
UNIT 17 INTRODUCTION TO INTERNATIONAL MARKETING RESEARCH

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17.0 OBJECTIVES

After going through this unit, you should be able to:

- define international marketing research
- explain the role of international marketing research in shaping marketing strategies
- identify the complexities of international marketing research and the factors that cause such complexities
- state international marketing information system
- explain the international marketing research process.

17.1 INTRODUCTION

The role of research in any decision making process needs no emphasis. Marketing research is a management tool of growing importance in general, particularly in the area of international marketing also, research plays a vital role. This role is becoming more and more crucial with the growing complexity of international business. Confronted by fast changes in environment, companies no longer like to depend fully on gut feeling or take chances while dealing with overseas customers. They prefer to base their operations on professionally drafted plans and such plans are based on the solid foundation of research, carried out in-house or by professional marketing research organisations. In this unit we shall discuss in detail about the process of international marketing research. It discusses the meaning and importance, complexities, international marketing information system, and international marketing research process.

17.2 WHAT IS INTERNATIONAL MARKETING RESEARCH?

International marketing research covers a wide range of phenomena. In essence it fulfills

the international marketing manager's need for knowledge of the international market. International marketing research is a systematic collection and analysis of data and information relevant to international marketing operations. The required data and information may, in most cases, be not always readily available. If it is available, it may not be in the form in which you require. Therefore, considerable efforts need to be put in by the company in the collection of relevant information before analysis of the same is undertaken. Thus, international marketing research may be defined as "the systematic and objective process of collecting, recording and analyzing data for aid in making international marketing decisions".

International marketing research will cover the following aspects:

- Present and future size of the market for the relevant product(s)/service(s)
- Nature, extent and source of competition
- Consumer likes and dislikes and the reasons for the same
- Marketing variables such as product, price, promotion, logistics, brand, packaging, etc.
- Marketing environment factors such as social, political, economic, technological, infrastructural, etc.
- Relevant policies and procedures of the importing country and service
- Entry techniques

International marketing research involves use of quantitative techniques, objective analysis and subjective interpretation of data and information. Depending upon the circumstances and requirements, the volume and depth of international marketing research may vary. Enterprises may themselves conduct international marketing research or they may avail of the services of specialised marketing research agencies.

17.3 IMPORTANCE OF INTERNATIONAL MARKETING RESEARCH

International marketing research plays a very important role in shaping marketing strategies of the international firm. In this era when assumptions are being replaced by solid facts and the pace of political, social and economic changes is parallel to the pace of the changes observed in the business world, sound knowledge of the present and practical assumptions regarding the future are essential inputs to any good business plan. Here comes the role of marketing research in preparing the international marketing plans. A few examples may help you in understanding the importance of international marketing research lucidly.

A large number of industrial units operating in Northern India used to enjoy a lucrative market in the former Soviet Union for their products till mid 1980s. These units, in the absence of effective international market research, could not sense the changes that were to take place during the late 80s and early 90s. Political changes coupled with the social and economic changes that took place in the Soviet Union during 1985-91 changed the market scenario completely. The disturbances that followed the attempts at political and economic restructuring had badly affected the market conditions of this region. The net result was that very lucrative markets turned into uncertain markets affecting the fortunes of all those Indian companies. If the concerned Indian firms had used marketing research and had foreseen the developments in the region, they could have taken appropriate action to minimise the losses.

Considering the nature and extent of inter-dependence and inter-linkages among almost all the countries nowadays, any major change in any country today had its impact on the market for many products and services. The change may be political, economic, cultural, social or technological. For instance, a change in the ruling parties of the Government in a particular country may mar or boost the prospects of export from another country. Formation of a trade bloc in one region of the world may close or open up the market in that region for products from outside the region. Technological changes affect product, packaging and servicing prospects. Changes in transportation and communication sectors

have their impact on sales prospects. Change of consumer preferences in favour of eco-friendly items has benefited some exporters and hit some others hard. Changes in the trade and foreign direct investment policies in some countries have had their impact on the prosperity of many countries. The Internet is shaping and reshaping a number of businesses. International marketing research, if properly carried out, can help a firm sense, to some extent at least, the impact of such changes on the export prospects of its products and help it frame appropriate strategies to take maximum advantage of the positive developments and reduce to the minimum, the impact of the negative changes.

17.4 COMPLEXITIES IN INTERNATIONAL MARKETING RESEARCH

International marketing research is one of those business activities, which is considered very complex, since it encompasses a wide canvass. Complexities in the international marketing research arise due to the differences in political, social, economic and cultural environments of various countries. These differences do not provide for a standardised approach towards international marketing research and this lack of standardisation makes the task of research very difficult.

