

Chapter 8



Developing a Global Vision through Marketing Research

CHAPTER OUTLINE

- Global Perspective: Japan—Test Market for the World
- Breadth and Scope of International Marketing Research
- The Research Process
- Defining the Problem and Establishing Research Objectives
- Problems of Availability and Use of Secondary Data
 - Availability of Data
 - Reliability of Data
 - Comparability of Data
 - Validating Secondary Data
- Gathering Primary Data: Quantitative and Qualitative Research
- Problems of Gathering Primary Data
 - Ability to Communicate Opinions
 - Willingness to Respond
 - Sampling in Field Surveys
 - Language and Comprehension
- Multicultural Research: A Special Problem
- Research on the Internet: A Growing Opportunity
- Estimating Market Demand
 - Expert Opinion
 - Analogy

Problems in Analyzing and Interpreting Research Information

Responsibility for Conducting Marketing Research

Communicating with Decision Makers

Appendix: Sources of Secondary Data

CHAPTER LEARNING OBJECTIVES

What you should learn from Chapter 8:

- LO1** The importance of problem definition in international research
- LO2** The problems of availability and use of secondary data
- LO3** Sources of secondary data
- LO4** Quantitative and qualitative research methods
- LO5** Multicultural sampling and its problems in less-developed countries
- LO6** Using international marketing research

Global Perspective

JAPAN—TEST MARKET FOR THE WORLD

It was 10:51 p.m. in Tokyo, and suddenly Google was hit with a two-minute spike in searches from Japanese mobile phones. “We were wondering: Was it spam? Was it a system error?” says Ken Tokusei, Google’s mobile chief in Japan. A quick call to carrier KDDI revealed that it was neither. Instead, millions of cell phone users had pulled up Google’s search box after a broadcaster offered free ringtone downloads of the theme song from *The Man Who Couldn’t Marry*, a popular TV show, but had only briefly flashed the Web address where the tune was available.

The surge in traffic came as a big surprise to Tokusei and his team. They had assumed that a person’s location was the key element of most mobile Internet searches, figuring that users were primarily interested in maps of the part of town they happened to be, timetables for the train home, or the address of the closest yakitori restaurant. The data from KDDI indicated that many Japanese were just as likely to use Google’s mobile searches from the couch as from a Ginza street corner.

Japan’s cell-phone-toting masses, it seems, have a lot to teach the Internet giant. The country has become a vast lab for Google as it tries to refine mobile search technology. That’s because Japan’s 100 million cell phone users represent the most diverse—and discriminating—pool of mobile subscribers on the planet. Although Google also does plenty of testing elsewhere, the Japanese are often more critical because they are as likely to tap into the Internet with a high-tech phone as a PC and can do so at speeds rivaling fixed-line broadband. And because Japanese carriers have offered such services for years, plenty of Web sites are formatted for cell phones.

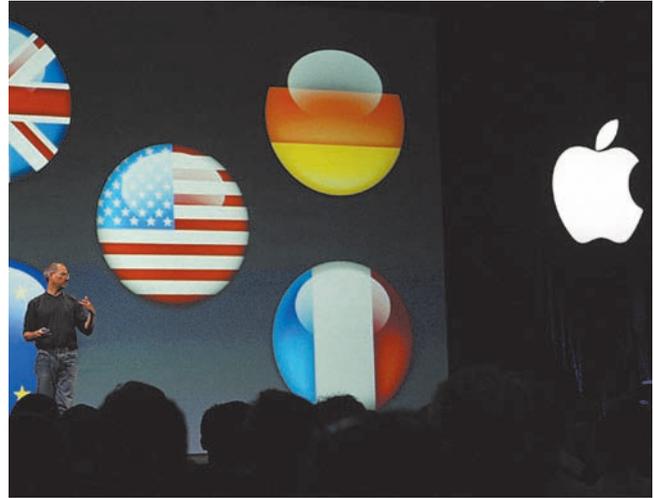
Tokyo’s armies of fashion-obsessed shopaholics have long made the city figure prominently on the map of Western designers. Sure, the suit and tie remain the uniform of the

salaryman, but for originality, nothing rivals Tokyo teenyboppers, who cycle in and out of fads faster than a school-girl can change out of her uniform and into Goth-Loli gear. (Think Little Bo Peep meets Sid Vicious.) For American and European brands, these young people are a wellspring of ideas that can be recycled for consumers back home (see *Crossing Borders* 13.3).

But now, instead of just exporting Tokyo cool, some savvy foreign companies are starting to use Japan as a testing ground for new concepts. They’re offering products in Japan before they roll them out globally, and more Western retailers are opening new outlets in Tokyo to keep an eye on trends. Ohio-based Abercrombie & Fitch and Sweden’s H&M (Hennes & Mauritz) set up shop in Tokyo in 2008, and Spain’s Zara is expected to double its store count to 50 over the next three years. “Twenty-five or 30 years ago, major brands tested their new products in New York,” says Mitsuru Sakuraba, who spent 20 years at French fashion house Charles Jourdan. “Now Japan has established a presence as a pilot market.”

Some Western companies also have signed on with local partners who can better read the Japanese market. Gola, an English brand of athletic shoes and apparel, has teamed up with EuroPacific (Japan) Ltd., a Tokyo-based retailer of fashion footwear. EuroPacific tweaks Gola’s designs for the Japanese market and, a few years ago, came up with the idea of pitching shin-high boxing boots to women. They were a hit with Japanese teens and twenty-somethings, prompting Gola to try offering them in other markets. “They’ve sold a hell of a lot in Europe,” says EuroPacific Director Steve Sneddon.

Sources: Hiroko Tashiro, “Testing What’s Hot in the Cradle of Cool,” *BusinessWeek*, May 7, 2007, p. 46; Kenji Hall, “Japan: Google’s Real-Life Lab,” *BusinessWeek*, February 25, 2008, pp. 55–57.



It's crucial for top executives to get away from their desks and spend time in the marketplace. While detailed marketing research reports are important, decisions at the very top of the largest corporations must still be informed by a sense of the market and customers, obtainable only through direct contact by top executives. Here we see Bill Gates (left) and Steven Jobs (right) going east and west talking with and learning from their customers in the most direct way. Both have heavy international travel schedules, and both find face-to-face meetings with foreign vendors, partners, customers, and regulators to be an inescapable part of trying to understand their international markets. Most recently, to mark the twentieth anniversary of Microsoft's entry into Mexico, Gates played and lost a game of Xbox 360 soccer to Mexican national player Rafael Marquez. We wonder: Did he throw the game?

Information is the key component in developing successful marketing strategies, avoiding major marketing blunders, and promoting efficient exchange systems.¹ Information needs range from the general data required to assess market opportunities to specific market information for decisions about product, promotion, distribution, and price. Sometimes the information can be bought from trusted research vendors or supplied by internal marketing research staff. But sometimes even the highest-level executives have to “get their shoes dirty” by putting in the miles, talking to key customers, and directly observing the marketplace in action.² As an enterprise broadens its scope of operations to include international markets, the need for current, accurate information is magnified. Indeed, some researchers maintain that entry into a fast developing, new-to-the-firm foreign market is one of the most daunting and ambiguous strategic decisions an executive can face. A marketer must find the most accurate and reliable data possible within the limits imposed by time, cost, and the present state of the art.

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

¹Sudita Basu, John Dickaut, Gary Hecht, Kristy Towry, and Gregory Waymire, “Record Keeping Alters Economic History by Promoting Reciprocity,” *PNAS* 106, no. 4 (2009), pp. 1009–14.

²Peter Drucker's wisdom improves with age. In his *The Wall Street Journal* article of May 11, 1990 (p.A15), he eloquently makes the case for direct observation of the marketplace by even the most senior executives. For the most substantive argument in that same vein, see Gerald Zaltman's description of emotional aspects of managerial decision making in “Rethinking Market Research: Putting People Back In,” *Journal of Marketing Research* 34 (November 1997), pp. 424–37. Executives also learn about the “big picture” of the international business environment from mass media sources. Unfortunately, the effort to collect news around the world is shrinking fast as newspapers continue to cut reporting staffs, particularly at their international bureaus.

Fortunately, there are often internal staff and research agencies that are quite experienced in these kinds of cross-cultural communication tasks.

Second, the environments within which the research tools are applied are often different in foreign markets. Rather than acquire new and exotic methods of research, the international marketing researcher must develop the capability for imaginative and deft applications 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 challenges facing most international marketing researchers.

This chapter deals with the operational problems encountered in gathering information in foreign countries for use by international marketers. The emphasis is on those elements of data generation that usually prove especially troublesome in conducting research in an environment other than the United States.

Breadth and Scope of International Marketing Research

The basic difference between domestic and foreign market research is the broader scope needed for foreign research, necessitated by higher levels of uncertainty. Research can be divided into three types on the basis of information needs: (1) general information about the country, area, and/or market; (2) information necessary to forecast future marketing requirements by anticipating social, economic, consumer, and industry trends within specific markets or countries; and (3) specific market information used to make product, promotion, distribution, and price decisions and to develop marketing plans. In domestic operations, most emphasis is placed on the third type, gathering specific market information, because the other data are often available from secondary sources.

A country's political stability, cultural attributes, and geographical characteristics are some of the kinds of information not ordinarily gathered by domestic marketing research departments, but they are required for a sound assessment of a foreign market. This broader scope of international marketing research is reflected in Unisys Corporation's planning steps, which call for collecting and assessing the following types of information:

1. **Economic and demographic.** General data on growth in the economy, inflation, business cycle trends, and the like; profitability analysis for the division's products; specific industry economic studies; analysis of overseas economies; and key economic indicators for the United States and major foreign countries, as well as population trends, such as migration, immigration, and aging.
2. **Cultural, sociological, and political climate.** A general noneconomic review of conditions affecting the division's business. In addition to the more obvious subjects, it covers ecology, safety, and leisure time and their potential impacts on the division's business.
3. **Overview of market conditions.** A detailed analysis of market conditions that the division faces, by market segment, including international.
4. **Summary of the technological environment.** A summary of the state-of-the-art technology as it relates to the division's business, carefully broken down by product segments.
5. **Competitive situation.** A review of competitors' sales revenues, methods of market segmentation, products, and apparent strategies on an international scope.³

³Apparently companies engage in corporate espionage. See Evan Ramstad, "Chip Executives Arrested in South Korea," *The Wall Street Journal*, February 3, 2010; John J. Fialka, "Hugger-Mugger in the Executive Suite," *The New York Times*, February 2, 2010, p. W10. Apparently governments also get into the industrial competitive intelligence game. Associated Press, "China Denies U.S. Trade Espionage," *The Wall Street Journal*, July 20, 2009.

