distinguish between different research approaches, data sources and data types
- To discuss opportunities and problems with qualitative market research methods
- To understand how online surveys are carried out
- To understand the relevance of the WWW as an important data source



#### Introduction

- Unfamiliarity with the foreign environment
- Setting up the research on international level as a major challenge
- Two paramount concerns to the marketer:
  - Consistency of behavioral/attitudinal patterns
  - Equivalence of the samples
- Lack of familiarity with customers, competitors etc.
- Well defined problem
- Interrelation with DSS and MIS
- Proactive risk reduction and mitigation
- Overall emergence of researchers into decision-making process



#### Introduction

- Steps in conducting international marketing research:
  - Define research problem
  - Develop a research design
  - Determine information needs
  - Collect the data (secondary and primary)
  - Analyze the data and interpret results
  - Report and present the findings of the study



#### Introduction

- Major difficulties in conducting international research:
  - Diverse research projects due to language, religion, race etc.
  - Unknown market conditions
  - Data collection methods
  - Longer time to complete the research
  - Higher costs
  - Restrictive laws in foreign market



### Marketing Research and Decision Making

- Linkage between research and decision making is a must
- Most of SMEs do not perform profound research
- Most of SMEs do not do continuously marketing researches
- Lack of sensitivity for cross-cultural differences in tastes and preferences
- Sequence of researches
- Internal and external data
- Primary and secondary data



Table 5.1 Information for the major global marketing decisions

Assessment of global market opportunities (global demand) for the firm's products Commitment of the management to internationalize Competitiveness of the firm compared to local and international competitors Domestic versus international market opportunities  2 Deciding which markets to enter  Ranking of world markets according to market potential of countries/regions Local competition Political risks Trade barriers Cultural/psychic 'distance' to potential market  3 Deciding how to enter foreign markets Nature of the product (standard versus complex product) Size of markets/segments Behaviour of potential intermediaries Behaviour of local competition Transport costs Government requirements  4 Designing the global marketing programme  Buyer behaviour Competitive practice Available distribution channels Media and promotional channels Media and promotional channels Sales by product line, sales force customer type and country/region Contribution margins Marketing expenses per market	Global marketing decision phase	Information needed	
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and country/region  Contribution margins		Negotiation styles in different cultures	
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Marketing expenses per market		Contribution margins	
		Marketing expenses per market	



Internal data < External data Firm general data Macroeconomic (firm-context) data for country B Size GNP · Stability of · Product lines Industry Financial currency · Growth patterns situation Inflation of sectors Secondary Secondary etc. etc. · Analysis of data data imports Characteristics Problem of competition Is there a market for etc. the firm's product A in country B? . If yes, how large is it Competitors and what is the Specific possible market share strategies Primary Primary Strengths-weaknesses Intermediaries data data End customers profile (benchmarking) Purchasing Buying behaviour Compared to main behaviour · Threat of using competitors: Financial substitute Corporate level capabilities products Product-line level · Access to (SBU level) Consumption distribution · Specific product level patterns channels etc. etc. Internal data -External data

Figure 5.1 Categorization of data for assessment of market potential in a country

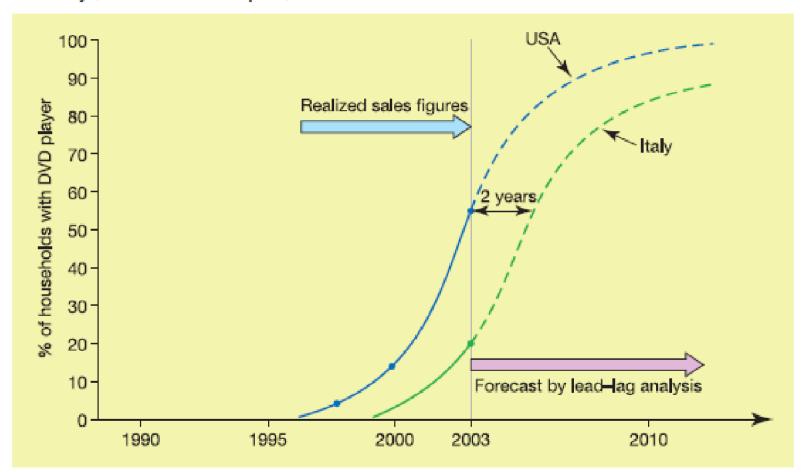


#### **Secondary Research**

- Desk research
- Based on secondary data
- Advantages
  - Less expansive
  - Less time-consuming
- Disadvantages
  - Availability of data
  - Reliability of data and data classification
  - Comparability of data
- Internal sources (e.g. total sales, sales by country, sales by product, various reports...)
- External sources (e.g. public library, university library, statistical offices...)
- Secondary data used for estimation of market potential:
  - Lead-leg analysis
  - Estimation by analogy



Figure 5.2 Lead-lag analysis of penetration of DVDs (Digital Versatile Discs) in the USA and Italy (illustrative examples)





#### **Secondary Research**

Population size in the United Kingdom: 60 million

Population size in Germany: 82 million

We know that the number of refrigerators sold in the United Kingdom in 2002 was 1.1 million

