

# **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

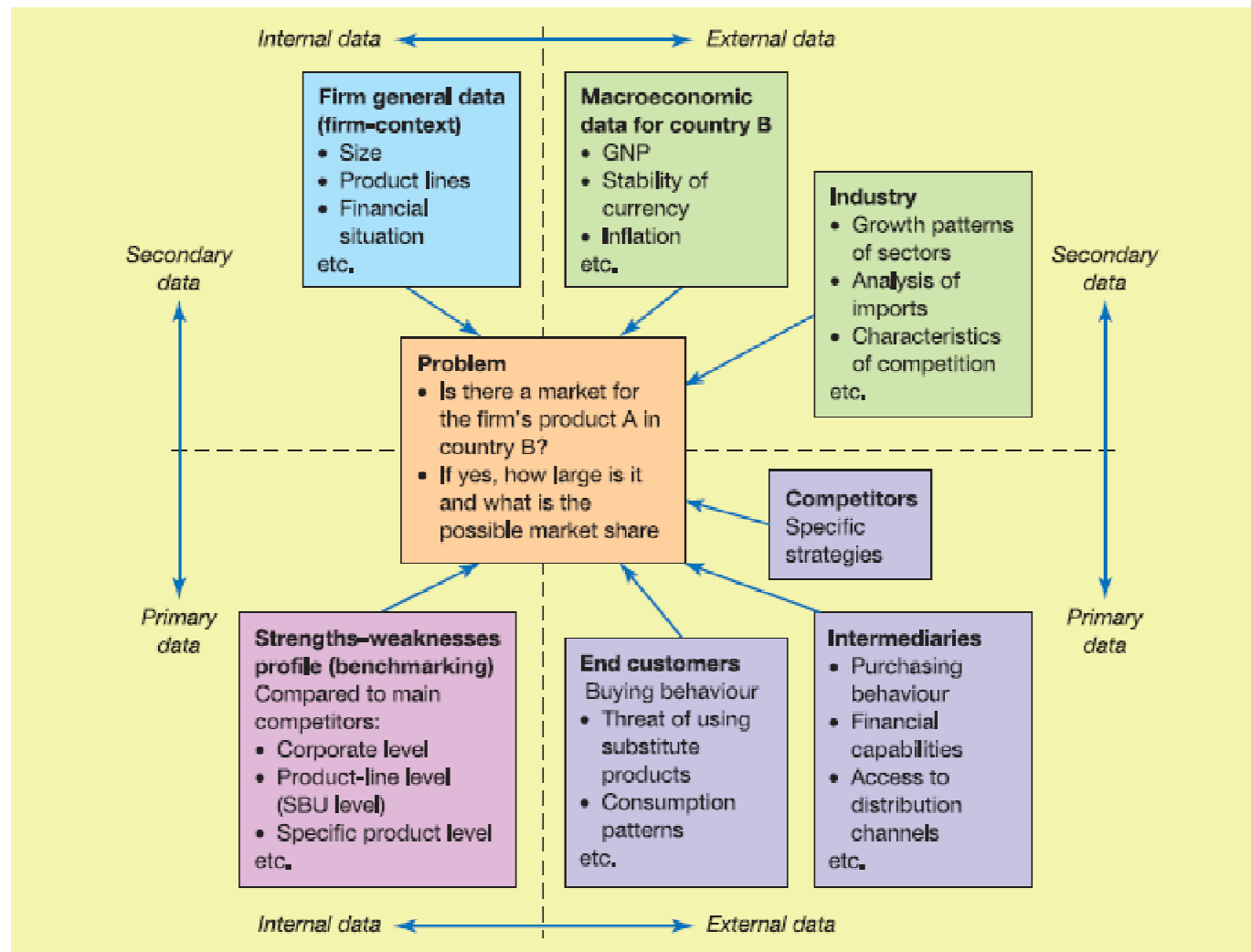
- Linkage between research and decision making is a must
- Most of SMEs do not perform profound research
- Most of SMEs do not do continuously marketing researches
- Lack of sensitivity for cross-cultural differences in tastes and preferences
- Sequence of researches
- Internal and external data
- Primary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