Such in-depth information is necessary for sound marketing decisions. For the domestic marketer, most such information has been acquired after years of experience with a single market, but in foreign countries, this information must be gathered for each new market.

There is a basic difference between information ideally needed and that which is collectible and/or used. Many firms engaged in foreign marketing do not make decisions with the benefit of the information listed.⁴ Cost, time, and human elements are critical variables. Some firms have neither the appreciation for information nor adequate time or money for the implementation of research. As a firm becomes more committed to foreign marketing and the cost of possible failure increases, greater emphasis is placed on research.

The Research Process A marketing research study is always a compromise dictated by the limits of time, cost, and the present state of the art. A key to successful research is a systematic and orderly approach to the collection and analysis of data. Whether a research program is conducted in New York or New Delhi, the **research process** should follow these steps:

1. Define the research problem and establish research objectives.
2. Determine the sources of information to fulfill the research objectives.
3. Consider the costs and benefits of the research effort.
4. Gather the relevant data from secondary or primary sources, or both.
5. Analyze, interpret, and summarize the results.
6. Effectively communicate the results to decision makers.

Although the steps in a research program are similar for all countries, variations and problems in implementation occur because of differences in cultural and economic development. Whereas the problems of research in England or Canada may be similar to those in the United States, research in Germany, South Africa, or Mexico may offer a multitude of difficult distinctions. These distinctions become apparent with the first step in the research process—formulation of the problem. The subsequent text sections illustrate some frequently encountered difficulties facing the international marketing researcher.

Defining the Problem and Establishing Research Objectives After

LO1 

The importance of problem definition in international research

examining internal sources of data, the research process should begin with a definition of the research problem and the establishment of specific research objectives.⁵ The major difficulty here is converting a series of often ambiguous business problems into tightly drawn and achievable research objectives. In this initial stage, researchers often embark on the research process with only a vague grasp of the total problem. A good example of such a loosely defined problem is that of Russian airline Aeroflot. The company undertook a branding study to inform its marketing decisions regarding improving its long-standing reputation for poor safety standards and unreliable service. This goal is a tough challenge for international marketing researchers.

This first, most crucial step in research is more critical in foreign markets because an unfamiliar environment tends to cloud problem definition. Researchers either fail to anticipate the influence of the local culture on the problem or fail to identify the self-reference criterion (SRC) and therefore treat the problem definition as if it were in the researcher's home environment. In assessing some foreign business failures, it becomes apparent that research was conducted, but the questions asked were more appropriate for the U.S. market than for the foreign one. For example, all of Disney's years of research and experience in

⁴Bent Petersen, Torben Pedersen, and Marjorie A. Lyles, "Closing the Knowledge Gaps in Foreign Markets," *Journal of International Business Studies* 39, no. 7 (2008), pp. 1097–113.

⁵Scholars in the field also struggle with defining the problem. See Mike W. Peng, "Identifying the Big Question in International Business Research," *Journal of International Business Studies* 35, no. 2 (2004), pp. 99–108; Susan B. Douglas and C. Samuel Craig, "On Improving the Conceptual Foundations of International Marketing Research," *Journal of International Marketing* 14, no. 1 (2006), pp. 1–22.

keeping people happy standing in long lines could not help Disney anticipate the scope of the problems it would run into with Disneyland Paris. The firm's experience had been that the relatively homogeneous clientele at both the American parks and Tokyo Disneyland were cooperative and orderly when it came to queuing up. Actually, so are most British and Germans. But the rules about queuing in other countries such as Spain and Italy are apparently quite different, creating the potential for a new kind of intra-European "warfare" in the lines. Understanding and managing this multinational customer service problem has required new ways of thinking. Isolating the SRC and asking the right questions are crucial steps in the problem formulation stage.

Other difficulties in foreign research stem from failures to establish problem limits broad enough to include all relevant variables. Information on a far greater range of factors is necessary to offset the unfamiliar cultural background of the foreign market. Consider proposed research about consumption patterns and attitudes toward hot milk-based drinks. In the United Kingdom, hot milk-based drinks are considered to have sleep-inducing, restful, and relaxing properties and are traditionally consumed prior to bedtime. People in Thailand, however, drink the same hot milk-based drinks in the morning on the way to work and see them as invigorating, energy-giving, and stimulating. If one's only experience is the United States, the picture is further clouded, because hot milk-based drinks are frequently associated with cold weather, either in the morning or the evening, and for different reasons each time of day. The market researcher must be certain the problem definition is sufficiently broad to cover the whole range of response possibilities and not be clouded by his or her self-reference criterion.

Indeed, this clouding is a problem that Mattel Inc. ran into headlong. The company conducted a coordinated global research program using focus groups of children in several countries. Based on these findings, the firm cut back on customization and ignored local managers' advice by selling an unmodified Barbie globally. Not only was it dangerous to ignore the advice of local managers; it was also dangerous to ignore parents' opinions involving toys. Kids may like a blonde Barbie, but parents may not. Unfortunately, our predictions about Barbie in a previous edition of this book proved correct: As we mentioned in previous chapters, sales of blonde Barbie dramatically declined in several foreign markets following the marketing research error.

Once the problem is adequately defined and research objectives established, the researcher must determine the availability of the information needed. If the data are available—that is, if they have been collected already by some other agency—the researcher should then consult these **secondary data** sources.

Problems of Availability and Use of Secondary Data

LO2

The problems of availability and use of secondary data

The U.S. government provides comprehensive statistics for the United States; periodic censuses of U.S. population, housing, business, and agriculture are conducted and, in some cases, have been taken for over 100 years. Commercial sources, trade associations, management groups, and state and local governments provide the researcher with additional sources of detailed U.S. market information. Often the problem for American marketing researchers is sorting through too much data!

Availability of Data

While the quantity and quality of marketing-related data available in the United States is unmatched in other countries, things are improving.⁶ The data available on and in Japan is a close second, and several European countries do a good job of collecting and reporting data. Indeed, on some dimensions, the quality of data collected in these latter countries can actually exceed that in the United States. However, in many countries, substantial data collection has been initiated only recently.⁷ Through the continuing efforts of organizations

⁶"The Government and the Geeks," *The Economist*, February 6, 2010, pp. 65–66.

⁷See GIS analyses based on the 2000 Census in China at <http://www.geodemo.com>, Demographic Consulting, Inc.

CROSSING BORDERS 8.1

Headache? Take Two Aspirin and Lie Down

Such advice goes pretty far in countries such as Germany, where Bayer invented aspirin more than 100 years ago, and the United States. But people in many places around the world don't share such Western views about medicine and the causes of disease. Many Asians, including Chinese, Filipinos, Koreans, Japanese, and Southeast Asians, believe illnesses such as headaches are the result of the imbalance between *yin* and *yang*. *Yin* is the feminine, passive principle that is typified by darkness, cold, or wetness. Alternatively, *yang* is the masculine, active principle associated with light, heat, or dryness. All things result from their combination, and bad things like headaches result from too much of one or the other. Acupuncture and moxibustion (heating crushed wormwood or other herbs on the skin) are common cures. Many Laotians believe pain can be caused by one of the body's 32 souls being lost or by sorcerers' spells. The exact cause is often determined by examining the yolk of a freshly broken egg. In other parts of the world,

such as Mexico and Puerto Rico, illness is believed to be caused by an imbalance of one of the four body humors: "blood—hot and wet; yellow bile—hot and dry; phlegm—cold and wet; and black bile—cold and dry." Even in the high-tech United States, many people believe that pain is often a "reminder from God" to behave properly.

Now Bayer is marketing aspirin as a preventive drug for other ailments, such as intestinal cancer and heart attack. But in many foreign markets for companies such as Bayer, a key question to be addressed in marketing research is how and to what extent aspirin can be marketed as a supplement to the traditional remedies. That is, will little white pills mix well with phlegm and black bile?

Sources: Larry A. Samovar, Richard E. Porter, and Lisa A. Stefani, *Communication between Cultures*, 3rd ed. (Belmont, CA: Wadsworth Publishing, 1998), pp. 224–25; the direct quote is from N. Dresser, *Multicultural Manners: New Rules for Etiquette for a Changing Society* (New York: John Wiley & Sons, 1996), p. 236; see also "Aspirin Truly Merits Consideration as One of the Wonders of World," *Star-Ledger*, September 18, 2007, p. 67.

such as the United Nations and the Organization for Economic Cooperation and Development (OECD), improvements are being made worldwide.

In addition, with the emergence of eastern European countries as potentially viable markets, a number of private and public groups are funding the collection of information to offset a lack of comprehensive market data. Several Japanese consumer goods manufacturers are coordinating market research on a corporate level and have funded dozens of research centers throughout eastern Europe. As market activity continues in eastern Europe and elsewhere, market information will improve in quantity and quality. To build a database on Russian consumers, one Denver, Colorado, firm used a novel approach to conduct a survey: It ran a questionnaire in Moscow's *Komsomolskaya Pravda* newspaper asking for replies to be sent to the company. The 350,000 replies received (3,000 by registered mail) attested to the willingness of Russian consumers to respond to marketing inquiries. The problems of availability, reliability, and comparability of data and of validating secondary data are described in the following sections.

Another problem relating to the availability of data is researchers' language skills. For example, though data are often copious regarding the Japanese market, being able to read Japanese is a requisite for accessing them, either online or in text. This problem may seem rather innocuous, but only those who have tried to maneuver through foreign data can appreciate the value of having a native speaker of the appropriate language on the research team.

Reliability of Data

Available data may not have the level of reliability necessary for confident decision making for many reasons. Official statistics are sometimes too optimistic, reflecting national pride rather than practical reality, while tax structures and fear of the tax collector often adversely affect data.

