

International market research

[Business](#), [Marketing](#)



Marketing managers are the people who mostly commission formal marketing studies of specific problems and opportunities. As a market the major activities are to request a market survey, a product-preference test, a sales forecast by region, or an advertising evaluation. It is the job of the marketing researcher to produce customer insights into the problem.

Marketing research is defined as the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company.

Suppliers of market research:

Companies can obtain marketing research in many number of ways and large companies have their own marketing research departments.

Procter and Gamble:

P&G applies the strategy of assigning marketing researchers to each product operating division to conduct research for existing brands. There are 2 separate in-house research groups, one in charge of overall company advertising research and the other in charge of market testing. Each group's staff consists of marketing research managers, supporting specialists and in-house field representatives to conduct and supervise interviewing. Brand managers commission various brand awareness and tracking studies, consumer use test, continuous retail audits, and laboratory research studies. Each year, P and G calls or visits over 1 million people in connection with about 1000 research projects.

The marketing research process:

Effective market research involves the following six steps: Step 1: Defining the problem, the decision alternatives, and the research objectives:

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Marketing management must be careful not to define the problem too broadly or too narrowly for the marketing researcher. The research can be categorized as Exploratory

Its goal is to shed light on the real nature of the problem and to suggest possible solutions or new ideas

Descriptive

It seeks to ascertain certain magnitudes.

Causal

Causal research purpose is to test a cause-and-effect relationship. Step 2: Developing a research plan: This stage in the research deals with developing the best and most efficient plan for gathering the required information. As a marketing manager we need to know the cost of the research plan before approving it. Data sources: The researcher performing the activity can gather secondary data which is considered as data that were collected for another purpose and already exist somewhere or primary data which is the fresh data gathered for a specific research project, or both. Research Approaches Primary data can be collected in 5 ways- through observations, focus groups, surveys, behavioral data, and experiments. Research Instruments: Marketing researchers have a choice of 3 main research instruments in collecting data: questionnaires, psychological tools, and mechanical devices. Sampling plan: Once the researcher is decided with the research approach and instruments, the marketing researcher must be involved in designing a sampling plan. This calls for 3 decisions: Sampling

unit, Sample size and sampling procedure. Contact method: The marketing researcher must decide how the subject should be contacted: mail, telephone, personal, or an online interview. Step 3: Collecting information: The most expensive and the most prone to error phase is the data collection in marketing research. In the case of surveys the four major problems which arise are:

Some respondents contacted will not be available at home and must be recontacted or replaced. Many of the respondents will refuse to cooperate. There are cases where respondents will give biased or dishonest answers. Interview from a centralized location are followed by few research firms where the professional interviewers sit in booths and draw telephone numbers at random. When the phone is answered the interviewer reads a set of questions from the monitor and types the respondents answers into the computer. This procedure reduces the cost of editing and coding, reduces errors, saves time, and produces all the required statistics. Other research firms have setup interactive terminals in shopping centers. Persons willing to be interviewed sit at the terminal read the questions on the monitor and type in their answers. Step 4: Analyzing Information The next-to-last step in the marketing research process is to extract findings from the collected data. In this the researcher is involved in tabulating the data and developing a frequency distribution for the same. Averages and measure of dispersion are computed for the major variables. The researchers will also apply some advanced statistical techniques and decision models in the hope of discovering additional findings. Step 5: Present the findings: In the last

step, the researcher deals with the presentation of the findings. The researcher should present findings that are relevant to the major marketing decision facing management. Step 6: Make the decision: As a manager we need to weigh the evidence. We should have the knowledge that the findings could suffer from a variety of errors. If the confidence in the findings is low, they may decide against introducing the inflight internet service. If they are predisposed to launching the service, the findings support their inclination. We may even decide to study the issues further and do more research. The decision is their, but hopefully the research provided them with insight into the problem. Overloading barriers the use of marketing research: Many companies still fail to use marketing research sufficiently or correctly inspite of its rapid growth, The reasons are:

A narrow conception of the research:

Many managers see marketing research as a fact finding operation. As a manager we expect the researcher to choose a sample, design a questionnaire, conduct interviews, and report results, carefully defining the problem or the decision facing management. When we see that fact-finding fail to be useful, we re-enforce the management's idea of the limited usefulness of marketing research.

Caliber of researchers unseen:

As a manager we should not view marketing research as little more than a clerical activity and treat it as such. Less competent marketing researchers who are weak at their training and deficient in creativity hiring lead to unimpressive results. These results which are disappointing reinforce management's prejudice against marketing research. Management

continues to pay low salaries to its market researchers, their perpetuating the basic problem.

