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International Marketing
Chapter 8

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Chapter 8

Developing a Global Vision Through Marketing Research

International Marketing

18th Edition



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Learning Objectives

- 8-1 The importance of problem definition in international research
- 8-2 The problems of availability and use of secondary data
- 8-3 Sources of secondary data
- 8-4 Quantitative and qualitative research methods
- 8-5 Multicultural sampling and its problems in less-developed countries
- 8-6 Using international marketing research

Introduction 1 of 2

Marketing Research

- Systematic gathering, recording, and analyzing of data
 - Provides useful information for decision making
 - Marketer must find most accurate and reliable data within limits of time, cost, and technology



Introduction 2 of 2

International Marketing Research

- Necessary as firms expand abroad, but challenging
 - Info must be communicated across cultural boundaries
 - Application of research tools different in environment of foreign market



Breadth and Scope of International Marketing 1 of 2

Three basic market research needs

1. General info about the country, area, and market
2. Info to forecast future marketing requirements (social, economic, consumer, industry trends)
3. Specific info to develop marketing plan (product, promotion, distribution, price)

Third type most emphasized in domestic operations

Broader scope necessary to analyze foreign markets

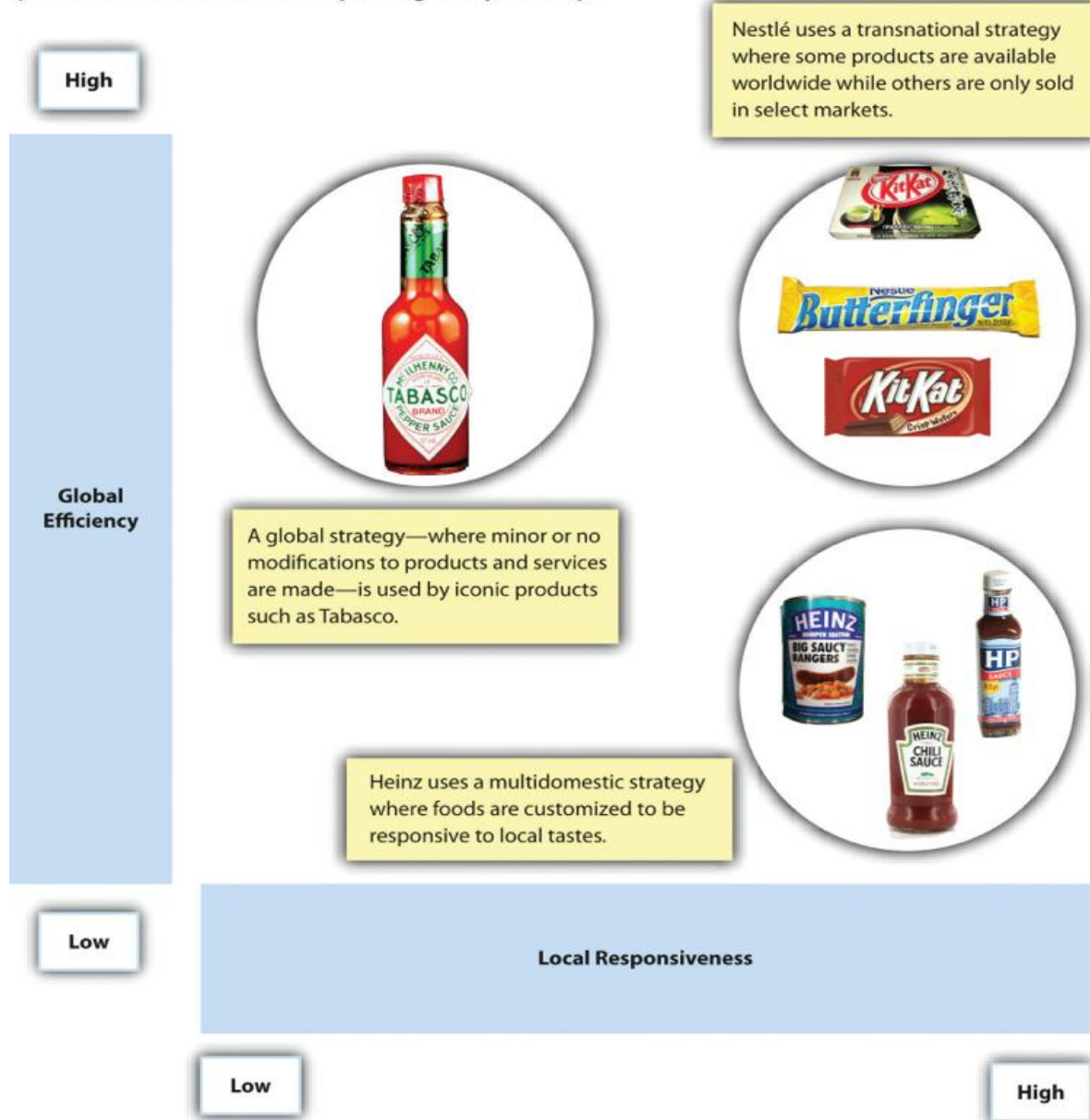
Example of a Successfully adapted International Product decisions (Frito Lays)