Although not unique to them, less developed countries are particularly prone to being both overly optimistic and unreliable in reporting relevant economic data about their countries. China's National Statistics Enforcement Office recently acknowledged that it had uncovered about 60,000 instances of false statistical reports since beginning a crackdown

on false data reporting several months earlier.⁸ More recently the head of China's National Bureau of Statistics was fired for his involvement in an unfolding corruption scandal.⁹ Seeking advantages or hiding failures, local officials, factory managers, rural enterprises, and others file fake numbers on everything from production levels to birthrates. For example, a petrochemical plant reported one year's output to be \$20 million, 50 percent higher than its actual output of \$13.4 million. Finally, if you believe the statistics, until 2000, the Chinese in Hong Kong were the world-champion consumers of fresh oranges—64 pounds per year per person, twice as much as Americans. However, apparently about half of all the oranges imported into Hong Kong, or some \$30 million worth, were actually finding their way into the rest of China, where U.S. oranges were illegal.

Willful errors in the reporting of marketing data are not uncommon in the most industrialized countries either. Often print media circulation figures are purposely overestimated even in OECD countries. The European Union (EU) tax policies can affect the accuracy of reported data also. Production statistics are frequently inaccurate because these countries collect taxes on domestic sales. Thus, some companies shave their production statistics a bit to match the sales reported to tax authorities. Conversely, foreign trade statistics may be blown up slightly because each country in the European Union grants some form of export subsidy. Knowledge of such “adjusted reporting” is critical for a marketer who relies on secondary data for forecasting or estimating market demand.

Comparability of Data

LO3

Sources of secondary data

Comparability of available data is the third shortcoming faced by foreign marketers. In the United States, current sources of reliable and valid estimates of socioeconomic factors and business indicators are readily available. In other countries, especially those less developed, data can be many years out of date as well as having been collected on an infrequent and unpredictable schedule. Naturally, the rapid change in socioeconomic features being experienced in many of these countries makes the problem of currency a vital one. Furthermore, even though many countries are now gathering reliable data, there are generally no historical series with which to compare the current information. Comparability of data can even be a problem when the best commercial research firms collect data across countries, and managers are well advised to query their vendors about this problem.

A related problem is the manner in which data are collected and reported. Too frequently, data are reported in different categories or in categories much too broad to be of specific value. The term *supermarket*, for example, has a variety of meanings around the world. In Japan a supermarket is quite different from its American counterpart. Japanese supermarkets usually occupy two- or three-story structures; they sell foodstuffs, daily necessities, and clothing on respective floors. Some even sell furniture, electric home appliances, stationery, and sporting goods; some have a restaurant. General merchandise stores, shopping centers, and department stores are different from stores of the same name in the United States.

Validating Secondary Data

The shortcomings discussed here should be considered when using any source of information. Many countries have similarly high standards for the collection and preparation of data as those generally found in the United States, but secondary data from any source, including the United States, must be checked and interpreted carefully. As a practical matter, the following questions should be asked to effectively judge the reliability of secondary data sources:

1. Who collected the data? Would there be any reason for purposely misrepresenting the facts?
2. For what purposes were the data collected?
3. How (by what methodology) were the data collected?
4. Are the data internally consistent and logical in light of known data sources or market factors?

⁸Mark L. Clifford, “How Fast Is China Really Growing?” *BusinessWeek*, March 10, 2003, p. 65; “The Art of the Chinese Massage,” *The Economist*, May 23, 2009, p. 82.

⁹“Chinese Statistics Chief Fired in Scandal Inquiry,” *International Herald Tribune*, October 20, 2006, p. 3.

Checking the consistency of one set of secondary data with other data of known validity is an effective and often-used way of judging validity. For example, a researcher might check the sale of baby products with the number of women of childbearing age and birthrates, or the number of patient beds in hospitals with the sale of related hospital equipment. Such correlations can also be useful in estimating demand and forecasting sales. As is the case with many data sets, Hofstede's well-worn data sets described in Chapters 4 and 5 have proven valid vis-à-vis a variety of dependent variables, and it is still worthwhile to compare his measures of cultural values to other measures of the same variables.¹⁰

In general, the availability and accuracy of recorded secondary data increase as the level of economic development increases. There are exceptions; India is at a lower level of economic development than many countries but has accurate and relatively complete government-collected data.

Fortunately, interest in collecting high-quality statistical data rises as countries realize the value of extensive and accurate national statistics for orderly economic growth. This interest in improving the quality of national statistics has resulted in remarkable improvement in the availability of data over the last 25 years. However, when no data are available or the secondary data sources are inadequate, it is necessary to begin the collection of primary data.

The appendix to this chapter includes a comprehensive listing of secondary data sources, including Web sites on a variety of international marketing topics. Indeed, almost all secondary data available on international markets can now be discovered or acquired via the Internet. For example, the most comprehensive statistics regarding international finances, demographics, consumption, exports, and imports are accessible through a single source, the U.S. Department of Commerce at www.stat-usa.gov. Many other governmental, institutional, and commercial sources of data can be tapped into on the Internet as well. You can find supplementary information about this text at www.mhhe.com/cateora15e.

Gathering Primary Data: Quantitative and Qualitative Research

LO4

Quantitative and qualitative research methods

If, after seeking all reasonable secondary data sources, research questions are still not adequately answered, the market researcher must collect **primary data**—that is, data collected specifically for the particular research project at hand. The researcher may question the firm's sales representatives, distributors, middlemen, and/or customers to get appropriate market information. Marketing research methods can be grouped into two basic types: quantitative and qualitative research. In both methods, the marketer is interested in gaining knowledge about the market.

In *quantitative research*, usually a large number of respondents are asked to reply either verbally or in writing to structured questions using a specific response format (such as yes/no) or to select a response from a set of choices. Questions are designed to obtain specific responses regarding aspects of the respondents' behavior, intentions, attitudes, motives, and demographic characteristics. Quantitative research provides the marketer with responses that can be presented with precise estimations. The structured responses received in a survey can be summarized in percentages, averages, or other statistics. For example, 76 percent of the respondents prefer product A over product B, and so on. Survey research is generally associated with quantitative research, and the typical instrument used is a questionnaire administered by personal interview, mail, telephone, and, most recently, over the Internet.

Scientific studies, including tightly designed experiments, often are conducted by engineers and chemists in product-testing laboratories around the world. There, product designs and formulas are developed and tested in consumer usage situations. Often those results are integrated with consumer opinions gathered in concurrent survey studies. One of the best

¹⁰Linhui Tang and Peter E. Koveos, "A Framework to Update Hofstede's Cultural Values Indices: Economic Dynamics and Institutional Stability," *Journal of International Business Studies* 39, no. 6 (2008), pp. 1045–64; Robbert Maseland and Andre van Hoorn, "Explaining the Negative Correlation between Values and Practices: A Note on the Hofstede-GLOBE Debate," *Journal of International Business Studies* 40, no. 3 (2009), pp. 527–32.

examples of this kind of marketing research comes from Tokyo. You may not know it, but the Japanese are the world champions of bathroom and toilet technology. Japan's biggest company in that industry, Toto, has spent millions of dollars developing and testing consumer products. Thousands of people have collected data (using survey techniques) about the best features of a toilet, and at the company's "human engineering laboratory," volunteers sit in a Toto bathtub with electrodes strapped to their skulls to measure brain waves and "the effects of bathing on the human body." Toto is now introducing one of its high-tech (actually low-tech compared with what it offers in Japan) toilets in the U.S. market. It's a \$600 seat, lid, and control panel that attaches to the regular American bowl. It features a heated seat and deodorizing fan.

In *qualitative research*, if questions are asked, they are almost always open-ended or in-depth, and unstructured responses that reflect the person's thoughts and feelings on the subject are sought. Consumers' first impressions about products may be useful. Direct observation of consumers in choice or product usage situations is another important qualitative approach to marketing research. One researcher spent two months observing birthing practices in American and Japanese hospitals to gain insights into the export of healthcare services. Nissan Motors sent a researcher to live with an American family (renting a room in their house for six weeks) to directly observe how Americans use their cars. Most recently the British retailer TESCO sent teams to live with American families to observe their shopping behaviors in advance of its new entry in the U.S. supermarket battleground with Walmart and others.¹¹ Anderson Worldwide, Nynex, and Texas Commerce Bank have all employed anthropologists who specialize in observational and in-depth interviews in their marketing research. Qualitative research seeks to interpret what the people in the sample are like—their outlooks, their feelings, the dynamic interplay of their feelings and ideas, their attitudes and opinions, and their resulting actions. The most often used form of qualitative questioning is the focus group interview. However, oftentimes, in-depth interviewing of individuals can be just as effective while consuming far fewer resources.

Qualitative research is used in international marketing research to formulate and define a problem more clearly and to determine relevant questions to be examined in subsequent research. It is also used to stimulate ad message ideas and where interest centers on gaining an understanding of a market rather than quantifying relevant aspects. For example, a small group of key executives at Solar Turbines International, a division of Caterpillar Tractor Company, called on key customers at their offices around the world. They discussed in great depth, with both financial managers and production engineers, potential applications and the demand for a new size of gas-turbine engine the company was considering developing. The data and insights gained during the interviews to a large degree confirmed the validity of the positive demand forecasts produced internally through macroeconomic modeling. The multimillion-dollar project was then implemented. During the discussions, new product features were suggested by the customer personnel that proved most useful in the development efforts.

Qualitative research is also helpful in revealing the impact of sociocultural factors on behavior patterns and in developing research hypotheses that can be tested in subsequent studies designed to quantify the concepts and relevant relationships uncovered in qualitative data collection. Procter & Gamble has been one of the pioneers of this type of research—the company has systematically gathered consumer feedback for some 70 years. It was the first company to conduct in-depth consumer research in China. In the mid-1990s, P&G began working with the Chinese Ministry of Health to develop dental hygiene programs that have now reached millions there.

Oftentimes the combination of qualitative and quantitative research proves quite useful in consumer markets and business-to-business marketing settings as well. In one study, the number of personal referrals used in buying financial services in Japan was found to be much greater than that in the United States.¹² The various comments made by the executives during interviews in both countries proved invaluable in interpreting the quantitative

¹¹Cecillie Rohwedder, "Tesco Studies Hard for U.S. Debut," *The Wall Street Journal*, June 28, 2007, pp. B1, B2.

