

**INDIAN INSTITUTE OF TECHNOLOGY ROORKEE**

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**NPTEL ONLINE CERTIFICATION COURSE**

**Marketing Research**

**Lec -35**

**International Market Research**

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Welcome everyone to the class of marketing research and analysis in the last section we discussed about one other important markets that is the rural market where we discussed about what are the major differences between the urban and the rural market why the rural market is so important and what should marketers keep in mind and accordingly how should the research be conducted in the rural market.

So that right kind of data is made available to the companies and they can accordingly then may be more innovative and develop new products for the rural markets and all similarly another important with globalization what does happen is that the markets have all opened up right today the whole globe as more or less become a single market right companies somewhere in the you know they say that is a small saying that if there is a any product which let us say it returned from that it is return that it has come from India.

Then if you break it up into several parts you will find that one part is made in Vietnam another part is made in may be china the some other part is made is made in let us say Europe and finally may be it is assembled in India, so at this story is not only in a case of Indian but it is just a story is applicable to almost every product in the you know around in the glob the simple reason is that companies are producing and then and assembling part and collecting parts from various suppliers across the globe right so today globalization has really opened up challenges it has opened up the competition right so this completion as brought in several advantages for people who are very innovative and doing well companies how are very innovative but it could be

sometimes dangerous also if you do not compute probably in the international market so you may fall back right so let us see why this international marketing research.

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Important the most important thing is that international marketing is different because every market is different right every behavior of people in the market is different right so suppose you want to make a product for a market x then if you do not understand the culture the people the habits of the people there the purchasing behavior what do they like in the product how what kind of pricing mechanism they follow what kind of distribution mechanism they follow.

If you do not understand this then you may land up into problem right so what is this international marketing research it is a systematic gathering recording analysis and interpretation of the data and information on problems relating to the international marketing so let me give you an several examples for example when you know the very popular case of Kellogg's when Kellogg's came to India initially they did not do well.

What was the reason the reason was Kellogg's through that because that products corn flakes was very popular across as a breakfast cereal it would automatically sell in India in those segments where those high in segments and something right but they forgot that the habit of the Indian consumer to consume his breakfast or at least milk is that Indian consumers instead of using cold milk which she is required in the case of Kellogg's they consume hot milk so when

they use to put hot milk on the Kellogg's they consume hot milk so when they use to put hot milk on the Kellogg's cornflakes it use to become very you know it is louse its crispiness so as the result people felt this product was bad okay it is an inferior product so they stopped it.

The company had to educate the people on the habit of eating the breakfast cereal so they did well after that so similarly there are so many other examples well Sea men came to India when they again came to with the products initially they found that the markets not excepted the reason because they had made the products looking at the voltage and the current conditions of their country right, so when they directly launch the products in India, India had a different conditional together so they did not do well right.

So international marketing research helps you to identify the biggest problem that happens with consumers is marketers sorry not consumers is that many of times we get into a problem of a self reference criteria, that means we tend to think from our own point of view which is very dangerous in many cases take a case of coca-cola when coca cola when to China they converted the change that name in the mandarin language is the Chinese language, what happen the was the result was that.

They it gave a meaning key ko Kellogg something like that right which meant bite the wax you tadpole something bite the wax tadpole now when the meaning was such who would like this product right, so sometimes not understanding the culture who would like not understanding the language the habits everything becomes a very, very important you know criteria in the international markets, so how do you do that international domestic research.

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**International & Domestic marketing research**

- The tools and techniques of international research are the same as those of domestic research.
- The difference is in the environment to which the tools are applied.

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Is not different they are same the techniques are same right the differences in the environment to which the tools setup light the environment to which the tools you are using they are different suppose you want to use a survey instrument the survey instrument might be applicable in easily in India but it might not be applicable to another market where people do not have time with them so in such a condition it becomes and to important to understand okay which form of survey is more replaced.

In that particular country maybe telephonic method maybe online method or physically one to one interview, so what are the four primary reasons?