COUNTRY	BRAND	CUSTOM FLAVORS (in addition to classic)
Australia	SMITH'S	Vegemite (modeled after popular Australian bread spread)
Brazil	ELMA'S	Queij Coalho (traditional Brazilian cheese)
China	LAY'S	Numb & Spicy Hot Pot
India	LAY'S	Magic Masala (combination of Indian spicy, sour & hot tastes)
Mexico	SABRITAS	Abobadas
Russia	LAY'S	Red Caviar, Crab Flavored, Pickled Cucumber, Salted Cucumber
South Africa	LAY'S	Spring Onion & Cheese
Spain	LAY'S	Gambas Al Ajillo (pawns, garlic & chili flavor), Aresnanas (olive flavor)
Thailand	LAU	Nori Seaweed, Hot & Spicy Crab, Hot & Chili Squid, Lobster Hot Plate
United Kingdom	WALKER'S	Worcester, Pickled Onion



“What’s for dinner?” is a question of interest to folks of all nations. The answer depends, in some part, on the international strategy of the corporations that provide foods, drinks, and condiments worldwide. Firms choose between the potential trade-offs between efficiency in production/distribution and responsiveness to local market preferences. Below we provide examples of how a firm’s decision may provide some answers to how you might fill your belly.



Breadth and Scope of International Marketing ^{2 of 2}

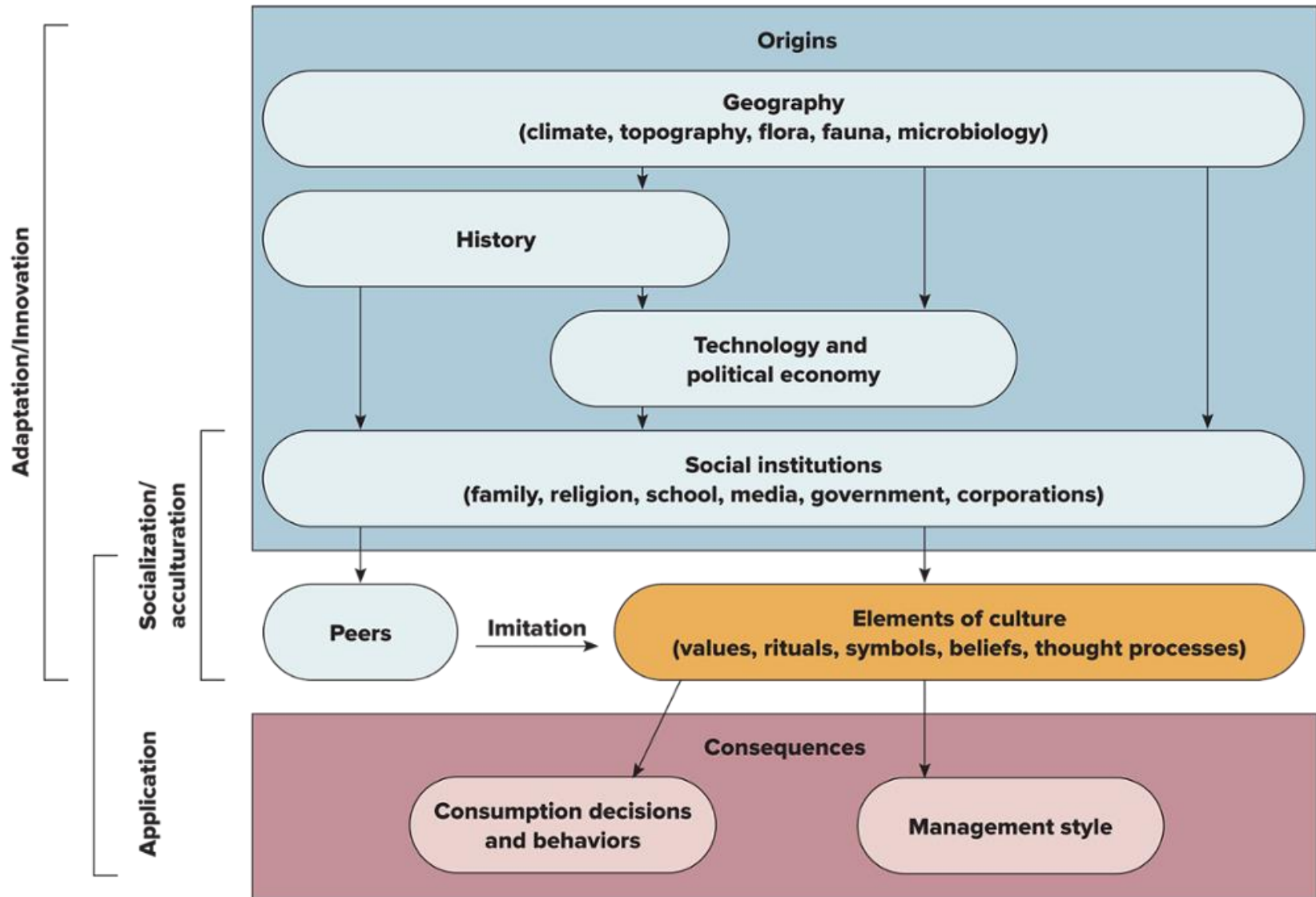
Broader scope of research necessary in foreign markets

Unisys Corporation's suggestions

1. Economic and demographic info
2. Cultural, sociological, and political climate
3. Overview of market conditions
4. Summary of the technological environment
5. Competitive situation

Cost, time, and human elements critical variables of research

Exhibit 4.4 Origins, Elements, and Consequences of Culture



[Jump to long description.](#)

The Research Process