**Table 5.1** Information for the major global marketing decisions

Global marketing decision phase	Information needed
1 Deciding whether to internationalize	<ul style="list-style-type: none"> <li>Assessment of global market opportunities (global demand) for the firm's products</li> <li>Commitment of the management to internationalize</li> <li>Competitiveness of the firm compared to local and international competitors</li> <li>Domestic versus international market opportunities</li> </ul>
2 Deciding which markets to enter	<ul style="list-style-type: none"> <li>Ranking of world markets according to market potential of countries/regions</li> <li>Local competition</li> <li>Political risks</li> <li>Trade barriers</li> <li>Cultural/psychic 'distance' to potential market</li> </ul>
3 Deciding how to enter foreign markets	<ul style="list-style-type: none"> <li>Nature of the product (standard versus complex product)</li> <li>Size of markets/segments</li> <li>Behaviour of potential intermediaries</li> <li>Behaviour of local competition</li> <li>Transport costs</li> <li>Government requirements</li> </ul>
4 Designing the global marketing programme	<ul style="list-style-type: none"> <li>Buyer behaviour</li> <li>Competitive practice</li> <li>Available distribution channels</li> <li>Media and promotional channels</li> </ul>
5 Implementing and controlling the global marketing programme	<ul style="list-style-type: none"> <li>Negotiation styles in different cultures</li> <li>Sales by product line, sales force customer type and country/region</li> <li>Contribution margins</li> <li>Marketing expenses per market</li> </ul>



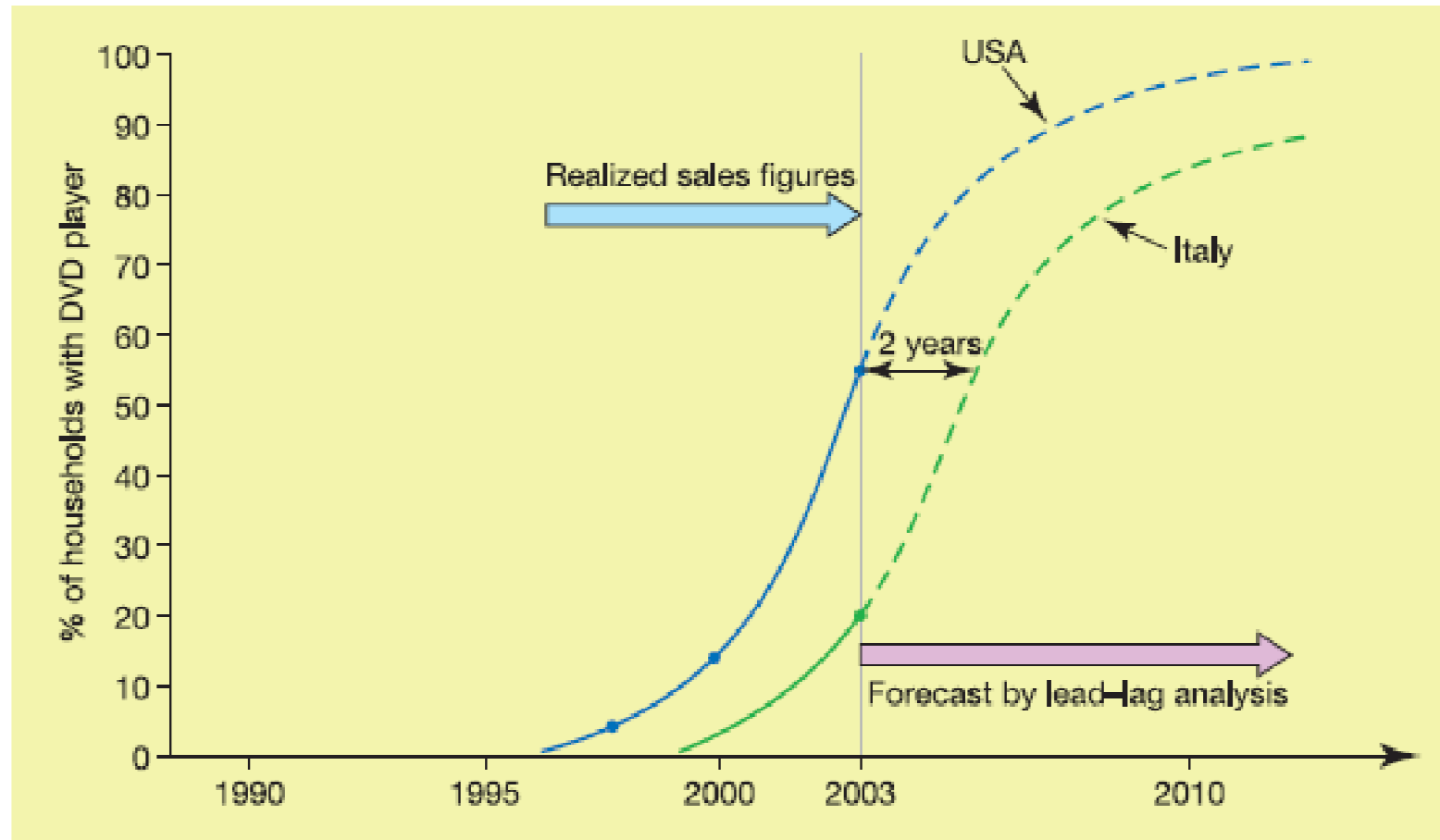
Figure 5.1 Categorization of data for assessment of market potential in a country