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## International & Domestic marketing research

The four primary reasons for the differences between international and domestic research are:

The diagram consists of four yellow rectangular boxes arranged in a cluster. The top box is labeled 'New Parameters'. The middle box is labeled 'New Environmental Factors'. The bottom-right box is labeled 'An Increase in the Number of Factors Involved'. The bottom-left box is labeled 'A Broader Definition of Competition'. To the left of these boxes is a black rectangular area containing several grey, cylindrical objects that resemble film reels or data storage devices.

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For the differences between international domestic research so there are the four parameter things which are described defining the competition a broader definition of the competition new parameters environmental factors and increasing the number of factors involved in the entire process so the functions.

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**Function**

- 3 functions:
  - scanning international environment to identify and analyse the opportunities and threats
  - building MIS (marketing information system) to monitor environmental trends
  - carrying out primary research (surveys) input into the development of MKT strategies and to test feasibility of possible MKT mix options

**What problems can occur in international environment?**

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For example the functions in the three important functions in the international market research to first is to scan the international environment to identify and analyze the opportunities and threats first you to scan the international environment and identify and analyze the opportunity and threats now for example a market may look very new creative but because of some political you know threats are instability it might be a very weak market right.

So there could be several reasons so the market has to build a market information system to monitor the environmental trends to check okay what is the trend in the market how what are people buying how are they are buying how are they buying and when they are buying all these things carry out primary.

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## Function

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  - scanning international environment to identify and analyse the opportunities and threats
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What problems can occur in international environment?

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Research service and using those inputs to the, for the developing the marketing mix options and strategies, so what problems can occur in the international environment.

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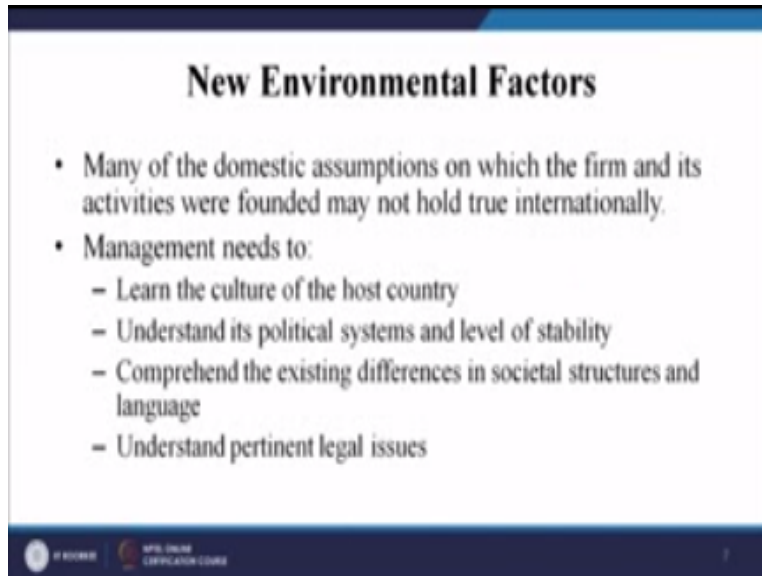


As I said, it could be a problem of language, culture anything right, so framework for international marketing research if you can see step 1 same thing problem identification you identify the problem, develop and approach whether you want to do it in exploratory approach a descriptive approach what kind you want to approach, design formulation so have to talk about who is your sample, how many sample, how to collect the data and all these things.

Then you do the date collection, data preparation and you analysis the data and then you report right things, so this is more or less a same thing, right.

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So what are the new environmental factors the new environmental factors are like the management needs to as it says learn the culture of the host country. Now the culture, now I will give an example here, this was the case of Marlboro right, Phipps Morris when they had the very popular successful advertising campaign of the cow boy right, so they thought this became such a craze across the world that they it would be a successful ad wherever they placed it.

So the ad was such that there is a cow boy who was travelling and he near a jungle forest and there is railway track and one of the fish you know the screws in the railway track has been dislodged so he fixes a sit up, so this ad was very, very popular in US and other markets because the reason was very, the reason was that in the US the cow boy like feeling you know find a forest and all these things where very new good to the, very nice to them.

