DEVELOPING A GLOBAL VISION THROUGH MARKETING RESEARCH

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Abstract: The basic objective of the market research function is providing management with information for better decision-making. This objective is the same for domestic and international marketing. In foreign marketing research, however, achieving that objective presents some problems not encountered on the domestic front.

This article deals with the operational problems encountered in gathering information in foreign countries for use by international marketers. Emphasis is on those elements of data generation that usually prove especially troublesome when conducting research in an international environment.

Key words: marketing research; multicultural studies; decision making

Marketing research is traditionally defined as the systematic gathering, recording, and analyzing of data to provide information useful in marketing decision making. Although the research processes and methods are basically the same, international marketing research involves two additional complications. First, information must be communicated across cultural boundaries. That is, executives must be able to “translate” their research questions into terms that consumers can understand. Then the answers must be put into terms (i.e., reports and data summaries) that managers can comprehend.

Second, the environments within which the research tools are applied are often different in foreign markets. The international marketing researcher must develop the ability for imaginative and deft application of tried and tested techniques in sometimes totally strange milieus. The mechanical problems of implementing foreign marketing research often vary from country to country. Within a foreign environment, the frequently differing emphases on the kinds of information needed, the often limited variety of appropriate tools and techniques available, and the difficulty of implementing the research process constitute the challenges facing most international marketing researchers.

1. MULTICULTURAL RESEARCH: A SPECIAL PROBLEM

As companies become global marketers seek to standardize various parts of the marketing mix across several countries, multicultural studies become more important. A company needs to determine to what extent adaptation of the marketing mix is appropriate. Thus, market characteristics across diverse cultures must be compared for similarities and differences before a company proceeds with standardization on any aspect of marketing strategy.

Multicultural research involves dealing with countries that have different languages, economies, social structures, behaviour, and attitude patterns. When designing multicultural studies, it is essential that these differences be taken into account. An important point to keep in mind when designing research to be applied across cultures is to ensure comparability and equivalency of results. Different methods may have varying reliabilities in different countries. It is essential that these differences be considered in the design of a multicultural survey. Such differences may mean that different research methods should be applied in individual countries.

In some cases, the entire research design may be different between countries to maximize the comparability of the results. For example, Japanese, compared with North American businesspeople, tend not to respond to mail surveys. This problem was handled in two recent studies by using alternative methods of questionnaire distribution and collection in Japan. In one study, attitudes of retail buyers regarding pioneer brands were sought. In North America, a sample was drawn from a national list of supermarket buyers and questionnaires were distributed and collected by mail. Alternatively, in Japan questionnaires were distributed through contact people at 16 major supermarket chains and then returned by mail directly to the Japanese researchers. The second study sought to compare the job satisfaction of North American and Japan sales representatives. The questionnaires were delivered and collected via the company mail system for the North American firm. For the Japanese firm, participants in a sales training program were asked to complete the questionnaires during the program. Although the authors of the both studies suggest that the use of different methods of data collection in comparative studies does threaten the quality of the results, the approaches taken were the best practical methods of conducting the research.

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The adaptation necessary to complete these cross-national studies serve as examples of the need for resourcefulness in international marketing research. However, they also raise serious questions about the reliability of data gathered in cross-national research. There is evidence that often insufficient attention is given not only to nonsampling errors and other problems that can exist in improperly conducted multicultural studies, but also to the appropriateness of research measures that have not been tested in multicultural contexts.

2. RESEARCH ON THE INTERNET: A GROWING OPPORTUNITY

It is impossible to keep up with the worldwide growth in Internet usage. We know that there are more than 900 million users in more than 200 countries. International Internet usage is growing almost twice as fast as North American usage. Growth in countries such as Costa Rica was dramatically spurred by the local government’s decision to reclassify computers as “educational tools”, thus eliminating all import tariffs on the hardware. The demographics of users worldwide are as follows: 60 percent male and 40 percent female; average age about 32; about 60 percent college educated; median income of about $60,000; usage time about 2.5 hours per week; and main activities are e-mail and funding information. The percentage of home pages by language is English, 80 percent; German, 3 percent; Japanese, 4 percent; French, 2 percent; Spanish, 1 percent; and all others less than 1 percent each.