17.4.1 Political and Economic Factors

Differences in the political systems lead to the differences in approaches to various industries. For example, the policy approach towards car industry is not similar in China and Japan. In China, car industry would not get that type of treatment which may be available in Japan or any other country which is not following the principles of controlled economy. The difference in the political systems get reflected in the approaches towards different industries in different countries.

Any international marketing research relating to Asian car market would have to take into account the differences in the political systems and the differences emanating therefrom. Another example is Internet related business. The extent of freedom in terms of Internet accessibility to consumers differs across countries. The difference has its roots in political philosophy followed by various countries. Internet users are subjected to a set of restrictions in China. So is the case of Saudi Arabia. Therefore, any global enterprise operating in Internet related business has to take into account the situations prevailing in the markets of target countries.

The political philosophy followed by the Government in power in a particular country has its impact on all the marketing variables. For example, in advertising, media availability, message content, visual presentation, etc., are all governed by the political philosophy of the government of the country. Certain types of advertisements are banned in certain countries while the same are allowed in certain other countries. Television and government controlled press are not open to advertisements to private firms in state controlled economies. Pricing is a political decisions in some countries and does not have any relation at all to costs. In state controlled economies state trading agencies enjoy the sole right to distribute products. Thus a company while deciding to enter into a particular country must be fully familiar with the political philosophy of the government of that country.

Differences in economic factors also lead to complexities in terms of the assessment of demand for various products. For example, the leading processor maker company Intel is phasing out its celeron series from US and other developed countries, but in India it is continuing with the celeron series. The reason can be traced to the differences in the economic conditions of developed countries and that of the countries like India. With that also arise the issue of the differences of technological requirements. The model of computer which is outdated in USA market may find many takers in India. Similarly, a number of products which are in the phasing out stage in the developed countries generally find themselves in the introduction or growth stage in developing countries.

Preference for branded items differs across countries. In developed countries consumers show a distinct preference for branded items and they are prepared to pay accordingly. But in developing countries the scenario may be different. In India, for example, household segment is dominated by local assemblers and not by top class multinational

corporations brands. Same is the case with air conditioners, room coolers and heaters, etc. Any MNC planning to enter the Indian market for such items would have to take into account this fact.

17.4.2 Social and Cultural Factors

Social and cultural factors influence consumer behaviour in a major way. Because cultures differ, the societies differ and the consumer behaviour across the countries also differ. These differences have to be taken into account in any meaningful international marketing research programme.

To a particular product, the responses of different societies may be different. For example, the level of social acceptability of beer and wine differs across societies. This level is high in some countries and moderate in some other countries. Some societies in a few countries may be hostile to the idea of social acceptability of beer and wine. Cigarettes exclusively targeted at women may find normal acceptability in some developed countries, but in certain Islamic countries the idea of women smoking cigarettes may invite a hostile reaction.

In the circumstances, an effective programme of international marketing research relating to these products would have to take into account the differences existing across the societies. Social response to any product has roots in the cultural background of that particular region. Different social responses to products can be found in different societies existing in the same country. For example, the response to lipstick differs across the northern, southern, eastern and western regions of India. Demand for lipstick in north India is comparatively higher than that in south India. The reason for the difference is to be traced to social and cultural factors. Any meaningful international marketing research programme needs to take into account not only the differences which are found across the countries, but also the differences that are found intra-country. In the case of countries like India, intra-country differences make international marketing research very complex.

Despite growing similarities in the tastes and consumption patterns of various consumers across the globe, there still exist significant differences in the behaviour pattern of consumers belonging to different parts of the world. Table-1 lists the level of acceptability of various products in different countries.

Table 1: Level of Acceptability of Some Products in Select Countries

Product	Saudi Arabia	Singapore	Malaysia	USA	India
Cigarettes for women	hostile No	moderate Yes	strong No	aggressive Yes	strong No
Beer and wine	moderate Yes	strong Yes	moderate Yes	aggressive Yes	moderate Yes
Lipstick for Women	strong No	strong Yes	moderate No	aggressive Yes	moderate Yes
Two wheeler for Women	hostile No	strong Yes	moderate No	strong Yes	moderate Yes
Jeans for Women	hostile No	strong Yes	strong No	aggressive Yes	moderate Yes
Beef Burger	strong Yes	moderate Yes	strong Yes	aggressive Yes	hostile No

Check Your Progress A

1. State the reasons for complexities in international marketing research

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2. State whether the following statements are true or false.