Same ad when they did not change much and they launched in Brazil what happen, the ad flopped the reason was in Brazil a forest looking at a forest is nothing new to them, because Brazil is filled with forest right, so this was such a small thing that they forget to understand right, understanding the political systems and level of stability now many marketers have come to India they have gone back from India.

For example, in the 70s IBM came, Coco cola came and they could not sustain because at that time the political condition of India was different, right. Comprehending the existing structures the differences in the social structures societal structures and language. As I told in the last class also that in India for example, language the delight at least changes every 26 kilometers, now let

us say a marketers who is coming to the new place if he does not understand the structure in the society okay, how the society is formed.

For example, in India or the Asian countries there is a lot of hierarchy for example there is a lot of respect you cannot say somebody by name right, which is maybe very okay with an MNC culture in the Western countries where you call somebody who is much senior to you by name also, so that is the structure or which people might not appreciate in Asian economies okay, so there are several such things which one has to understand.

The how the culture is different, then understanding the legal issues,so what is you know legal issue in one place for example bribery in some of the nations bribery the definition of bribery is quite different to what the definition you find in another country, right, okay. Now coming to the importance of international research.

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**Importance of International Research**

- Firms must learn where the opportunities are, what customers want, why they want it, and how they satisfy their needs and wants.
- Research allows management to identify and develop international strategies.
- Firms must identify, evaluate, and compare potential foreign business opportunities and the subsequent target market selection.
- Research is necessary for the development of a business plan.

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## **Importance of International Research**

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Firms must learn where the opportunities are what customers want why they want and how they satisfy their needs and wants okay the research allows management to identify and develop international strategies and then those the firms must identify and evaluate and compare the potential this is opportunities and then subsequently target the markets okay.

So to do all these to all these it is not simple it is very complicate because although we are suppose I mean ion Indian my neighbor is Pakistan but there is a sea of difference between the culture in the two countries and the political climate okay. So one is to be very careful when you log get in to the new market and international market okay.

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## International marketing research

- As a management tool, international marketing research can help the firm to reduce its exposure to risk, avoid errors, identify opportunities and match the firm's capabilities with foreign openings.
- International marketing research is necessary in order to decide which foreign markets to enter and the best mode of entry (exporting, licensing, joint ventures, etc.) to each country

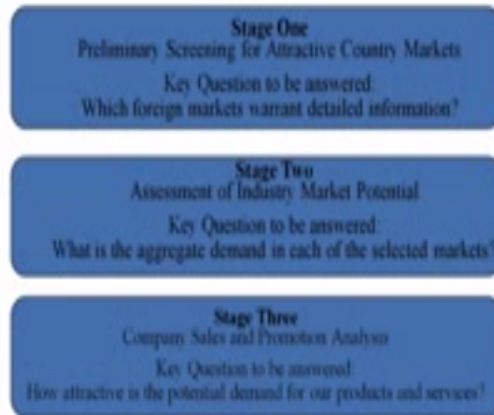
As a management tool international market research can help the firm to reduce its exposure to risk obviously yes right avoid errors identify the opportunities and match the firms capabilities with foreign openings for example when one of the companies they this is an example the chicken wings now that was one product which is not consumed in many countries but when the same product was launched as a delicacy in China it become a measure hit right.

So understanding an opportunity finding an opportunity is very important thing right international marketing research is necessary to decide not to decide which foreign markets to enter for example you see till date Google which is one of the most successful campiness had not been able to successfully operate in china or compute against eh Chinese counterpart by to right so why do is it that why it is happening right.

Nestle for a long time could not make profitable in China just because they were not getting acceptance okay so international marketing research helps you to identify which markets to enter so markets geographically might not be close or you know far that is the different story but which are similar in nature in terms of trades behavior so that becomes easy for you to understand right.

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## Process of Researching Foreign Market Potentials



So process of researching foreign market potentials stage one so there are three stages stage one preliminary screening for attractive country markets so the key question is which foreign markets warrant detail information so you need to have detail information about the which foreign market you want to go second is what is the aggregate demand now the research should help you to also not only identify a market but also to identify the demand to each of the selected markets.