# Secondary Research

- Desk research
- Based on **secondary data**
- **Advantages**
  - Less expensive
  - 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:

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

# Questions?

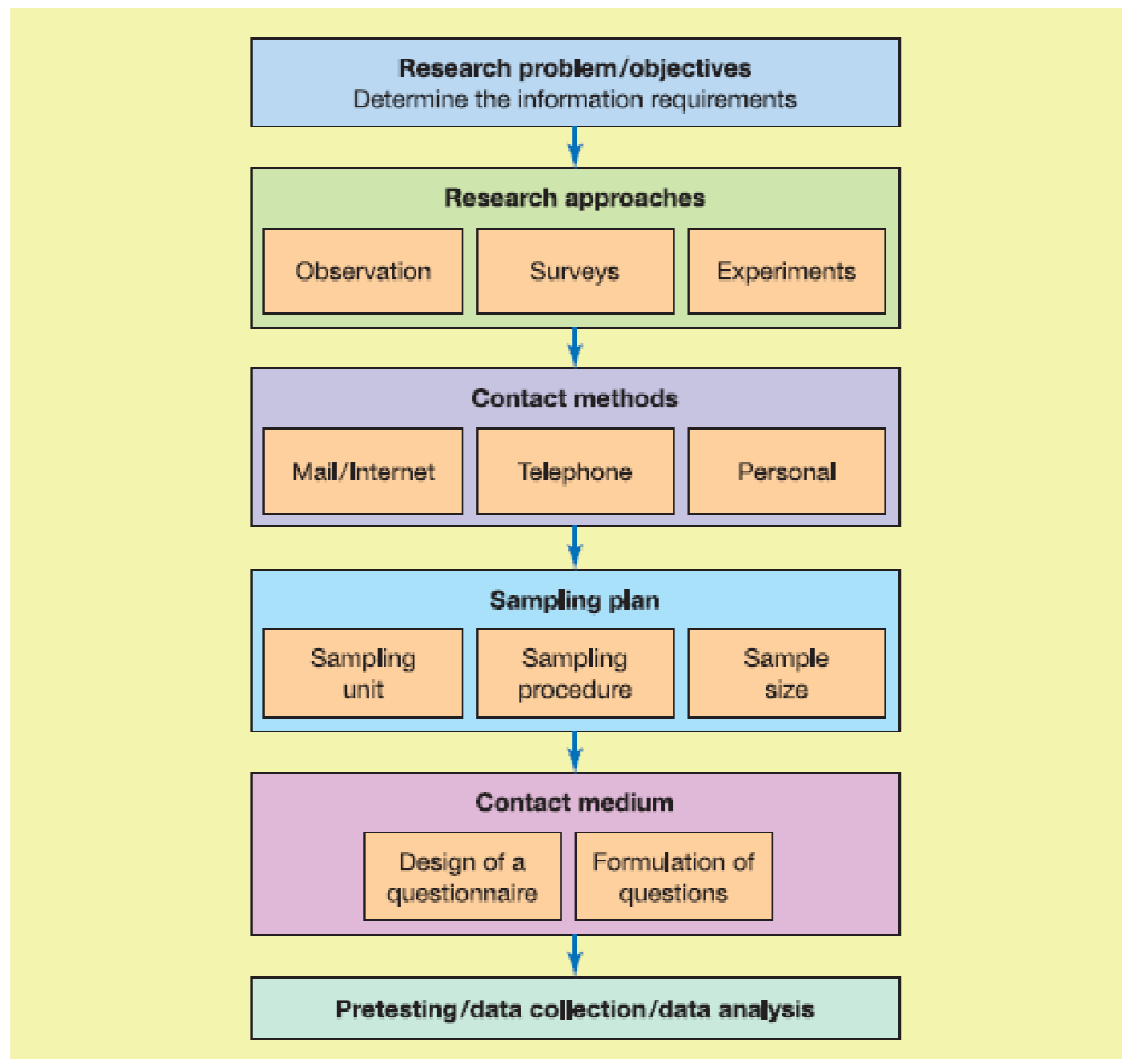
# Primary Research

- **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)
<i>Objective</i>	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
<i>Type of research</i>	Descriptive and/or casual	Exploratory
<i>Flexibility in research design</i>	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)
<i>Sample size</i>	Large	Small
<i>Choice of respondents</i>	Representative sample of the population	Persons with considerable knowledge of the problem (key informants)
<i>Information per respondent</i>	Low	High
<i>Data analysis</i>	Statistical summary	Subjective, interpretative
<i>Ability to replicate with same result</i>	High	Low
<i>Interviewer requirements</i>	No special skills required	Special skills required (an understanding of the interaction between interviewer and respondent)
<i>Time consumption during the research</i>	<i>Design phase:</i> high (formulation of questions must be correct) <i>Analysis phase:</i> low (the answers to the questions can be coded)	<i>Design phase:</i> low (no 'exact' questions are required before the interview) <i>Analysis phase:</i> high (as a result of many 'soft' data)