- a) Enterprises must not avail the services of research agencies.
- b) Difference in economic factors of a country lead to complexities in terms of the assessment of demand for products.
- c) International marketing research is one of the business activities.
- d) Standardised approach for international marketing research would not depend on the differences in political or cultural environment of various countries.
- e) Good business plan relays on past information, sound knowledge on present and practical assumption.

17.5 INTERNATIONAL MARKETING INFORMATION SYSTEM : AN OVERVIEW

An international marketing information system is a continuing and interacting structure of people, equipment, and procedures designed to gather, sort, analyze, evaluate, and distribute pertinent, timely, and accurate information for use by international marketing decision makers to improve their marketing planning, execution and control.

The data and information necessary for effective international marketing may, in most cases, not readily available at least in the form in which it can be immediately utilised by the company. Therefore, a system for regular collection of relevant data and information, analysis and presentation of findings is required for effective international marketing. Given the nature of international markets, international marketing information system should work on a continuous basis, unlike market research efforts which may be occasional in nature. For sound international marketing decisions, a continuous and timely flow of relevant and updated information is a prerequisite.

Most of the enterprises operating in international markets try to collect general and specific information required by them, basically from two sources: (1) internal sources; and (2) external sources. **Internal sources** of the company imply the officials of the company posted for the specific purpose of information gathering and the records, registers and balance-sheet of the firm. Information collected through internal sources is known to be qualitatively different from that collected through external sources, as the former collect the information on a continuous basis with specific objectives in view. But collection through internal sources, particularly when officers and staff have to be appointed and trained exclusively for information gathering, involves substantial cost, which small enterprises may find difficult to bear. This is particularly true in regard to international marketing operations since a good amount of information will pertain to overseas markets.

External sources include the following: (i) Banks and financial institutions (both national and international), (ii) Chambers of Commerce and Trade Associations, (iii) Government agencies in the exporter's and importer's countries, (iv) Embassies and High Commissions, (v) commercial intelligence services (both international and national), (vi) universities and research organisations, (vii) international organisations such as World Bank, WTO, ITC and UN organisations, (viii) Regional UN organisations such as ESCAP, ECLA, etc. and (ix) other regional bodies like OCED. The nature and scope of international marketing information system depends upon the specific requirements of a particular enterprise. Thus, different organisations may have different levels of information systems, but essentially all of them are designed for collection of such information and data, which are vital for the growth and survival of the firm in a rapidly globalising business world.

Organising for information involves more than gathering and disseminating information. Most importantly it involves getting the right people to use the output. Organised information systems should supplement rather than replace the informal methods of information collection. The monitoring function should be fully integrated with the

decision making process, since non use of the information at the right time may blunt the competitive edge of the firm.

17.6 INTERNATIONAL MARKETING RESEARCH PROCESS

International marketing research process comprises the following six steps:

- Definition of objectives
- Determining information requirements
- Selection of methodologies
- Collection of data and information
- Tabulation, analysis, and interpretation of data and information
- Report preparation

The first step in the research process is a clear **definition of the objectives** for which research is being undertaken, such as understanding the basis of preferences of consumers, the nature, extent and source of competition etc. Unless the objectives are clearly defined, it will be rather difficult to identify the nature and sources of information and data or select the right technique of information collection.

The second step is to decide about the type of **information and data** to be collected in the light of the objectives laid down earlier. Since the company would like to avoid wastage of scarce resources in collecting information that may not be considered relevant subsequently, it is highly important that there is a clear idea in the beginning stages itself about the type of information to be collected.

Once it is clear as to what type of data and information is to be collected, the next step is to **determine the methodology** to collect the required information. Some information may be collected through desk research from published sources, microfilms, internet, computer disks and files which are secondary sources of information. Some other may be collected only through survey research which is a primary source of information. Again in survey research, whether to cover the entire population or a sample has to be decided.

Collection of information in accordance with the chosen methodologies is the next step. This involves planning the field work to contact the respondents personally or via mail or telephone, drafting of questionnaire and actual collection of information. Great care should be taken to collect reliable, updated and relevant information during this stage, since the quality of research will ultimately depend on the quality of information collected. (Data collection and data analysis are dealt with in detail in units 18 and 19).

Editing, tabulating, analysing and interpreting the information and data constitute the next step. It is highly important that analysis and interpretation of information are done in a totally objective manner and no element of subjectivity is allowed to creep in.

The final stage is **presentation of the findings** of the research in the form of a report. The findings should be backed by facts including statistical tables and other qualitative information.