Poor problem framing:

For such problem we can discuss the famous case where coca-cola introduced the new coke after much research, the failure of the new coke was largely due to not setting up the research problem correctly from a marketing perspective. The issue is how consumers felt about coca-cola as a brand and not necessarily the task isolation.

Late and occasionally erroneous findings:

As a manager we want results that are accurate and conclusive. We may want the results tomorrow. Surely good marketing research takes time and money. As a manager we get disappointed when marketing research costs too much or takes too much time.

Personality and Presentational differences:

Differences arise between the styles of line managers and marketing researchers which often disturb the productive relationships. To a manager who wants concreteness, simplicity, and certainty, a marketing researchers report may seem abstract, complicated, and tentative. Yet in the more progressive companies, marketing researchers are more often become the members of the product management team, and increasing their influence on marketing strategy.

Best type of marketing research:

Most of the marketing researchers have their own favorite approaches for research process or their own techniques. Often researchers have their own

preferences for different research techniques for example some researchers think that the only way to learn about customers exactly is through depth and qualitative research. Many others say that quantitative measures are the best and the defensible form of marketing research.

In drafts for international marketing there was a discussion about some company which was involved in advertising eyeglasses in Thailand and featured a variety of cute animals wearing these glasses. The advertisement was a not the best choice since animals are considered to be a form of low life and no self respecting. It was considered as Thai would wear anything worn by animals. The company could have known about this before the product was to be launched in Thailand. There were a few question like the reason the company failed in spite of coming up with a trendy and fashionable product. The reason behind the company's failure in Thailand was that they could not identifythemselves in a proper advertising with the Thai culture and totally misjudged the social customs of Thailand. The company could have been more knowledgeable about this if were handful with their information from international marketing research. This is not an isolated case, but stems from one of the many idiosyncrasies that exist in the markets around the world.

Definition:

International Marketing Research (IMR) can be defined as market research conducted either simultaneously or sequentially to facilitate marketing decisions in more than one country. The process calls for studying the various market characteristics for facilitating marketing decisions that can be

taken across countries. The studies deal with tracing the various components that are responsible for the marketing the product.

Differences between International Marketing and Domestic Marketing:

The process of international marketing research though involves the same disciplines as domestic research, has some differences compared to its domestic version. The major differences are

International marketing provides with a national differences between different countries which could result out of political, legal, economic, social and cultural differences and,

Comparison of the research results due to these differences.

As a Marketing manager we guide the researchers for these points to be kept in mind when making an international market research.

National Differences

The main factors that affect the way in which people from different cultures behave are: 1. Cultural Differences: Culture refers to widely shared norms or patterns of behavior of a large group of people. It can simply be identified as the values, attitudes, beliefs, artifacts and other meaningful symbols represented in the pattern of life adopted by people that helped them to interpret, evaluate and communicate as members of society. In our global economies there is a greater need for the cross culture awareness. The main differences arise in the matters such as language, etiquette, non-verbal communication, norms and values which can lead to cross cultural blunders. The cross culture blunders can simply be illustrated by the following marketing mix:

Product: In regard to this aspect there was a release of a soft drink in Arab countries with an attractive label that had six-pointed stars on it. The Arabs according to their culture interpreted this as pro-Israeli and refused to buy it. Another label was printed in ten languages, among which one was in Hebrew again, the Arabs did not buy it.

Price: Accepting and rejecting the offers are also expressed differently in different countries. There was an American company which made a deal for one of its products with the Japanese and the deal started with a good presentation by the Americans which was accepted by the Japanese but later the Japanese were silent for few days and Americans wrongly interpreted as the Japanese thought the cost to be more so they gave Japanese another price list but again the Japanese were silent finally the Americans gave a final list of lowest cost possible. Then Japanese responded that they were ok even with the first price list but according to their custom for a positive deal they remain silent for a brief time which was wrongly interpreted by the American company and had to forgo a better profit. *Place:* Place attribute could be any thing related to place. There a small issue with a soft drink company where the company tried to introduce a two liter drinks bottle in Spain, but found it hard to enter the market, they soon discovered this was all because few Spaniards had fridge doors large enough to accommodate a bigger size bottle.

Promotion: Promotions are the most important aspect of international

marketing that need to be concentrated as an advertisement could mean positive in one country at the same time leaving a negative impact on the people of other countries. The best example can be considered when Pepsico advertised Pepsi in Taiwan with the ad " Come Alive With Pepsi" they had no idea that it would be translated into Chinese as " Pepsi brings your ancestors back from the dead." 2. Racial Differences: The racial difference would refer to the differences in physical features of people located in different countries. For example, the types of hair care and cosmetic products needed in U. S would differ from those needed in South East Asia.