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

Critical in Foreign Markets

- Unfamiliar environment tends to cloud problem definition
 - Failure to anticipate influence of local culture on problem
 - Failure to be aware of self-reference criterion (SRC)
 - Failure to establish problem limits broad enough to include all relevant variables
- Must seek info on greater range of factors
 - Will help to offset unfamiliarity of environment



Gathering Primary Data: Quantitative and Qualitative Research 1 of 3

Primary Data

- Collected specifically for the project at hand
 - Pursued if secondary data leaves unanswered questions
- Gathered by firm's researcher
 - Questions sales representatives, distributors, middlemen, and customers for accurate market info
 - Uses qualitative and quantitative methods



Gathering Primary Data: Quantitative and Qualitative Research 2 of 3

Quantitative Research

- Usually large number of respondents answer questions
 - Verbally or in writing
 - Questions are structured with specific response format
 - Questions designed to obtain info about behavior, intentions, attitudes, motives, and demographics
- Data presented as precise estimations
 - Can be summarized with percentages, averages, or other statistics

Lego's Target Market



© Studio 101/Alamy

Over the years, Lego has five times aimed its strategic initiatives at girls, with little success. On its sixth try, the company has spent \$40 million globally. The new campaign and associated products were designed based primarily on qualitative research methods. This time the new product line has been a huge success, boosting Lego's profits by more than \$1 billion in the most recent year.