By analogy we estimate the sales to be the following in Germany:

 $(82/60) \times 1.1$  million units = 1.5 million units



#### **Questions?**



### **Primary Research**

- Quantitative and Qualitative research
- Triangulation
- Measurement (validity vs reliability)
- Problems:
  - Sampling in field surveys
    - No official census
    - No accurate maps
  - Non-response
    - Inability to reach elements in a sample frame (not being at home, refusal to respond)
  - Language barriers
    - Difficulties of exact translation
    - Must be reviewed and pretested



Table 5.2 Quantitative versus qualitative research

Comparison dimension	Quantitative research (e.g. a postal questionnaire)	Qualitative research (e.g. a focus group interview or the case method)	
Objective	To quantify the data and generalize the results from the sample to the population of interest	To gain an initial and qualitative understanding of the underlying reasons and motives	
Type of research	Descriptive and/or casual	Exploratory	
Flexibility in research design	Low (as a result of a standardized and structured questionnaire: one-way communication)	High (as a result of the personal interview, where the interviewer can change questions during the interview: two-way communication)	
Sample size	Large	Small	
Choice of respondents	Representative sample of the population	Persons with considerable knowledge of the problem (key informants)	
Information per respondent	Low	High	
Data analysis	Statistical summary	Subjective, interpretative	
Ability to replicate with same result	High	Low	
Interviewer requirements	No special skills required	Special skills required (an understanding of the interaction between interviewer and respondent)	
Time consumption during the research	Design phase: high (formulation of questions must be correct)	Design phase: low (no 'exact' questions are required before the interview)	
	Analysis phase: low (the answers to the questions can be coded)	Analysis phase: high (as a result of many 'soft' data)	



Research problem/objectives Determine the information requirements Research approaches Observation Experiments Surveys Contact methods Mail/Internet Telephone Personal Sampling plan Sampling Sampling Sample procedure unit size Contact medium Formulation of Design of a questionnaire questions Pretesting/data collection/data analysis

Figure 5.4 Primary data collection: research design



Table 5.3 Strengths and weaknesses of the three contact methods

Questions/questionnaire	Mail	Internet/e-mail	Telephone	Personal
Flexibility (ability to clarify problems)	Poor	Fair	Good	Excellent
Possibility of in-depth information (use of open-ended questions)	Fair	Poor	Fair	Excellent
Use of visual aids	Good	Excellent	Poor	Good
Possibility of a widely dispersed sample	Excellent	Excellent	Excellent	Fair
Response rates	Poor	Fair	Good	Fair
Asking sensitive questions	Good	Poor	Poor	Fair
Control of interviewer effects (no interviewer bias)	Excellent	Fair	Fair	Poor
Speed of data collection	Poor	Excellent	Excellent	Good
Costs	Good	Excellent	Excellent	Poor



### **Primary Research – Common Mistakes**

- Asking the wrong people
- Asking the wrong questions
- Not being clear about the objectives
- Underestimate time and budget
- Not trusting the results
- Not to know what to do with the results



#### **Online Research Methods**

- Internet medium for masses
- Email and web-based surveys
- Advantages
  - Low resource implications
  - Short response time
  - Saves time with data collection and analysis
  - Visual stimuli
- Disadvantages
  - No psychical address
  - Respondents anonymity
  - Broadband connections



#### Other Types of Studies

- Ad hoc research (at a point in time)
  - Custom-designed studies (specific needs of a client)
  - Multiclient studies
    - Independent studies
    - Omnibus studies
  - Delphi studies
- Continuous studies (longitudinal)
  - Consumer panels
  - Retailer panels
- Sales forecasting (short-term, medium-term, long-term)
- Scenario planning (divergent and convergent factors)



### **Setting up an International MIS**

- Productivity of marketing researches
- Importance of timely and comprehensive information
- Organization of people, processes, systems
- Continuous flow of relevant information
- Three sources:
  - Micro-environment
  - Macro-environment
  - Firm's functional areas
- Four stage process:
  - Locating information
  - Gathering information
  - Processing information
  - Utilizing information



Output Input **Process** Macro International environment marketing Demographic planning and Economic budgeting Natura (real ocation of STAGE STAGE II STAGE STAGE IV Technological resources in Politica international Locating Gathering Presenting Processing Cultural markets) information and using information information **Public** information · Primary and Marketing Inputting Micro intelligence data Information secondary environment information presentation Marketing Analysing Suppliers Internal and Information research data Intermediaries externa dissemination Customers Records Storing information Implementation/ Competitors search data Information execution use Company internal Analytical Retrieving functional areas model data Marketing Finance Production Accounting Human resources Control Feedback

Figure 5.8 International marketing information system

Source: Schmidt and Hollensen (2006), p. 587.



### **Questions?**



#### **Home-readings for Next Week**

- Reading for next lecture:
- Market Entry Modes Strategies
- Hollensen Essentials of Global Marketing. Chapter 8 and 9
- Case Study
- Lysholm Linie Aquavit: International marketing of the Norwegian Aquavit brand (p. 257)
- More details available in **Interactive Syllabus**.



## Thank you for your attention