For many companies the Internet provides a new and increasingly important medium for conducting a variety of international marketing research. Indeed, a survey of marketing research professionals suggests that the most important influences on the industry are the Internet and globalization. New product concepts and advertising copy can be tested over the Internet for immediate feedback. Worldwide consumer panels have been created to help test marketing programs across international samples. It has been suggested that there are at least seven different uses for the Internet in international research: online surveys and buyer panels; online focus groups; web visitor tracking; advertising measurement; customer identification system; e-mail marketing lists; embedded research.

The Internet continues to automate traditional economic roles of customers, such as searching for information about products and services, comparison shopping among alternatives, interacting with service providers, and maintaining the customer brand relationship. More and more of these Internet processes look and feel like research processes themselves. The methods are often embedded directly into the actual purchase and use situations and are therefore more closely tied to actual economic behaviour than traditional research methods can be. Some firms even provide the option of custom designing products online – the ultimate in applying research for product development purposes.

The ability to conduct primary research is one of the exciting about the Internet. However, there are some severe limitations because of the potential bias of a sample universe composed solely of Internet respondents. Nevertheless, as more of the general population in countries gain access to the Internet, this tool will be that much more powerful and accurate for conducting primary research. Also, the Internet can be used as one of several methods of collecting data offering more flexibility across countries.

Today the real power of the Internet for international marketing research is the ability to easily access volumes of secondary data. These data have been available in print form for years, but now they are much easier to access and, in many cases, are more current. Instead of leafing through reference books to find two- or three-year-old data, as is the case with most printed sources, you can often find up-to-date data on the Internet.

3. PROBLEMS IN INTERPRETING RESEARCH INFORMATION

After data are collected, the final steps in the research process are the analysis and interpretation of findings in light of the stated marketing problem. Both secondary and primary data collected by the market researcher are subject to the many limitations. In any final analysis, the researcher must take into consideration these factors and, despite their limitations, produce meaningful guides for management decisions. The foreign marketing researcher must possess three talents to generate meaningful marketing information.

First, the researcher must possess a high degree of cultural understanding of the market in which research is being conducted. At some level it will be absolutely necessary to have a native of the target country involved in the interpretation of the results of any research conducted in a foreign market.

Second, a creative talent for adapting research methods is necessary. A researcher in foreign markets is often called on to produce results under the most difficult circumstances and short deadlines.

Third, a skeptical attitude in handling both primary and secondary data is helpful. For example, it might be necessary to check a newspaper pressrun over a period of time to get accurate circulation figures, or deflate reported consumer income in some areas by 25 to 50 percent on the basis of observable socioeconomic characteristics. Indeed, where data are suspect, such triangulation through the use of multiple research methods is crucial.
Regardless of the sophistication of a research technique or analysis, there is no substitute for decision makers themselves getting into the field for personal observation.

4. RESPONSIBILITY FOR CONDUCTING MARKETING RESEARCH

Depending on the size and degree of involvement in foreign marketing, a company in need of foreign market research can rely on an outside foreign-based agency or on a domestic company with a branch within the country in question. It can conduct research using its own facilities or employ a combination of its own research force with the assistance of an outside agency.

Many companies have an executive specifically assigned to the research function in foreign operations; he or she selects the research method and works closely with foreign management, staff specialists, and outside research agencies. Other companies maintain separate research department for foreign operations or assign a full-time research analyst to this activity.

A trend toward decentralization of the research function is apparent. In terms of efficiency, it appears that local analysts are able to provide information more rapidly and accurately than a staff research department. The obvious advantage to decentralization of the research function is that control rests in hands closer to the market. Field personnel, resident managers, and customs generally have a more intimate knowledge of the subtleties of the market and an appreciation of the diversity that characterizes most foreign markets. One disadvantage of decentralized research management is possible ineffective communications with home-office executives. Another is the potential unwarranted dominance of large-market studies in decisions about global standardization. That is say, the larger markets, particularly the United States, justify more sophisticated research procedures and larger sample size, and results derived via simpler approaches that are appropriate in smaller countries are often unnecessarily discounted.