¹²R. Bruce Money, "Word-of-Mouth Referral Sources for Buyers of International Corporate Financial Services," *Journal of World Business* 35, no. 3 (Fall 2000), pp. 314–29.

results, suggesting implications for managers and providing ideas for further research. Likewise, the comments of sales managers in Tokyo during in-depth interviews helped researchers understand why individual financial incentives did not work with Japanese sales representatives.¹³

As we shall see later in this chapter, using either research method in international marketing research is subject to a number of difficulties brought about by the diversity of cultures and languages encountered.

Problems of Gathering Primary Data The problems of collecting primary data in foreign countries are different only in degree from those encountered in the United States. Assuming the research problem is well defined and the objectives are properly formulated, the success of primary research hinges on the ability of the researcher to get correct and truthful information that addresses the research objectives. Most problems in collecting primary data in international marketing research stem from cultural differences among countries and range from the inability or unwillingness¹⁴ of respondents to communicate their opinions to inadequacies in questionnaire translation.

Ability to Communicate Opinions

The ability to express attitudes and opinions about a product or concept depends on the respondent's ability to recognize the usefulness and value of such a product or concept. It is difficult for a person to formulate needs, attitudes, and opinions about goods whose use may not be understood, that are not in common use within the community, or that have never been available. For example, someone who has never had the benefits of an office computer will be unable to express accurate feelings or provide any reasonable information about purchase intentions, likes, or dislikes concerning a new computer software package. The more complex the concept, the more difficult it is to design research that will help the respondent communicate meaningful opinions and reactions. Under these circumstances, the creative capabilities of the international marketing researcher are challenged.

No company has had more experience in trying to understand consumers with communication limitations than Gerber. Babies may be their business, but babies often can't talk, much less fill out a questionnaire. Over the years, Gerber has found that talking to and observing both infants and their mothers are important in marketing research. In one study, Gerber found that breast-fed babies adapted to solid food more quickly than bottle-fed babies because breast milk changes flavor depending on what the mother has eaten. For example, infants were found to suck longer and harder if their mother had recently eaten garlic. In another study, weaning practices were studied around the world. Indian babies were offered lentils served on a finger. Some Nigerian children got fermented sorghum, fed by the grandmother through the funnel of her hand. In some parts of tropical Asia, mothers "food-kissed" prechewed vegetables into their babies' mouths. Hispanic mothers in the United States tend to introduce baby food much earlier than non-Hispanic mothers and continue it well beyond the first year. All this research helps the company decide which products are appropriate for which markets. For example, the Vegetable and Rabbit Meat and the Freeze-Dried Sardines and Rice flavors popular in Poland and Japan, respectively, most likely won't make it to American store shelves.

Willingness to Respond

Cultural differences offer the best explanation for the unwillingness or the inability of many to respond to research surveys. The role of the male, the suitability of personal gender-based inquiries, and other gender-related issues can affect willingness to respond.

In some countries, the husband not only earns the money but also dictates exactly how it is to be spent. Because the husband controls the spending, it is he, not the wife, who should

¹³R. Bruce Money and John L. Graham, "Sales Person Performance, Pay, and Job Satisfaction: Tests of a Model Using Data Collected in the U.S. and Japan," *Journal of International Business Studies* 30, no. 1 (1999), pp. 149–72.

¹⁴Fang Wu, Rudolf R. Sinkovics, S. Tamer Cavusgil, and Anthony S. Roath, "Overcoming Export Manufacturers' Dilemma in International Expansion," *Journal of International Business Studies* 38 (2007), pp. 283–302.

be questioned to determine preferences and demand for many consumer goods. In some countries, women would never consent to be interviewed by a man or a stranger. A French Canadian woman does not like to be questioned and is likely to be reticent in her responses. In some societies, a man would certainly consider it beneath his dignity to discuss shaving habits or brand preference in personal clothing with anyone—most emphatically not a female interviewer.

Anyone asking questions about any topic from which tax assessment could be inferred is immediately suspected of being a tax agent. Citizens of many countries do not feel the same legal and moral obligations to pay their taxes as do U.S. citizens. Tax evasion is thus an accepted practice for many and a source of pride for the more adept. Where such an attitude exists, taxes are often seemingly arbitrarily assessed by the government, which results in much incomplete or misleading information being reported. One of the problems revealed by the government of India in a recent population census was the underreporting of tenants by landlords trying to hide the actual number of people living in houses and flats. The landlords had been subletting accommodations illegally and were concealing their activities from the tax department.

In the United States, publicly held corporations are compelled by the Securities and Exchange Commission (SEC) to disclose certain operating figures on a periodic basis. In many European countries, however, such information is seldom if ever released and then most reluctantly. For example, in Germany attempts to enlist the cooperation of merchants in setting up an in-store study of shelf inventory and sales information ran into strong resistance because of suspicions and a tradition of competitive secrecy. The resistance was overcome by the researcher's willingness to approach the problem step by step. As the retailer gained confidence in the researcher and realized the value of the data gathered, more and more requested information was provided. Besides the reluctance of businesses to respond to surveys, local politicians in underdeveloped countries may interfere with studies in the belief that they could be subversive and must be stopped or hindered. A few moments with local politicians can prevent days of delay.

Although such cultural differences may make survey research more difficult to conduct, it is possible. In some communities, locally prominent people could open otherwise closed doors; in other situations, professional people and local students have been used as interviewers because of their knowledge of the market. Less direct measurement techniques and nontraditional data analysis methods may also be more appropriate. In one study, Japanese supermarket buyers rated the nationality of brands (foreign or domestic) as relatively unimportant in making stocking decisions when asked directly; however, when an indirect,

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



paired-comparison questioning technique was used, brand nationality proved to be the most important factor.¹⁵

Sampling in Field Surveys

LO5

Multicultural sampling and its problems in less-developed countries

The greatest problem in sampling stems from the lack of adequate demographic data and available lists from which to draw meaningful samples. If current, reliable lists are not available, sampling becomes more complex and generally less reliable. In many countries, telephone directories, cross-index street directories, census tract and block data, and detailed social and economic characteristics of the population being studied are not available on a current basis, if at all. The researcher has to estimate characteristics and population parameters, sometimes with little basic data on which to build an accurate estimate.

To add to the confusion, in some South American, Mexican, and Asian cities, street maps are unavailable, and in some Asian metropolitan areas, streets are not identified and houses are not numbered. In contrast, one of the positive aspects of research in Japan and Taiwan is the availability and accuracy of census data on individuals. In these countries, when a household moves, it is required to submit up-to-date information to a centralized government agency before it can use communal services such as water, gas, electricity, and education.

The effectiveness of various methods of communication (mail, telephone, personal interview, and Internet) in surveys is limited. In many countries, telephone ownership is extremely low, making telephone surveys virtually worthless unless the survey is intended to cover only the wealthy. In Sri Lanka, fewer than 19 percent of the residents have landline telephones and less than 7 percent Internet access—that is, only the wealthy.

The adequacy of sampling techniques is also affected by a lack of detailed social and economic information. Without an age breakdown of the total population, for example, the researcher can never be certain of a representative sample requiring an age criterion, because there is no basis of comparison for the age distribution in the sample. A lack of detailed information, however, does not prevent the use of sampling; it simply makes it more difficult. In place of probability techniques, many researchers in such situations rely on convenience samples taken in marketplaces and other public gathering places.

McDonald's got into trouble over sampling issues. The company was involved in a dispute in South Africa over the rights to its valuable brand name in that fast emerging market. Part of the company's claim revolved around the recall of the McDonald's name among South Africans. In the two surveys the company conducted and provided as proof in the proceedings, the majority of those sampled had heard the company name and could recognize the logo. However, the Supreme Court judge hearing the case took a dim view of the evidence because the surveys were conducted in "posh, white" suburbs, whereas 79 percent of the South African population is black. Based in part on these sampling errors, the judge threw out McDonald's case.

Inadequate mailing lists and poor postal service can be problems for the market researcher using mail to conduct research. For example, in Nicaragua, delays of weeks in delivery are not unusual, and expected returns are lowered considerably because a letter can be mailed only at a post office. In addition to the potentially poor mail service within countries, the extended length of time required for delivery and return when a mail survey is conducted from another country further hampers the use of mail surveys. Although air-mail reduces this time drastically, it also increases costs considerably.

Language and Comprehension

The most universal survey research problem in foreign countries is the language barrier. Differences in idiom and the difficulty of exact translation create problems in eliciting the specific information desired and in interpreting the respondents' answers.¹⁶ Types of scales appropriate in some cultures, such as reverse-worded items, are problematic in other cultures.¹⁷ Equivalent

¹⁵Frank Alpert, Michael Kamins, Tomoaki Sakano, Naoto Onzo, and John L. Graham, "Retail Buyer Beliefs, Attitudes, and Behaviors toward Pioneer and Me-Too Follower Brands: A Comparative Study of Japan and the United States," *International Marketing Review* 18, no. 2 (2001), pp. 160–87.

¹⁶Shi Zhang and Bernd H. Schmitt, "Creating Local Brands in Multilingual International Markets," *Journal of Marketing Research* 38 (August 2001), pp. 313–25.

¹⁷Nancy Wong, Aric Rindfleisch, and James E. Burroughs, "Do Reverse-Worded Items Confound Measures in Cross-Cultural Research? The Case of the Material Values Scale," *Journal of Consumer Research* 30, no. 1 (June 2003), pp. 72–91.

CROSSING BORDERS 8.2

French Is Special

The word on the table that morning was “cloud computing.”

To translate the English term for computing resources that can be accessed on demand on the Internet, a group of French experts had spent 18 months coming up with *informatique en nuage*, which literally means “computing in cloud.” France’s General Commission of Terminology and Neology—a 17-member group of professors, linguists, scientists, and a former ambassador—had gathered in a building overlooking the Louvre to approve the term.

Keeping the French language relevant isn’t easy in the Internet age. For years, French bureaucrats have worked hard to keep French up to date by diligently coming up with equivalents for English terms. Although most French people say “le weekend” and “un surfer,” the correct translations of the terms are *fin de semaine* (“end of the week”) and *aquaplanchiste* (“water boarder”—which makes one wonder what term they use for that kind of torture). A start-up company is referred to as *jeune pousse*, or young shoot (the term *pousse* refers to vegetable sprouts), and the World Wide Web is translated as *toile d’araignée mondiale* (literally, global spider web).