Gathering Primary Data:

Quantitative and Qualitative Research 3 of 3

Qualitative Research

- Seeks to interpret what people in sample are like
- If questions are asked, they are usually open-ended
 - Unstructured responses reflect person's thoughts and feelings
- Direct observation of consumers often a method
- Formulates and defines problem more clearly
 - Reveals impact of sociocultural factors on behavior patterns
 - Helps develop research hypotheses to be tested in further studies

Problems of Gathering Primary Data 1 of 2

Ability to Communicate Opinions

- Product's value or use may not be understood
- Respondent unable to provide accurate survey responses

Willingness to Respond

- Culture impacts desire and ability to respond
- Leaders might prevent market research altogether



Outsourcing of Research



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Midnight in New Delhi—both customer service and telephone survey research are being outsourced to lower-wage English-speaking countries. Cost savings of such outsourcing must be balanced with consumer reluctance in cross-cultural communication settings, particularly those involving voluntary responses to marketing research.

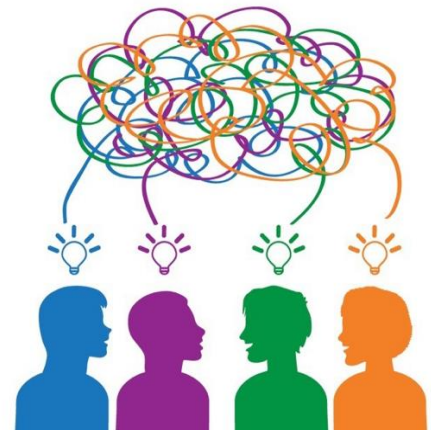
Problems of Gathering Primary Data 2 of 2

Sampling in Field Surveys

- Some countries lack adequate demographic data
- Difficult to draw reliable, accurate sample groups

Language and Comprehension

- Language barrier between marketer and respondents
 - Back translation, parallel translation, decentering
- Literacy impacts success of written surveys



Japanese versus English



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The complexities of the Japanese language confront second graders in Kyoto, where students write some of the 200-plus characters for the sound *shou*. The language commonly uses 15,000 kanji characters, which are borrowed from Chinese. The differences in the structure of the language from English make translation of questionnaires a most daunting task.

Multicultural Research: A Special Problem

Companies becoming more global

- Seek to standardize marketing mix across cultures
- Important to do multicultural research
 - Compare and contrast language, economy, social structure, behavior, and attitude patterns of cultures
 - Helps determine how much marketing mix should be adapted
 - May need to use different research methods in different cultures
 - Ensure comparability and equivalency of results



Research on the Internet: A Growing Opportunity

Uses of 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
8. Observational research (netography)



Estimating Market Demand

Expert Opinion

- Experts asked about market size and growth rates
 - Triangulation is key; compare multiple responses

Analogy

- Assumes demand develops similarly in all countries
 - As GDP grows in Country X, so does its demand for product
 - So, as GDP grows in Country Y, so should its demand for product
- Careful: correlation does not always equal causation

Predicting the Future



Everybody wants to see the future—even the ancient Greeks consulted the Oracle of Delphi, who resided in the temple pictured. Modern forecasters may have better tools, but the hazards of the job are still great. Or, as Yogi Berra eloquently put it, “The future ain’t what it used to be.”

Problems in Analyzing and Interpreting Research Information 1 of 2

Limitations of Foreign Data

- Information given in surveys is influenced
 - Word meaning, consumer's attitude, interviewer's attitude, interview situation, culture and tradition
- Impacts both primary and secondary data
- Accepting info at face value is imprudent