The third is how attractive is the potential demand for the products which are being discussed so these three things are very important or when somebody wants to enter in the foreign market right. Now when we talk about international buyer behavior research.

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## **International Buyer Behavior Research**

- Brand preferences
- Brand attitudes
- Brands awareness studies
- Purchase behavior studies
- Consumer segmentation studies

Now international buyer behavior now means what that means simple when I am getting in to a new market so what is the behavior? Behavioral change in the buyer which is not present in the current market right for example you can see the brand preferences some brands are very popular in one market but they are absolutely a failure in another market okay, for example you see if you look at there are several soft drinks for example Pepsi is a very popular soft drink in India right but it might not be so in many other countries okay.

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Brand attitudes brand awareness right how much of people are aware right so if the awareness is very low automatically it would have a very poor effect very bad effect that means right. Then finally the consumer segmentation how do you segment the market if you do not understand the culture of that place or the you know the way people are buying then segmentation targeting becomes very difficult and even in positioning okay.

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So when we talk about international product research this has a common technique but need to be discussed so when Siemens as I said came to India they do not do well when the Kellogg's came to India they did not do well right so the demand of the market might be different right so the product that P require for example in India we believe that the product might not be very attractive for once large segment of people at least.

But it has to be very steady that means the length of life or the product life cycle is more important to us because we believe in value and money right so when we are thinking on those patterns automatically a marketer has to develop a more robust and steady product then more strong product okay.

Testing the product competitive product studies understanding and packaging design as I said and finally the test marketing so when we are doing a international product research you need to identify what kind of products would be acceptable in this market and how they should be packaged how they should be sold to the market okay.

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So similarly when you come to the distribution one need to understand the distribution channels are very interesting that in some cases this distribution channels in some countries are very long for example there is 5, 6 levels in Japan for example in food industry the 5, 6 levels of you know which are the channel but in some other countries they have tried to cut down the intermediary to very large extent okay.

So the how is channel performing and how you know you have the local general knowledge that is very important accordingly where should be the plan when you are talking about international markets where should you place the plan now how do you decide that how do you locate the location of the plan is very important because if your location of the plan is wrong you are cost will go on increasing.

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And you might sometimes not get it in right market also okay similarly promotion how effective is advertisement right what is the local media which is more popular look at many MNC now if your living in the current in the national channel you see sometimes local languages adds in south Indian language and all now even MNC's are trying to release the local you know people through by using local media.

Now this is because to give the local feel right so by doing that they are giving the feel that we are very much integral part of you so we do not know the company of reason company might be from let say student but today we feel as it is from here for example Bata, Bata we many people should now today Bata is very popular right it is not from India but it is similarly okay.

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## Survey Methods - Differences

- Because of low cost, mail interviews continue to be used in most developed countries where literacy is high and the postal system is well developed.
- In countries where the educational level of the population is extremely high (Denmark, Finland, Iceland, Norway, Sweden, and the Netherlands), mail interviews are common.
- In Africa, Asia, and South America, however, the use of mail surveys and mail panels is low because of illiteracy and the large proportion of population living in rural areas.
- Mail surveys are, typically, more effective in industrial international marketing research, although it is difficult to identify the appropriate respondent within each firm and to personalize the address.

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So what are the survey methods differences so the difference survey method is used survey methods are very largely has for the markets also right so because of low cost mail interviews continue to be used in most developed countries the literacy is high and process is well developed so if you are in the research let say in a developed countries may be mail interviews are good right.

In countries where educational level all the people is extremely high mail interviews are common okay but on other and Africa, Asia, South America however if you see the use of mail surveys and mail panels is very low because of illiteracy.