But technological advancements mean new Anglicisms are spreading over the Internet at warp speed, leaving the French scratching their heads. Before a word such as “cloud computing” or “podcasting” (*diffusion pour baladeur*) receives a certified French equivalent, it needs to be approved by three organizations and get

a government minister’s seal of approval, according to rules laid out by the state’s General Delegation for the French Language and the Languages of France. The process can be a linguistic odyssey taking years. “Rigor cannot be compromised,” said Xavier North, the 57-year-old civil servant who heads the General Delegation.

On its Web site, the General Delegation for the French Language reminds French citizens that the terms beach volleyball, beach tennis, and beach hockey are not always correct. As these sports are becoming more popular, “they are often taking place . . . in arenas,” the General Delegation states. As these sports don’t necessarily take place on beaches, the word beach should be replaced with “on sand (*sur sable*). Hence, the terms hockey *sur sable*, tennis *sur sable*, and volley *sur sable* are recommended by the General Commission of Terminology and Neology.

The French have achieved some success in their efforts. A recent study of language selection policies of the International Electrotechnical Commission (IEC) members reports, “Results show that the English and French languages are moderately used for technical work while the English language is purely used for communication.” Of course, we are not sure what the sentence quoted actually means, so we do not know how heartily to congratulate the French officials!

Source: Max Colchester, “The French Get Lost in the Clouds over a New Term in the Internet Age,” *The Wall Street Journal*, October 14, 2009; Hans Teichmann, “Language Selection Policies in International Standardization: Perceptions of the IEC Member Countries,” *International Journal of IT Standards & Standardization Research* 7, no. 2 (2009), pp. 23–42.

concepts may not exist in all languages. Family, for example, has different connotations in different countries. In the United States, it generally means only the parents and children. In Italy and many Latin countries, it could mean the parents, children, grandparents, uncles, aunts, cousins, and so forth. The meaning of names for family members can differ too, depending on the context within which they are used. In the Italian culture, the words for aunt and uncle are different for the maternal and paternal sides of the family. The concept of affection is a universal idea, but the manner in which it is manifested in each culture may differ. Kissing, an expression of affection in the West, is alien to many Eastern cultures and even taboo in some.

Literacy poses yet another problem. In some less developed countries with low literacy rates, written questionnaires are completely useless. Within countries, too, the problem of dialects and different languages can make a national questionnaire survey impractical. In India, there are 14 official languages and considerably more unofficial ones. One researcher has used pictures of products as stimuli and pictures of faces as response criteria in a study of eastern German brand preferences to avoid some of the difficulties associated with language differences and literacy in international research. Still others have used other nonverbal kinds of response elicitation techniques, such as pictures and collages.¹⁸

¹⁸Gerald Zaltman, “Rethinking Marketing Research: Putting the People Back In,” *Journal of Marketing Research* 34 (November 1997), pp. 424–37.



Marketing researchers in India have to consider the problems of language diversity. Here the primary 13 languages (besides English) are listed on a 20-rupee note.

Furthermore, a researcher cannot assume that a translation into one language will suffice in all areas where that language is spoken. For example, a researcher in Mexico requested a translation of the word *outlet*, as in *retail outlet*, to be used in Venezuela. It was read by Venezuelans to mean an electrical outlet, an outlet of a river into an ocean, and the passageway into a patio. Of course the responses were useless—though interesting. Thus, it will always be necessary for a native speaker of the target country’s language to take the “final cut” of any translated material.

In all countries all marketing communications, including research questionnaires, must be written *perfectly*. If not, consumers and customers will not respond with accuracy, or even at all. The obvious solution of having questionnaires prepared or reviewed by a native speaker of the language of the country is frequently overlooked. Even excellent companies such as American Airlines bring errors into their measurement of customer satisfaction by using the same questionnaire in Spanish for their surveys of passengers on routes to Spain and Mexico. A question regarding meal preferences, for example, may cause confusion because to a Spaniard, orange juice is *zum de naranja*, while a Mexican would order *jugo de naranja*. These apparently subtle differences are no such things to Spanish speakers. Marketers use three different techniques, back translation, parallel translation, and decentering, to help ferret out translation errors ahead of time.

Back Translation. In **back translation**, the questionnaire is translated from one language to another, and then a second party translates it back into the original, and the two original language versions are compared. This process often pinpoints misinterpretations and misunderstandings before they reach the public. In one study regarding advertising themes, a soft-drink company wanted to use a very successful Australian advertising theme, “Baby, it’s cold inside,” in Hong Kong. It had the theme translated from English into Cantonese by one translator and then retranslated by another from Cantonese into English, in which the statement came out as “Small mosquito, on the inside it is very cold.” Although “small mosquito” is the colloquial expression for “small child” in Hong Kong, the intended meaning was lost in translation.

Parallel Translation. Back translations may not always ensure an accurate translation because of commonly used idioms in both languages. **Parallel translation** is used to overcome this problem. In this process, more than two translators are used for the back translation; the results are compared, differences discussed, and the most appropriate translation selected. Most recently, researchers have suggested augmenting this process by integrating pretesting steps and iteratively adapting the translations.¹⁹

Decentering. A third alternative, known as **decentering**, is a hybrid of back translation. It is a successive process of translation and retranslation of a questionnaire, each time

¹⁹Susan P. Douglas and C. Samuel Craig, “Collaborative and Iterative Translation: An Alternative Approach to Back Translation,” *Journal of International Marketing* 15, no. 1 (2007), pp. 30–43.



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

can just as well be the problem of the researcher as of the respondent. The question itself may not be properly worded in the English version, or English slang or abbreviated words may be translated with a different or ambiguous meaning. Such was the case mentioned earlier with the word *outlet* for *retail outlet*. The problem was not with the translation as much as with the term used in the question to be translated. In writing questions for translation, it is important that precise terms, not colloquialisms or slang, be used in the original to be translated. One classic misunderstanding that occurred in a *Reader's Digest* study of consumer behavior in western Europe resulted in a report that France and Germany consumed more spaghetti than did Italy. This rather curious and erroneous finding resulted from questions that asked about purchases of “packaged and branded spaghetti.” Italians buy their spaghetti in bulk; the French and Germans buy branded and packaged spaghetti. Because of this crucial difference, the results underreported spaghetti purchases by Italians. Had the goal of the research been to determine how much branded and packaged spaghetti was purchased, the results would have been correct. However, because the goal was to know about total spaghetti consumption, the data were incorrect. Researchers must always verify that they are asking the right question.

Some of the problems of cross-cultural marketing research can be addressed after data have been collected. For example, we know that consumers in some countries such as Japan tend to respond to rating scales more conservatively than Americans. That is, on a 1 to 7 scale anchored by “extremely satisfied” and “extremely dissatisfied,” Japanese tend to answer more toward the middle (more 3s and 5s), whereas Americans’ responses tend toward the extremes (more 1s and 7s). Such a response bias can be managed through statistical standardization procedures to maximize comparability.²⁰ Some translation problems can be detected and mitigated post hoc through other statistical approaches as well.²¹

²⁰Hans Baumgartner and Jan-Benedict E. M. Steenkamp, “Response Styles in Marketing Research: A Cross-National Investigation,” *Journal of Marketing Research* 38 (May 2001), pp. 143–56; Martijin G. De Jong, Jan-Benedict E. M. Steenkamp, Jean-Paul Fox, and Hans Baumgartner, “Using Item Response Theory to Measure Extreme Response Style in Marketing Research: A Global Investigation,” *Journal of Marketing Research* 45, no. 1 (2008), pp. 260–78.

²¹S. Durvasula, R. G. Netemeyer, J. C. Andrews, and S. Lysonski, “Examining the Cross-National Applicability of Multi-Item, Multi-Dimensional Measures Using Generalizability Theory,” *Journal of International Business Studies* 37 (2006), pp. 469–83; Martijin G. De Jong, Jan-Benedict E. M. Steenkamp, and Jean-Paul Fox, “Relaxing Measurement Invariance in Cross-National Consumer Research Using a Hierarchical IRT Model,” *Journal of Consumer Research* 34 (2007), pp. 260–72; Yi He, Michael A. Merz, and Dana L. Alden, “Diffusion of Measurement Invariance Assessment in Cross-National Empirical Marketing Research: Perspectives from the Literature and a Survey of Researchers,” *Journal of International Marketing* 16, no. 2 (2008), pp. 64–83; Martijn G. de Jong, Jan-Benedict E. M. Steenkamp, and Bernard P. Veldkamp, “A Model for the Construction of Country-Specific Yet Internationally Comparable Short-Form Marketing Scales,” *Marketing Science* 29, no. 4 (2009), pp. 674–89.

Multicultural Research: A Special Problem As companies become global marketers and 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.²² 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. The research difficulties discussed thus far have addressed problems of conducting research within a culture. When engaging in multicultural studies, many of these same problems further complicate the difficulty of cross-cultural comparisons.²³

Multicultural research involves countries that have different languages, economies, social structures, behavior, and attitude patterns. When designing multicultural studies, it is essential that these differences be taken into account.²⁴ 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. Such differences may mean that different research methods should be applied in individual countries.

In some cases, the entire research design may have to be different between countries to maximize the comparability of the results. For example, in Latin American countries, it may be difficult to attract consumers to participate in either focus groups or in-depth interviews because of different views about commercial research and the value of their time. And Japanese, compared with American businesspeople, tend not to respond to mail surveys. The latter 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 the U.S. setting, a sample was drawn from a national list of supermarket buyers, and questionnaires were distributed and collected by mail. Alternatively, in Japan, the 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 American and Japanese sales representatives. The questionnaires were delivered and collected via the company mail system for the U.S. firm. For the Japanese firm, participants in a sales training program were asked to complete the questionnaires during the program. Although the authors of both studies suggest that the use of different methods of data collection in comparative studies threatens the quality of the results, the approaches taken were the best (only) practical methods of conducting the research.

The adaptations 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. Evidence suggests 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.

Research on the Internet: A Growing Opportunity To keep up with the worldwide growth in Internet use is literally impossible. We know that at this writing, there are more than 1.8 billion users in more than 200 countries. About one-sixth of the users are in the United States, but more than half of the hosts are there. The fastest growing market for the Internet is now China, with 375 million users at last count.²⁵ International Internet use is growing almost

²²Amanda J. Broderick, Gordon E. Greenley, and Rene Dentiste Mueller, "The Behavioral Homogeneity Evaluation Framework: Multi-Level Evaluations of Consumer Involvement in International Segmentation," *Journal of International Business Studies* 38 (2007), pp. 746–63.