Special Issues

Some special problems associated with international marketing research as compared to domestic marketing research are enumerated below:

A standardised towards international marketing research is neither feasible nor advisable since countries differ in a number of respects. For example, problems crop up when languages, cultures, economic levels etc. are different. International marketing research becomes a more difficult task particularly in those countries, where more than one language is spoken, as is the case with India. Even if the same language is spoken in more than one country, terminologies may differ. For example, though English is spoken both in USA and India, terms such as lorry, lift, chillies, petrol, brinjal, etc., are not used in USA instead truck, elevator, pepper, gasoline and egg plant are the corresponding terms in use in the USA.

Perceptions differ across countries. Cycles are perceived as basic means of transportation in some countries, while in few other countries they have recreational value and in some other they are used as a good means of physical exercise. In these circumstances, the perceptions about cycles cannot be compared on same scale and the scales have to be adjusted for accommodating the differences in situations.

Conceptual differences also need to be tackled carefully in international marketing research, as the same terms do not carry the same meanings in different markets. For example, the terms such as middle class, upper middle class, upper class do not imply same income groups across countries. What one may mean by middle class in India may entirely be different from the meaning of middle class in USA. Living standards and economic conditions of in India and the USA need to be analysed on different scales.

The following concepts of economics and marketing need to be analysed with utmost care, while analysing the data and information generated out of international marketing research:

- Premium segment of a market
- Prosperous markets
- Desirable level of living
- Economic openness
- Social openness
- High and low levels of saving
- High and low levels of growth
- Consumer awareness
- Political liberty
- Consumerism
- Aggressive marketing

The above list is indicative and not exhaustive, and warrants modification depending on the circumstances. The point, however, to be noted is that various concepts and terms should be analysed in the relevant context.

Translation from one language to other languages poses many problems since every language is associated with the history and culture of the country. It is a very difficult task to convey exactly the spirit of the original in the translated version. To overcome many of these problems, a process called back translation is used. In this process, the questionnaire is first translated into the other language by one translator and then this translation is translated back into the original language by a different translator. This process minimises the problems arising out of discrepancies between the original and the retranslated version. Another way to overcome translation problems is to incorporate the relevant items from each country included in the research study. This process is called decentering.

In any research confined to either national boundaries or covering many countries, the issue of sample selection occupies the centre-stage. The desired sample may not always be available and hence attempts should be made to make the sample as representative as possible. Further, the extent of comparability should always be reported so that an appropriate analysis may follow. The following types of errors may creep in sampling in international marketing research:

- Frame error
- Non-response error
- Selection error
- Definitional error
- Instrument error

In international marketing research, sampling frame errors arise because of the diversity of the sources. Often it will be noticed that more than one source needs to be used, some

national and some international to collect the type of data of information that is required. Non-response error arises due to the lack of timely response from some respondents due to various reasons. Similarly, due to lack of sufficient and dependable information, selection error creeps in. Definitional errors are also likely to be found since the same definitions may not be suitable for a variety of variables emanating from various countries.

International marketing research process is a more difficult job than marketing research within the country. Data and information gathered in international marketing research may have to be subjected to some adjustment/vetting before they are analysed and interpreted.

Check Your Progress B

1. Describe the step-by-step process in international marketing research?
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2. State whether the following statements are true or false.
 - a) There is a qualitative difference in collection of information through internal source or external source.
 - b) Selection errors arise due to the diversity of the sources.
 - c) Back translation minimises the problem arising out of discrepancies between the original and the translated version.
 - d) Information and data to be collected for marketing research depends upon the methodology.
 - e) The nature and scope of international marketing system depends upon the requirement of an enterprise.

17.7 LET US SUM UP

International marketing research is a systematic collection and analysis of data and information on international marketing operations. Since the required data may not be always readily available, international marketing research attempts to make such data available.

International marketing involves use of quantitative as well as qualitative techniques. Nowadays, any major change in any part of the world has an impact on international market of many products and services, whether the changes are in the political systems or economic policies or in the cultural, social or technological environment. For instance, collapse of the then USSR led to shrinkage of markets of many Indian products. Similarly, developments in technology has also had a great impact on the market for many products and services. The Internet is shaping and reshaping a number of businesses and its impact on the international markets of various products and services is expected to be immense. In such a fast changing scenario, international marketing research alone can help the business enterprise to formulate appropriate strategies for survival and growth.

International marketing research is very complex, as this has to deal with political, social, economic and cultural differences. Differences in the political systems lead to the differences in approaches to various industries. For example, the policy approach to car industry is not the same in Japan and China. Differences in economic factors also lead to complexities in terms of assessment of demand for various products. Technological differences also become very relevant. For example, a particular model of a computer, which may be outdated in USA, may enjoy a good market in India. Preference for branded items also differs across countries. In developed countries consumers show a distinct preference for branded items and they are prepared to pay accordingly, while in

developing countries markets the scenario may be different. In India, for example, home computers market is dominated by local assemblers, not by reputed companies' brands.