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

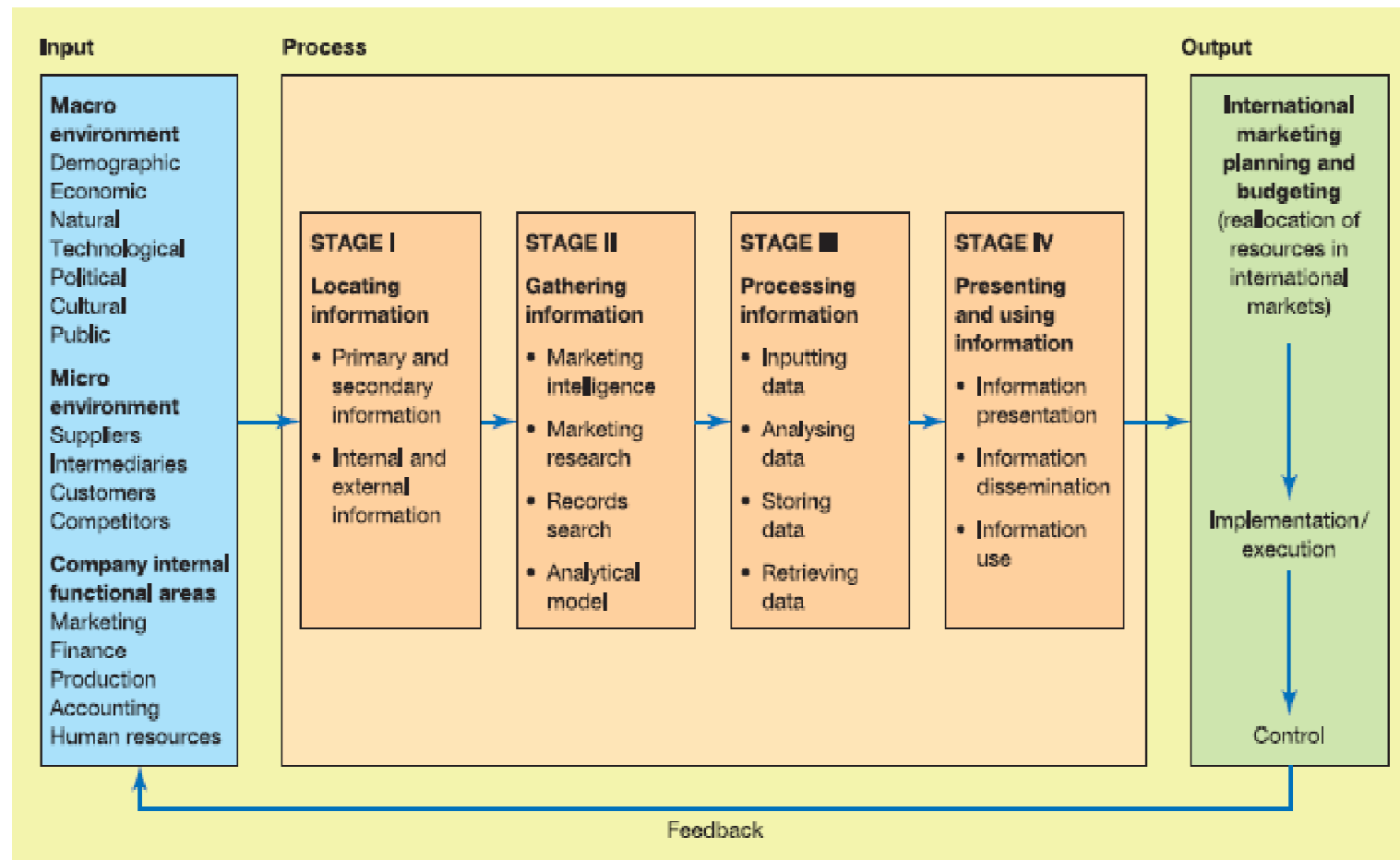
# Other Types of Studies

- **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

**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