²³Masashi Kotabe, "Contemporary Research Trends in International Marketing," in *Oxford Handbook of International Business*, 2nd edition, ed. Alan Rugman (Oxford: Oxford University Press, 2009), Chapter 17.

²⁴James Reardon, Chip Miller, Bram Foubert, Irena Vida, and Liza Rybina, "Antismoking Messages for the International Teenage Segment: The Effectiveness of Message Valence and Intensity across Different Cultures," *Journal of International Marketing* 14, no. 3 (2006), pp. 114–36.

²⁵Euromonitor.com, 2010.

twice as fast as American use. 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 years; about 60 percent college educated; median income of about \$60,000; usage time about 2.5 hours per week; and main activities of e-mail and finding information. The percentage of home pages by language is as follows: English, 80 percent; Japanese, 4 percent; German, 3 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 panels²⁶ have been created to help test marketing programs across international samples. It has been suggested that there are at least eight different uses for the Internet in international research:

1. **Online surveys and buyer panels.** These can include incentives for participation, and they have better "branching" capabilities (asking different questions based on previous answers) than more expensive mail and phone surveys.
2. **Online focus groups.** Bulletin boards can be used for this purpose.
3. **Web visitor tracking.** Servers automatically track and time visitors' travel through Web sites.
4. **Advertising measurement.** Servers track links to other sites, and their usefulness can therefore be assessed.
5. **Customer identification systems.** Many companies are installing registration procedures that allow them to track visits and purchases over time, creating a "virtual panel."
6. **E-mail marketing lists.** Customers can be asked to sign up on e-mail lists to receive future direct marketing efforts via the Internet.
7. **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 therefore are more closely tied to actual economic behavior than traditional research methods. Some firms even provide the option of custom designing products online—the ultimate in applying research for product development purposes.
8. **Observational research (also known as netnography).** Chat rooms, blogs, and personal Web sites can all be systematically monitored to assess consumers' opinions about products and services.

Clearly, as the Internet continues to grow, even more types of research will become feasible, and the extent to which new translation software has an impact on marketing communications and research over the Internet will be quite interesting to watch. Some companies now provide translation services for questionnaires, including commonly used phrases such as "rate your satisfaction level."²⁷ Surveys in multiple languages can be produced quickly, given the translation libraries now available from some application service providers. Finally, as is the case in so many international marketing contexts, privacy is and will continue to be a matter of personal and legal considerations. A vexing challenge facing international marketers will be the cross-cultural concerns about privacy and the enlistment of cooperative consumer and customer groups.

²⁶Information regarding worldwide Internet panels is available at <http://www.decisionanalyst.com>.

²⁷See, for example, <http://www.markettools.com>.

The ability to conduct primary research is one of the exciting aspects about the Internet. However, the potential bias of a sample universe composed solely of Internet respondents presents some severe limitations, and firms vary substantially in their abilities to turn data collected into competitive advantages.²⁸ Nevertheless, as more of the general population in countries gain access to the Internet, this tool will be all the 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. Such Internet sites as www.stat-usa.gov provide almost all data that are published by the U.S. government. If you want to know the quantity of a specific product being shipped to a country, the import duties on a product, and whether an export license is required, it's all there, via your computer. A variety of private firms also provide international marketing information online. See the Appendix of this chapter for more detail.

Estimating Market Demand

The unprecedented events of the crash in world trade during 2009 have yielded a scary variety of headlines facing international forecasters—“What Went Wrong with Economics?” “Managing in the Fog,” and “Strategic Plans Lose Favor” to name just a few.²⁹ In assessing current product demand and forecasting future demand, reliable historical data are required.³⁰ As previously noted, the quality and availability of secondary data frequently are inadequate; nevertheless, estimates of market size must be attempted to plan effectively. Despite limitations, some approaches to demand estimation are usable with minimum information. The success of these approaches relies on the ability of the researcher to find meaningful substitutes or approximations for the needed economic, geographic, and demographic relationships.

When the desired statistics are not available, a close approximation can be made using local production figures plus imports, with adjustments for exports and current inventory levels. These data are more readily available because they are commonly reported by the United Nations and other international agencies. Once approximations for sales trends are established, historical series can be used as the basis for projections of growth. In any straight extrapolation however, the estimator assumes that the trends of the immediate past will continue into the future. This assumption can be problematic when the pertinent past has included a major unique event, positive or negative, such as the 2009 crash in world trade.³¹ In a rapidly developing economy, extrapolated figures may not reflect rapid growth and must be adjusted accordingly. Given the greater uncertainties and data limitations associated with foreign markets, two methods of forecasting demand are particularly suitable for international marketers: expert opinion and analogy.

Expert Opinion

For many market estimation problems, particularly in foreign countries that are new to the marketer, **expert opinion** is advisable. In this method, experts are polled for their opinions about market size and growth rates. Such experts may be the companies' own sales managers or outside consultants and government officials. The key in using expert opinion to

²⁸Tho D. Nguyen and Nigel J. Barrett, “The Knowledge-Creating Role of the Internet in International Business: Evidence from Vietnam,” *Journal of International Marketing* 14, no. 2 (2006), pp. 116–47.

²⁹“What Went Wrong with Economics?” *The Economist*, July 18, 2009, pp. 11–12; “Managing in the Fog,” *The Economist*, February 28, 2009, pp. 67–68; Joann S. Lublin and Dana Mattioli, “Strategic Plans Lose Favor,” *The New York Times*, January 25, 2010, p. B7.

³⁰Although more than 20 years old, still the best summary of forecasting methods and their advantages, disadvantages, and appropriate applications is David M. Georgoff and Robert G. Murdick, “Manager's Guide to Forecasting,” *Harvard Business Review*, January–February 1986, pp. 110–20.

³¹Don E. Schultz, “Is This the Death of Data,” *Marketing News*, September 15, 2009, p. 19.

help forecast demand is **triangulation**, that is, comparing estimates produced by different sources. One of the tricky parts is how best to combine the different opinions.

Developing scenarios is useful in the most ambiguous forecasting situations, such as predicting demand for accounting services in emerging markets such as China and Russia or trying to predict the impact of SARS on tourism to Hong Kong. Moreover, statistical analyses of past data are fundamentally weak, because they cannot capture the potential impacts of extreme events³² such as SARS. Experts with broad perspectives and long experience in markets will be better able to anticipate such major threats to stability and/or growth of market demand.

Analogy

Another technique is to estimate by **analogy**. This method assumes that demand for a product develops in much the same way in all countries, as comparable economic development occurs in each country.³³ First, a relationship must be established between the item to be estimated and a measurable variable³⁴ in a country that is to serve as the basis for the analogy. Once a known relationship is established, the estimator attempts to draw an analogy between the known situation and the country in question. For example, suppose a company wanted to estimate the market growth potential for a beverage in country X, for which it had inadequate sales figures, but the company had excellent beverage data for neighboring country Y. In country Y, per capita consumption is known to increase at a predictable ratio as per capita gross domestic product (GDP) increases. If per capita GDP is known for country X, per capita consumption for the beverage can be estimated using the relationships established in country Y.

Caution must be used with analogy though because the method assumes that factors other than the variable used (in the preceding example, GDP) are similar in both countries, such as the same tastes, taxes, prices, selling methods, availability of products, consumption patterns,³⁵ and so forth. For example, the 13 million WAP (Wireless Access Protocol) users in Japan led to a serious overestimation of WAP adoptions in Europe—the actual figure of 2 million was less than the 10 million forecasted. Or consider the relevance of the adoption rate of personal computers or cell phones in the United States as they help predict adoption rates in the other four countries listed in Exhibit 8.1. How might Apple Computer use the American data to help predict demand in Japan? Despite the apparent drawbacks to analogy, it can be useful when data are limited.

All the methods for market demand estimation described in this section are no substitute for original market research when it is economically feasible and time permits. Indeed, the best approach to forecasting is almost always a *combination* of macroeconomic database approaches and interviews with potential and current customers. Triangulation of alternative approaches is always best, and the discussion of discrepancies across sources and methods can raise important questions about current and future forecasting efforts.³⁶ As adequate data sources become available, as would be the situation in most of the economically

³²Pierpaolo Andriani and Bill McKelvey, “Beyond Gaussian Averages: Redirecting International Business and Management Research toward Extreme Events and Power Laws,” *Journal of International Business Studies* 38 (2007), pp. 1212–30.

³³Such an approach is now being used to predict the depth of the housing market decline in the United States and other markets by making comparisons to the housing boom–bust cycle experienced by Japan in the 1980s and 1990s. See Robert J. Shiller, “Things that Go Boom,” *The Wall Street Journal*, February 8, 2007, p. A15.

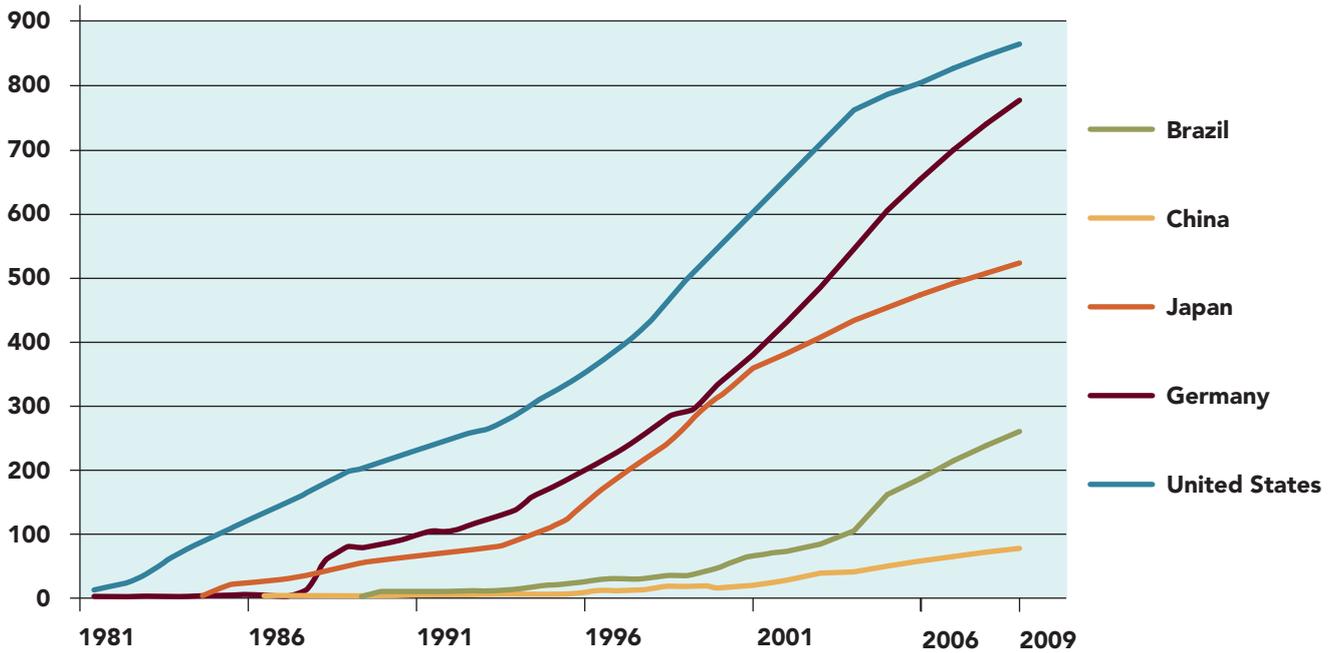
³⁴These variables may include population and other demographics or usage rates or estimates, and so forth. Using combinations of such variables is also referred to as a *chain-ratio* approach to forecasting.