Despite increasing similarities in the tastes and consumption patterns of various consumers across globe, there still exist substantial differences in the behaviour of consumers belonging to different parts of the world. Social and cultural differences influence consumer behaviour in a major way. Because cultures differ, societies differ and consumer behaviour across countries also differs. In countries like India, intra country differences are many and are very important from marketing point of view. To a particular product, the responses of different societies may be different. Under these circumstances, an effective programme of international marketing research would have to take into account the differences existing across the societies.

Enterprises operating in international markets need to develop an international marketing information system, responsible for regular collection of required data and information, analysis and presentation. Given the nature of international business, international marketing information system should work on a continuous basis, unlike market research efforts which happen to be occasional in nature. Enterprises may collect information from both internal and external sources. Collection through external sources may involve high cost, which small enterprises may find difficult to incur. The process of international marketing research involves definition of research objectives, determination of information requirements, selection of research methodologies, collection, tabulation, analysis interpretation, and preparation of report.

International marketing research process poses a number of special problems for marketing researchers. Special problems arise when language, culture and economic factors of the target countries are different. Conceptual differences need to be tackled carefully in international marketing research as the same terms may not carry the same meanings in different countries. In effective international marketing research, quantitative research has to be supported substantially by qualitative research.

17.8 KEY WORDS

Data: Facts or numbers, collected for examination and consideration and used to help decision making.

Editing: Editing is the process of reviewing the data to ensure maximum accuracy and unambiguity.

Information: Data that reduce uncertainty in a decisional situation.

International Marketing Research: A systematic collection and analysis of data and information on international marketing operations.

International Marketing Information System: A system designed for regular collection of required data, related to international markets and analysis.

International Marketing Research Process: Systematic series of steps necessary for collection and analysis of relevant information and data on international markets.

Sample: A chosen part of the universe which represents the characteristics of the universe.

Tabulation: It is the process of counting the responses (the data) given in a survey according to the categories selected.

17.9 ANSWERS TO CHECK YOUR PROGRESS

A2 a) False, b) True, c) True, d) False, e) True.

B2 a) False, b) False, c) True, d) False, e) True.

17.10 TERMINAL QUESTIONS

1. Explain the significance of international marketing research in today's globalised market.
2. In what manner do political system and economic factors influence international marketing? Answer with suitable examples.
3. Suggest an appropriate structure of international marketing information system for a firm which is in the export of leather products with a turnover of Rs.5 crore per annum.
4. 'International marketing research is full of complexities'. Comment.

UNIT 18 DATA COLLECTION

Structure

- 18.0 Objectives
- 18.1 Introduction
- 18.2 Why Do We Need Data?
- 18.3 Data Sources
 - 18.3.1 Primary Data and Secondary Data
 - 18.3.2 Sources and Uses of Secondary Data
 - 18.3.3 Advantages and Limitations of Secondary Data
- 18.4 Methods of Collecting Primary Data
 - 18.4.1 Observation
 - 18.4.2 Questionnaire
 - 18.4.3 Interviewing
- 18.5 Sampling
 - 18.5.1 What is Sampling
 - 18.5.2 Types of Sampling
- 18.6 Let Us Sum Up
- 18.7 Key Words
- 18.8 Answers to Check Your Progress
- 18.9 Terminal Questions

18.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the importance of data in marketing research
- distinguish between primary and secondary data
- identify different sources and various techniques of collection of primary and secondary data
- identify different sampling techniques in data collection
- prepare a questionnaire and conduct an interview.

18.1 INTRODUCTION

Any decision can be only as good as the facts on which it is based. Hence, data collection is the most important and crucial step in the marketing research process. This step is preceded by definition of research objectives, clear determination of the type of data and information required to be collected and determination of methodologies to be used in collecting the requisite data and information. Without the above pre-research activities, there is a possible danger that critical data and information may not be obtained and/or that what is obtained may turn out to be not very relevant or suitable. The validity and accuracy of the final judgement is most crucial and depends heavily on how well the data were gathered in the first place. Thus, data are considered the backbone of any research project as it helps the marketing manager to take the right decision. In the absence of reliable and updated data the entire marketing research process may be derailed.

The purpose of this unit is to acquaint you with the various sources of data, different methods for collecting primary data, the problem arises while collecting data and the precautions one should follow in using secondary data. You will also learn the types of sampling and the procedure to choose sample from the population for data collection.