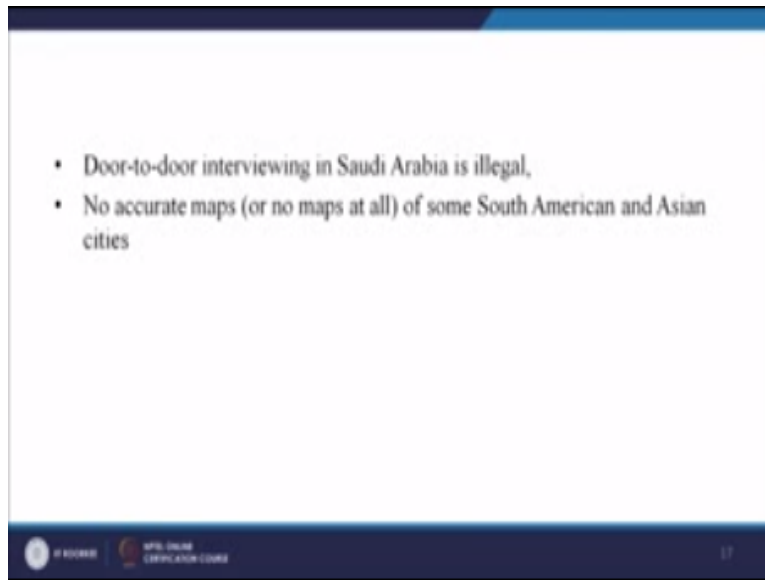
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And even the banking and the postal system not been a very developed one okay. if the last one if you can see the mail surveys are typically more effective in industrial, international marketing research although it is difficult to identify the appropriate respondent within the each firm and personalize that is, so these are the critical issues that one has to face. Door to door interview is illegal

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You cannot do a door to door in Saudi Arabia right, no accurate maps of some south America and Asian cities available, so international markets these problems one faces. So if you are going global what are the difficulties?

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**Difficulties with Global Marketing Research**

- More diverse research projects: language, religion, race...
- More unknowns: market conditions
- Data collection methods
- Longer completion time
- Higher costs
- Restrictive laws

How do these difficulties influence research?


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Language, religion race, more unknowns' market conditions, what kind of data collection method I do not know at the method, we have to think about it. Longer completion time obviously because the market is new. The costs are high and lots of restrictive laws. So how do these difficulties influence the research? This becomes very important question okay.

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## Problems With Secondary Data

- **Availability** - detailed data, no central (governmental) agencies – collecting data on regular basis (U.S.A., Germany, Scandinavia)
- **Reliability** – official data vs. reality – „adjusted reporting“ (who collected the data? – purposely misrepresenting?, for what purpose were the data collected, how – methodology, internally consistent and logical?)
- **Comparability** – out of date, different categories,




Now you could have used the data which is already available but then there is also problem with the secondary data, first is the availability of the data, now sometimes the data is not collected regularly and it might aged old data, so this data the question of is availability and reliability both is questionable okay, so times people purposely miswritten the data also, now that data cannot be taken as a standard data.

So and it is very difficult to compare also at different time periods, something has been taken 10 years back or 15 years back, that data base cannot be used today, because already the market, people, culture has changed dramatically okay. So these are some of the problems in the secondary data.

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## Problems With Primary Data

- **Sampling** – lack of adequate demographic data and available lists
- **Ability to communicate opinions** and attitudes – ability to recognise the value and usefulness of product and concept
- **Willingness to respond** – (gender, topics...)
- **Multicultural research**- comparability and equivalence
- **Language and comprehension** – equivalent concepts? , literacy rate, PLC...



Now coming to the primary data, when you talk about the international markets, this becomes some of the issues, sampling lack of adequate demographic data and available list. So you do not have the demographic data the list with you 1<sup>st</sup> problem. How do you communicate your opinions and attitudes? so ability to recognizes the value and usefulness of product and concept to communicate also is very difficult thing.


Even how the people will react to you, willingness to respond suppose it is a some of the country where you try to talking to the women it will be difficult but this is not the case when you go to some of the other countries.