³⁵Gerard J. Tellis, Stefan Stremersch, and Eden Yin, “The International Takeoff of New Products: The Role of Economics, Culture, and Country Innovativeness,” *Marketing Science* 22, no. 2 (2003), pp. 188–208; Sean Dwyer, Hani Mesak, and Maxwell Hsu, “An Exploratory Examination of the Influence of National Culture on Cross-National Product Diffusion,” *Journal of International Marketing* 13, no. 2 (2005), pp. 1–27; Roger J. Calantone, David A. Griffith, and Goksel Yalcinkaya, “An Empirical Examination of a Technology Adoption Model for the Context of China,” *Journal of International Marketing* 14, no. 4 (2006), pp. 1–27.

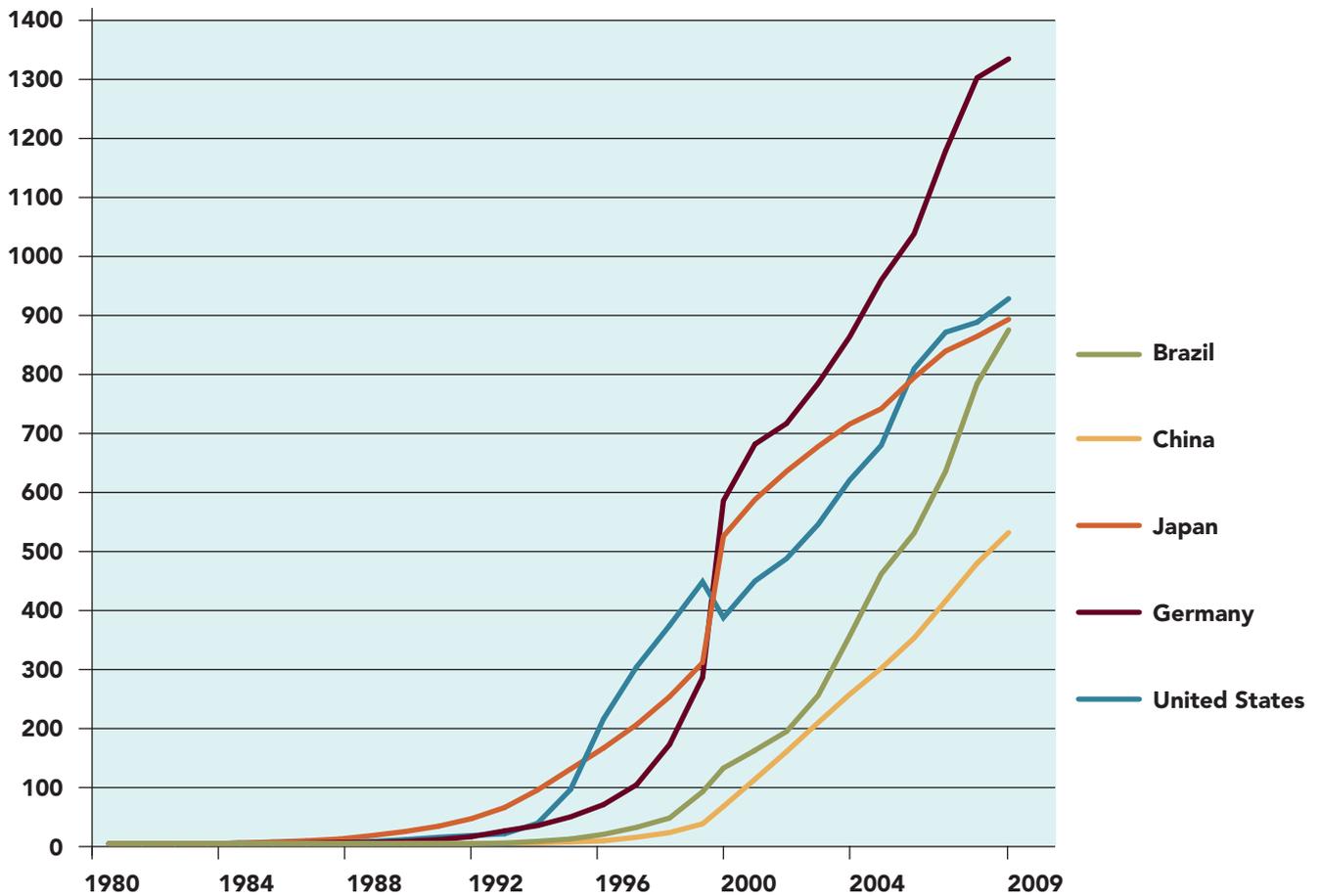
³⁶A.N.M. Waheeduzzaman, “Market Potential Estimation in International Markets: A Comparison of Methods,” *Journal of Global Marketing* 21, no. 4 (2008), pp. 307–20.

Exhibit 8.1

(a) Personal Computer and (b) Mobile Phone Diffusion Rate (per 1,000 people)



(a)



(b)

Source: World Bank, *World Development Indicators 2010* (Washington, DC: World Bank, 2010); Euromonitor.com, 2010.

CROSSING BORDERS 8.3

Forecasting the Global Healthcare Market

In 2000, Johns Hopkins Hospital in Baltimore treated more than 7,500 patients from foreign countries. That's up from just 600 in 1994. And there were no hassles with insurance companies and HMOs. In fact, many of these patients paid cash—even for \$30,000 surgical procedures! The Mayo Clinic in Rochester, Minnesota, has been serving foreigners for decades. The number there has jumped by about 15 percent in five years to more than 1,000 per year. Similar growth is happening in places such as Mount Sinai Hospital in Miami, the University of Texas Cancer Center, and the UCLA Medical Center. The Mayo Clinic has even set up a Muslim prayer room to make patients and their families feel more comfortable. Fast growth, yes (some say exponential), but will it continue? Forecasting this demand so that decisions can be made about staffing and numbers of beds is a daunting project indeed.

Demand in Mexico and Latin America seems to be coming primarily for treatment of infectious and digestive diseases and cancer. Demand from the Middle East stems more from genetic diseases, heart diseases, cancer, and asthma. From Asia, wealthy patients are coming mainly to California for treatment of cancer and coronary diseases. Europeans travel to the United States

for mental illness services, cancer and heart disease, and AIDS treatments. Given that Japan has the world's best success rate for treating stomach cancer, one would forecast that to be a growth sector in the future.

But perhaps the strangest market to forecast is that for prostheses for the global war wounded. Johns Hopkins contracted to replace limbs for soldiers involved in a border clash between Ecuador and Peru at \$35,000 per patient. The description in *The Wall Street Journal* article might have been a bit overzealous: "There are wars all over the world, bombs all over the world. Casualty patients are a new and enriching market niche." Forecasting demand for prostheses is in some ways easy—all researchers have to do is track the data on wars worldwide, as listed in Exhibit 6.4 in Chapter 6. Fortunately the demand was falling before 2010. However, the sad reality of the Haitian earthquake means an estimate of over 40,000 prostheses needed for the survivors of that tragedy.

Sources: "U.S. Hospitals Attracting Patients from Abroad," *USA Today*, July 22, 1997, p. 1A; Ron Hammerle, "Healthcare Becoming a Lot Less Local," *Modern Healthcare*, March 20, 2000, p. 40; Tom Philips, "Haiti Earthquake Creating a Generation of Amputees, Doctors Warn," *Manchester Guardian*, January 21, 2010.

developed countries, more technically advanced techniques such as multiple regression analysis or input–output analysis can be used.

Finally, it should go without saying that forecasting demand is one of the most difficult and important business activities. All business plans depend entirely on forecasts of a future that no one can see. Even the best companies make big mistakes.

Problems in Analyzing and Interpreting Research Information

Once data have been 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 just discussed. In any final analysis, the researcher must take into consideration these factors and, despite their limitations, produce meaningful guides for management decisions.

Accepting information at face value in foreign markets is imprudent. The meanings of words, the consumer's attitude toward a product, the interviewer's attitude, or the interview situation can distort research findings. Just as culture and tradition influence the willingness to give information, so they influence the information given. Newspaper circulation figures, readership and listenership studies, retail outlet figures, and sales volume can all be distorted through local business practices. To cope with such disparities, the foreign market 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. To analyze research findings, the social customs, semantics, current attitudes, and business customs of a society or a subsegment of a society must be clearly understood. 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 often is called on to produce results under the most difficult circumstances and short deadlines. Ingenuity and resourcefulness, willingness to use “catch as catch can” methods to get facts, patience (even a sense of humor about the work), and a willingness to be guided by original research findings even when they conflict with popular opinion or prior assumptions are all considered prime assets in foreign marketing research.

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 to deflate or inflate 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 will be crucial.

These essential traits suggest that a foreign marketing researcher should be a foreign national or should be advised by a foreign national who can accurately appraise the data collected in light of the local environment, thus validating secondary as well as primary data. Moreover, 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.

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.