A comprehensive review of the different approaches to multicountry research suggests that the ideal approach is to have local researchers in each country, with close coordination between the client company and the local research companies. This cooperation is important at all stages of the research project, from research design to data collection to final analysis. Such recommendations are supported on the ground that two heads are better than one and that multicultural input is essential to any understanding of multicultural data. With just one interpreter of multicultural data, there is the danger of one’s self-reference criterion resulting in data being interpreted in terms of one’s own cultural biases. Self-reference bias can affect the research design, questionnaire design, and interpretation of the data.

If a company wants to use a professional marketing research firm, many are available. Most major advertising agencies and many research firms have established branch offices worldwide. There also has been a healthy growth in foreign-based research and consulting firms. Of the ten largest marketing research firms in the world (based on revenues), four are based in the United States, including the largest; three are in the United Kingdom; one is in France; one is in Germany; and one is in the Netherlands. In Japan, where it is essential to understand the unique culture, the quality of professional market research firms is among the best. A recent study reports that research methods applied by Japanese firms and American firms are generally quite similar, but with notable differences in the greater emphasis of the Japanese on forecasting, distribution channels, and sales research.

An increasingly important issue related to international marketing research is the growing potential for governmental controls on the activity. In many countries consumer privacy issues are being given new scrutiny as the Internet expands companies’ capabilities to gather data on consumer’ behaviours. However, perhaps the most distressing development in this area is China’s recent crackdown on marketing research activities there.

5. COMMUNICATING WITH DECISIONS MAKERS

Most of the discussion in this article is about getting information from or about consumers, and competitors. It should be clearly recognized, however, that getting the information is only half the job. That information must also be given to decision makers in a timely manner. High-quality international information systems design will be an increasingly important competitive tool as commerce continues to globalize, and resources must be invested accordingly.

Decision makers, often top executives, should be directly involved not only in problem definition and question formulation, but also in the fieldwork of seeing the market and hearing the voice of the customers in the most direct ways when occasion warrants it (as in new foreign markets). Top managers should have a “feel” for their markets that even the best marketing reports cannot provide.

Finally international marketers face an additional obstacle to obtaining the best information about customers. At the most basic level, marketing research is mostly a matter of talking to customers. Marketing decision makers have questions about how best to serve customers, and those questions are posed and answered often through
the media of questionnaires and research agencies. Even when both managers and customers speak the same language and are from the same culture, communication can become garbled in either direction. That is, customers misunderstand the questions and/or managers misunderstand the answers. Throw in a language/cultural barrier, and the chances of misinformation expand dramatically.

The four kinds of company-agency-customer relationships possible are presented in Exhibit 1. 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, wherein people have a common corporate culture and work together on an everyday basis. In option B the translation (in the broadest sense of the term – that is, of both questionnaires and reports) is worked out between employees of the international marketing research agency. In option C the translation is managed within the company itself. In options A and D both cultural and organizational barriers are being crossed simultaneously, thus maximizing the chances for miscommunication. These same company-agency-customer considerations are also pertinent to the other kinds of communication between companies and customers, such as advertising and distribution channel control.

Exhibit 1. Managing the Cultural Barrier in International Marketing Research

The basic objective of the market research function is providing management with information for better decision-making. This objective is the same for domestic and international marketing. In foreign marketing research, however, achieving that objective presents some problems not encountered on the domestic front.

Customer attitudes about providing information to a researcher are culturally conditioned. Foreign market information surveys must be carefully designed to elicit the desired data and at the same time not offend the respondent’s sense of privacy. Besides the cultural and managerial constraints involved in gathering for primary data, many foreign markets have inadequate or unreliable sources of secondary information. Such challenges suggest three keys to successful international marketing research: the inclusion of natives of the foreign culture on research team; the use of multiple methods and triangulation; the inclusion of decision makers, even top executives, who must on occasion talk directly to or directly observe customers in foreign markets.

Bibliography