

International Marketing Research

Chapter 3

Significance of Information

When firms intend to start marketing products and services in foreign countries they face a **black out** regarding :

- * Nature of demand
- * Needs and wants of customers
- * Their culture and customs
- * Currencies and their trend of fluctuation, etc.

International marketing strategies can not be designed without knowledge of these and other relevant elements.

Therefore, the pre-emptive step for marketing abroad is to gather necessary information about target markets, customers, environmental factors etc..

Secondly, global marketing requires greater commitment of resources; so knowledge of market should be accurate to avoid any mistake and consequent waste of resources.

Thirdly, international marketers come across various type of **cross – *cultural behaviour*** in different nations. For example, *Hot milk - based drinks are preferred in :*

- i) **U.K.** -- before going to bed for relaxation and/or restful sleep
- ii) **U.S.** -- during cold weather, either in mornings or evenings
- iii) **Thailand** -- with breakfast before going for work as it is considered to be energy-providing and stimulating.
- iv) **India** – Hot milk based drinks are recommended for sick, infirm and sportspersons for more energy.

So marketing perspectives of international firms should be in keeping with this type of behaviour so as to satisfy customers.

Modes Of Collecting Information

- Information is the raw material of marketing decision-making. It is the link between marketer and markets.
- There are **two** ways in which information are collected viz.
 1. **Surveillance** -- It is the process of acquiring information from messages, publications and all possible sources as a routine. Then the information is scanned for relevance.
 2. **Research** – It is formally organised effort to acquire *specific* information for specific purpose. The data so collected is then processed.
- The systematic gathering, recording and analysis of data about problems and situations related to international marketing of goods and services is called ***International Marketing Research***.

Objectives of International Marketing Research

1. To scan environmental factors for selection of country - markets for operation.
2. To assess marketing opportunities through estimation of market potential.
3. To evaluate marketing mix elements.
4. To design **Strategic Marketing Plan**.

Overview of Global Marketing Information Systems

Global marketers develop information system to provide continuous flow of information about changing markets, customers, competitors and company operations called **Marketing Information System**.

Company also develops suitable means and manner in **MIS** of gathering, analysing, classifying, storing, retrieving and reporting data to competent managers.

Subject Agenda of Global Business Information System

- 1. Markets** : Demand estimates, consumer behaviour, products, channels, communication media, their availability with cost and market responsiveness.
- 2. Competition** : Corporate, business and functional strategies.
- 3. Foreign Exchange** : About Balance of Payments, interest rate, attractiveness of country currencies, trends.
- 4. Prescriptive Information** : Laws and regulations about taxes, earnings, dividends in home and host countries.
- 5. Resource Information** : Availability of human, financial, information and physical resources.
- 6. General Environments** : Overall review of Political, Economic, Socio-cultural and Technology factors.

Global Marketing Research Process

Marketing research should preferably be started with following questions :

1. What information are needed ?
2. Why are these information needed ?

Answer to the first question may give a lead to **new relationship** between the global firm and markets. It is called **exploratory research** which may go a long way in **defining the problem**.

Whereas, extended part of this research is identified as **conclusive research** that *solves the problem* so identified.

Phases of International Marketing Research

- 1. Problem Identification**
- 2. Research Methodology**
- 3. Information Required**
- 4. Sources of Information -- secondary and primary data**
- 5. Sampling**
- 6. Collection of Data**
- 7. Analysis & Interpretation of Data**

Salient Points of Difference between MR & IMR

Basically marketing research and international marketing research are the same whether conducted at Columbus in Ohio or Colombo in Sri Lanka excepting for a few points of difference.

Major Points of Difference

1. Communication to different nations for research is to be made in different languages and cultural perspectives. Similarly, replies are to be made suitable for home office managers.
2. The mechanism of *implementing* marketing research plan globally often vary from country to country e.g. in nations of low literacy rates, questionnaire may have to be clarified.
3. **Equivalence** may have to be created for interpretation of data from different nations. For example, possession of first automobile in a developing nation signify *status symbol* whereas in developed nations it means a *transport*.
4. **Emic** and **Etic** approaches of interpretation of IMR data.

Construction of Equivalence in IMR

- Due to variation in culture in nations, the same statement, product, advertisement copy etc. do not convey the same meaning to all in multi-country research.
- In IMR, it is essential to construct **equivalence** for interpretation of data, i.e., how are those viewed in host countries; what meaning is conveyed by these elements etc..
- In a LDC, possession of any automobile may indicate status, whereas in developed countries – Mercedes Benz, Rolls-Royce or similar car depicts status.
- So for valid and meaningful comparison of multi-country research data, functional difference in use of product, service etc, is required to be taken.

Important ‘**Equivalences**’ generally assumed in IMR are :

- * **Conceptual Equivalence** -- the extent of variation in interpretation of objects, stimuli, behaviour etc. come under it, e.g. ‘loss of face’ is considered serious in Eastern hemisphere but not so in western culture.
- * **Category Equivalence** -- Same object or stimuli is considered differently in nations, e.g. Beer is considered to be soft drink in many nations.
- * **Calibration Equivalence** -- In nations like India, U.S. etc. degree celsius is used for measuring heat, whereas in many other nations degrees Fahrenheit is used.
- * **Translation Equivalence** – Same word sometimes bear different connotation in different nation, e.g. “family” means parents, husband-wife and children in India whereas husband-wife and children in U.S.

Emic and Etic Approaches in IMR

Emic Approach of Data Interpretation

- This approach believes that attitudes, interests and behaviour of subjects is **different** and **unique** for various cultures.
- Therefore, IMR data should be analysed in the context of nations' attitudes, interest and behaviour.

Etic Approach

- This approach believes that consumers' choice are converging around global markets. Therefore, Etic approach is catching up with universal and globalised trend around world.

Use of International Marketing Research Firms

- Marketing research in foreign countries are carried out either by international marketing firm themselves or They make use of external marketing research firms.
- International marketing firms who carry out IMR infrequently, generally do not possess competent IMR expertise. So they prefer to make use of competent International Market Research firms.

Advantages of Using IMR firms

1. IMR firms possess requisite professional experience.
2. They are conversant with environments of nations
3. They can carry out MR at cost efficient manner.
4. Findings of IMR firms generally without bias .

Convergence of Consumer Behaviour on IMR

Due to increasing influence of multinational media, movies and transnational movement of people, consumer behaviour is getting unified.

Accordingly general population in most of nations are possible to be segregated into :

- a) **Dealmakers** - Well educated groups with average level of affluence prefer to negotiate and haggle before buying.
- b) **Price seekers** - Average level of affluence, lower education, mostly female interested in obtaining products at low price.
- c) **Brand Loyalists** - Least affluent groups with average levels of education and employment, mostly male do not like to experiment, once they find a satisfactory brand &
- d) **Luxury Innovators** - Most educated and affluent groups, mostly men, seek new and prestigious brands.