Problems in Analyzing and Interpreting Research Information 2 of 2

Coping with Disparities in Foreign Data

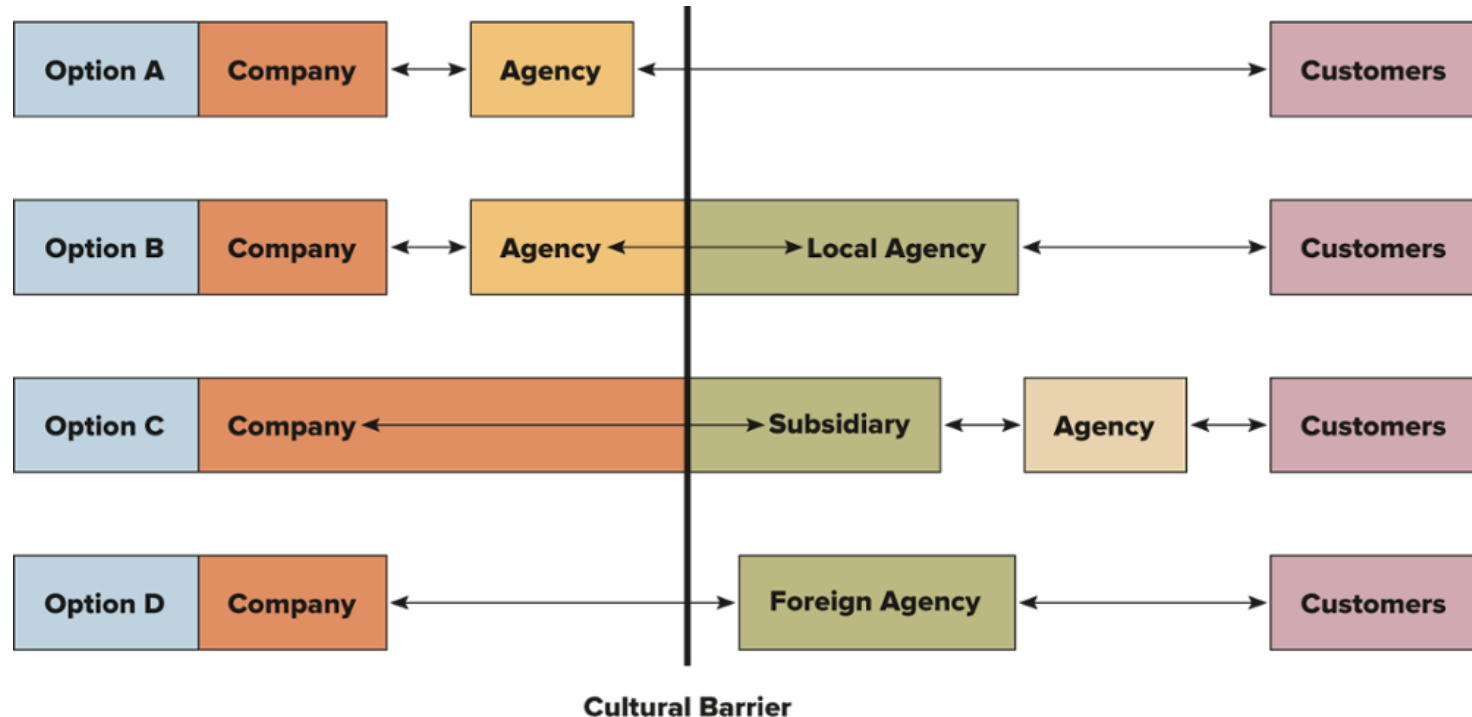
- Need a high degree of cultural understanding in market being researched
 - Social customs, semantics, current attitudes, business customs
- Creatively adapt research methods when necessary
- Approach analysis of data with skeptical attitude
 - Both primary and secondary data should be evaluated critically

Decentralization of Research



Both Ford and Philips keep track of European technology and consumers and develop products for global markets at their research centers in Aachen, Germany. Some of the best technical universities in Europe are close by in Belgium, the Netherlands, and Germany.

Exhibit 8.2 Managing the Cultural Barrier in International Marketing Research



There are four kinds of company–agency–customer relationships. Options B and C are better suited for managing the cultural barrier across the chain of communication. That is, in both cases, the cultural barrier is bridged *within* a company where people have a common corporate culture and work together on an everyday basis.

[Jump to long description.](#)

Appendix of Image Long Descriptions

Appendix 1 Figure 8.2 Managing the Cultural Barrier in International Marketing Research

Option A: The company communicates with an agency, who then communicates with customers.

Option B: The company interacts with an agency, who then communicates with a local agency, who communicates with the customers.

Option C: The company communicates with the subsidiary, who communicates with the agency, who communicates with the customers.

Option D: The company communicates with a foreign agency, and the foreign agency communicates with the customers.