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## Other Problems

- Lack of qualified researchers and interviewers
  - Postal system and telephone system are unreliable and rate of literacy is rather low. These make mail survey and telephone survey, respectively, difficult.
  - There is high crime rates. Respondents are often reluctant to allow interviewers to conduct in-home interview.
- Secondary data
  - is nonexistent, unreliable or too expensive to obtain.
  - Rate of change is high and fast; data quickly becomes outdated
  - Survey research suffers from sampling problems including non-availability of reliable sampling frames; respondents' unfamiliarity with research and lack of trust in the interviewers resulting in refusals or less than truthful responses.


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Other problems are lack of qualified researchers and interviewers one and the secondary data which we discussed. So the ability of the qualified researchers you retain to the new market is may not be very easy but sustaining yourselves is very tough because having the local knowledge is the challenge okay. So if you look at most of the cases in the international market it becomes very important that companies entering into the market and understand that what exactly they are trying to achieve.

For example I will tell how languages become major barriers for some companies to be successful right. I think it was motors was one company, Car Company which the general motors' company launched in Spain. When they launched in the Spain the meaning of the word entirely changed okay.

Now what it is changed the word nova mint something that does not move that is very identical very you know humour something that does not over move is something then why should people buy it right so language becomes l a critical thing right thaws another example also I think ford came with a car called into right pinto when they went to the American market actually they not know the meaning although word was actually a slag.

So the product ultimately did not do well they fail right so these are some of the issues which one needs to understand when they talk about the international market so one has to be very clear when you want to do international market keep the factors like for example what factors you need to keep in mind let us go back to this diagram if you see

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Now if you look at the surrounding you know this part you will understand the marketing environment government environment the legal environment the economic environment the structural environment the information and the social cultural environment now all these factors individually if you understand they have one when somebody enters into the rural market the international market one has to take care of all these problems right.

The legal issues in one market might be extremely different from the legal issues in another market the cultural issues in one market is entirely different to the cultural issues another market okay so I also have told you about the international promotion international you know one more example of international promotion in one another countries the you know in Saudi I think in Urdu if you see the what happens is the way they write the language it is from right to left we write from right to left to write they are from right to left.

So when the product was one of the product of you know this was the product of detergent product so they taken two kinds of example they took bad you know dirty cloth dipped into some bucket put some detergent and rinse clean it and they kept it in the sun so they showed that the dirty one became a very clean cloth the same interpretation became different in the market in another market where they took it from the right to left so they first start now a clean cloth is been taken and it is been dipped in the bucket and now what comes out is a dirty cloth.

So when you are such cultural mishaps can happen it can be extremely dangerous one needs to be very careful that in the international market one cannot have the approach of one for all that is standardization might not work for everybody one cannot expect that whatever product we have build in this market would be equally successful in all the markets so the marketer needs to define it in the current market scenario even it was a very surprising thing that India which was considered to be not a very rich country at one point of time apple considers it one of the largest markets right.

Because apple products being costly nobody have ever thought the Indian market would be one of the biggest markets for them but now if you see most of the successful brands of cars more successful you know hand sets computers they are all been successfully launched in India and india become a huge market for it.

So the question is in international marketing research when you get into it one has to be very careful understanding the culture the sentiments the tradition the language and the behavior the structural behavior of the society all these things and without understanding them somebody is without doing enough research if somebody does it then he will just face the fate of what co cola faced right in china or what you know general motor faced in some other country in Spain and ford faced in you know north America you know south America so international marketing is very sensitive study.

And one is to very careful and deciding how to conduct the study and what factors to be taken care of otherwise the research process remains the same it is not different but what thinks should one consider while deciding the international market right so that's all we have for this class for this session and so we have it thank you very much I hope we made it clear about the role of the international marketeering and how important it has become now it is with globalization and ultimately how companies need to very careful in developing products.

And selling it to the markets because once you have done it you have invested a lot into the capital as a capital and all and that cannot be taken back so it becomes really important for marketers to research and find out there is a saying the gamble thus research and when it comes with a solution to the market then it is time for others to give way so that is the kind of research this companies are doing and that is why they have been successful and those companies who

have not been enough able to do good research in the international markets these are already failed or they have lost heavily and they been out of the market thank you very much.

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