3. Climatic Differences: As we are most aware that climate changes from region to region. Climatic condition differences are due to the meteorological conditions like degree of rain and temperature range in the targeted foreign market. We have the example from the huge companies like Bosch-Siemens which had to alter their washing machines with a minimum spin cycle of 1, 000 rpm and a maximum of 1, 600 rpm in Scandinavia, owing to irregular sunshine where as in Italy and Spain, it was sufficient to have a spin cycle of 500 rpm as there is abundant sunshine.

4. Economic Differences: The level of economic development in a market can affect the desired properties of a product and in this way can inspire a company to adapt its products in order to meet the needs of the local market. Economic progress level in a market assessment can be made by a series of indications: *The level of revenue and buying power of local consumers*: Technical conception and marketing of exported products are

greatly influenced by this factor. When we consider richer countries, the state of economic progress is more advanced and hence consumers are generally interested in purchasing more sophisticated products with advanced functions and have a greater power to purchase such products, while people in poor markets would be interested in a simplified version of the product.

The state of infrastructure in the market: The general level of the quality of infrastructure in the country consisting of elements such as transport, energy communication systems, etc. can affect how the product is constituted as it can bring about different conditions of use. For instance when car manufacturer Suzuki entered India, it had to reinforce the suspension or the "road clearance level" of the cars as the state of the roads were poor.

5. Religious Differences: Religion has many impacts on products, more particularly on the ingredients, that constitute them. For example, in Islamic countries, companies, exporting grocery products based on beef have to furnish a certificate declaring that the animals have been slaughtered respecting "Halal" methods. Alcoholic drinks are equally banned in Middle Eastern countries. Religious restrictions can therefore require product adaptation.

6. Historical Differences: Historical differences help explain facts such as the playing of cricket in England, as opposed to game of boules in France. These differences have slowly evolved over time but have a profound effect on consumer behavior. For example, drinking Scotch whiskey is considered

prestigious and trendy in Italy, but old-fashioned and almost boring in Scotland.

7. Language Differences: Language is an important aspect of international marketing research. Inappropriate use of language could result in loss of market apart from turning out to be a cross cultural gaffe. For instance, U. S. and British negotiators found themselves at a standstill when the American company proposed that they "table" particular key points. In the U. S. "Tabling a motion" means to not discuss it, while the same phrase in Great Britain means to "bring it to the table for discussion." (Ricks, 1999).

8. Differences in Actual and Potential Target Groups: In countries like England and Germany it is possible to do national samples. Small towns and villages can be included because distances are not great. In Spain, interviews can be conducted only in cities with populations of over 100, 000 people, as the cost of interviewing people in small towns and villages is prohibitively high (Kumar, 2000). In addition, the international marketing researcher may also have to deal with other factors such as differences in the way that products or services are used, differences in the criteria for assessing products or services across various markets and differences in market research facilities and capabilities.

Centralized and Decentralized Research

Centralized research is done when the researcher conducts research in two or more countries from the headquarters. Centralization of the project can add to the complexity of problems with hierarchy and authority since such a study can involve staff at the headquarters, staff at foreign offices of the

company, foreign survey conductors and possibly an overall survey coordinator. This can result in dispute, delay and inefficiency.

Decentralized research is done when the researcher has the company office in each country conduct the research based on the guidelines from the headquarters. In a decentralized research, the researcher in the foreign country should be able to conduct research in the language specified by the headquarters or should be able to translate the information gathered correctly into the language at the headquarters. Consider the example of Parker Pens. The company opted for centralized marketing research with its department having ad agencies in more than 40 countries developing ads for them. The company was involved in hiring a new team of executives and all their marketing decisions were centralized in the company's headquarters. The company wanted to standardize many of the attributes such as promotion, packaging, pricing, promotional materials, and advertising. The company gave less importance to the difference in the cultures and higher priority to similarities. As a part of marketing they opted to use one ad agency to develop one ad which can be used around the world. Subsidiaries complained that the pens may be similar, but the markets were not. When the ad was released the target was to propagate some useful information to every one but ended up in no such result. The company's campaign was all flushed with no results and also resulted in the resign of the CEO and the rest of the team which was involved in the act had to either quit or fired. The company finally had to return to a decentralized marketing system.

Thus, from the above example it is clear that due to a centralized research. Thus, from the above example it is clear that due to a centralized research approach, Parker Pens ended up with a centralized marketing strategy overlooking crosscultural values and norms. This marketing research blunder could have been avoided had there been a decentralized research which would have recognized the various country specific issues that determined the way of functioning of each market. Hence as the marketing manager I would suggest the company to go with decentralized marketing research strategy which results in the expected targets.