A trend toward decentralization of the research function is apparent. In terms of efficiency, local analysts appear 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 customers generally have 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 to say, larger markets, particularly the United States, justify more sophisticated research procedures and larger sample sizes, and



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

results derived via simpler approaches that are appropriate in smaller countries are often erroneously 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. Furthermore, two stages of analysis are necessary. At the individual-country level, all issues involved in each country must be identified, and at the multicountry level, the information must be distilled into a format that addresses the client's objectives. Such recommendations are supported on the grounds 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. Moreover, foreign-based research and consulting firms have seen healthy growth. Of the 10 largest marketing research firms in the world (based on revenues), 4 are based in the United States, including the largest; 3 are in the United Kingdom; 1 is in France; 1 is in Germany; and 1 is in the Netherlands. The latest count of marketing research firms in China is more than 400 and growing fast. In Japan, where understanding the unique culture is essential, the quality of professional marketing research firms is among the best. A recent study reports that research methods applied by Japanese firms and American firms are generally similar, but with notable differences in the greater emphasis of the Japanese on forecasting, distribution channels, and sales research. A listing of international marketing research firms is printed annually in April as an advertising supplement in *Marketing News*.

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 consumers' behaviors.

Communicating with Decision Makers

LO6

Using international marketing research

Most of the discussion in this chapter has pertained to getting information from or about consumers, customers, and competitors. It should be clearly recognized, however, that getting the information is only half the job. Analyses and interpretation of that information must also be provided to decision makers in a timely manner.³⁷ High-quality international information systems design will be an increasingly important competitive tool as commerce continues to globalize, and resources must be invested accordingly.³⁸

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 the occasion warrants (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 interaction with customers. Marketing decision makers have questions about how best to serve

³⁷Anne L. Souchon, Adamantios Diamantopoulos, Hartmut H. Holzmüller, Catherine N. Axxin, James M. Sinkula, Heike Simmet, and Geoffrey R. Durden, "Export Information Use: A Five-Country Investigation of Key Determinants," *Journal of International Marketing* 11, no. 3 (2003), pp. 106–27.

³⁸Nicoli Juul Foss and Torben Pedersen, "Organizing Knowledge Processes in the Multinational Corporation: An Introduction," *Journal of International Business Studies* 35, no. 5 (2004), pp. 340–49; Ram Mudambi and Pietro Navarra, "Is Knowledge Power? Knowledge Flows, Subsidiary Power and Rent-Seeking within MNCs," *Journal of International Business Studies* 35, no. 5 (2004), pp. 385–406.

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.

There is no better (or worse) case of such communication problems than the Toyota accelerator problems of 2010. Even great companies can make big mistakes. By not correcting flaws in Toyota product accelerators in the United States soon enough, the world's best automaker did billions of dollars of damage to its annual performance and perhaps its brand equity in the United States. The fundamental communication problem within Toyota was well described at the time:

There is a cultural element to this penchant for mismanaging crisis. The shame and embarrassment of owning up to product defects in a nation obsessed with craftsmanship and quality raises the bar on disclosure and assuming responsibility. And a high-status company like Toyota has much to lose since its corporate face is at stake. The shame of producing defective cars is supposed to be other firms' problems, not Toyota's, and the ongoing PR disaster reveals just how unprepared the company is for crisis management and how embarrassed it is. In addition, employees' identities are closely tied to their company's image, and loyalty to the firm overrides concerns about consumers.

There is also a culture of deference inside corporations that makes it hard for those lower in the hierarchy to question their superiors or inform them about problems. The focus on consensus and group is an asset in building teamwork, but also can make it hard to challenge what has been decided or designed. Such cultural inclinations are not unknown elsewhere around the world, but they are exceptionally powerful within Japanese corporate culture and constitute significant impediments to averting and responding to a crisis.³⁹

We would add an additional culture-based explanation: the Japanese penchant for avoiding bad news. Indeed, the Japanese have two words for truth, *tatemae* and *honne*. *Tatemae* is the public, face-saving truth, whereas *honne* is the factual truth, irrespective of the damage it might do to the all-important social relationships within and between Japanese companies.⁴⁰ Such internal communication problems have also manifested themselves in other hierarchical, relationship-based cultures such as South Korea and Vietnam.⁴¹ Researchers have identified a number of factors that are associated with better communication within such multinational companies, including frequency of communication instances, face-to-face communication opportunities,⁴² employee incentives for sharing information,⁴³ and cultural similarities.⁴⁴ Another study offered "global environmental turbulence"⁴⁵ as a communication-inhibiting factor as well, and certainly Toyota was facing the extreme version of this problem: the precipitous decline in world trade and its own sales contemporaneously with its product quality problems.

³⁹See the excellent article by Jeff Kinston, "A Crisis Made in Japan," *The Wall Street Journal*, February 6–7, 2010, pp. W1–2.

⁴⁰James Day Hodgson, Yoshihiro Sano, John L. Graham, *Doing Business in the New Japan* (Boulder, CO: Rowman & Littlefield, 2008).

⁴¹Malcolm Gladwell, *Outliers* (New York: Little Brown, 2008); John U. Farley, Scott Hoenig, Donald R. Lehmann, and Hoang Thuy Nguyen, "Marketing Metrics Use in a Transitional Economy: The Case of Vietnam," *Journal of Global Marketing* 21, no. 3 (2008), pp. 179–90.

⁴²Niels Noorderhaven and Anne-Wil Harzing, "Knowledge-Sharing and Social Interaction within MNEs," *Journal of International Business Studies* 40, no. 5 (2009), pp. 719–41.

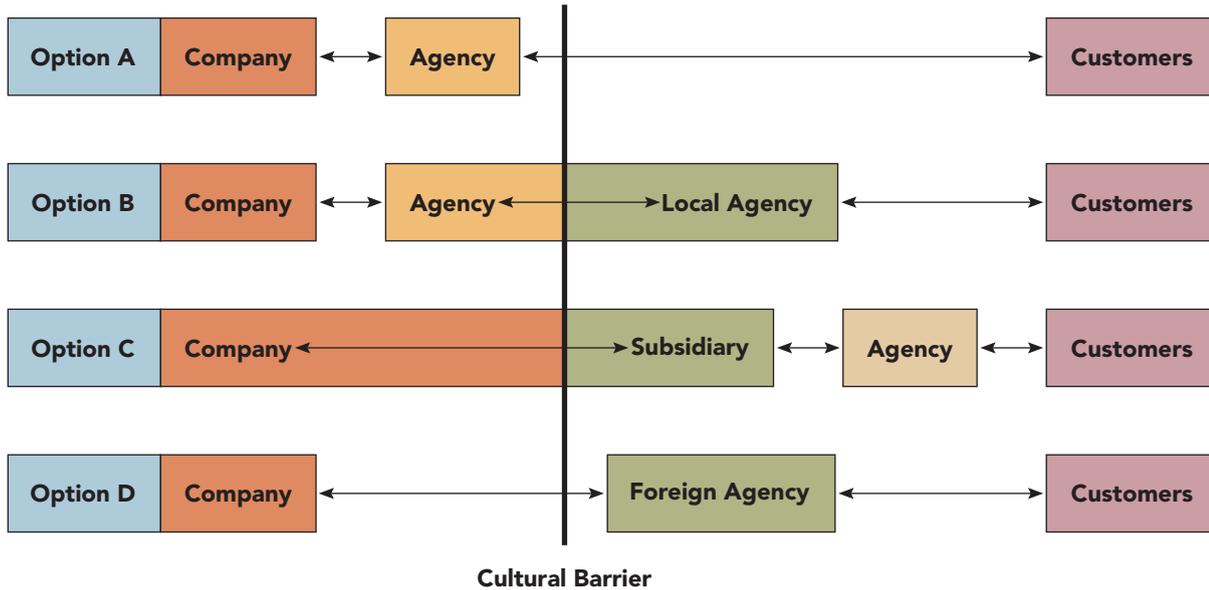
⁴³Gary Oddou, Joyce S. Osland, and Roger N. Blakeney, "Repatriating Knowledge: Variables Influencing the 'Transfer' Process," *Journal of International Business Studies* 40, no. 2 (2009), pp. 181–99.

⁴⁴Martin S. Roth, Satish Jayachandran, Mourad Dakhli, and Deborah A. Colton, "Subsidiary Use of Foreign Marketing Knowledge," *Journal of International Marketing* 17, no. 1 (2009), pp. 1–29.

⁴⁵Ruby P. Lee, Qimei Chen, Daikwan Kim, and Jean L. Johnson, "Knowledge Transfer between MNCs' Headquarters and Their Subsidiaries: Influences on and Implications for New Product Outcomes," *Journal of International Marketing* 16, no. 2 (2008), pp. 1–31.

Exhibit 8.2

Managing the Cultural Barrier in International Marketing Research



Such problems can be exacerbated when research agencies are also involved. The four kinds of company–agency–customer relationships possible are presented in Exhibit 8.2. 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 that have a common corporate culture and work together on an everyday basis. In 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 C the translation is managed within the company itself. In cases A and D, both cultural and organizational barriers are being crossed simultaneously, thus maximizing the chances for miscommunication. Indeed, these same company–agency–customer considerations are pertinent to other kinds of communications between companies and customers, such as advertising and distribution channel control, and this unique international topic will be addressed again in subsequent chapters.

Summary

The basic objective of the market research function is providing management with information for more accurate 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 information for primary data, many foreign markets have inadequate or unreliable bases of secondary information. Such challenges suggest three keys to successful international marketing research: (1) the inclusion of natives of the foreign culture on research teams; (2) the use of multiple methods and triangulation; and (3) the inclusion of decision makers, even top executives, who must on occasion talk directly to or directly observe customers in foreign markets.

Key Terms

Marketing research
International marketing research
Research process

Secondary data
Primary data
Back translation

Parallel translation
Decentering
Multicultural research

Expert opinion
Triangulation
Analogy

Questions

1. Define the key terms listed on the previous page.
2. Discuss how the shift from making “market entry” decisions to “continuous operations” decisions creates a need for different types of information and data.
3. Discuss the breadth and scope of international marketing research. Why is international marketing research generally broader in scope than domestic marketing research?
4. The measure of a competent researcher is the ability to utilize the most sophisticated and adequate techniques and methods available within the limits of time, cost, and the present state of the art. Comment.
5. What is the task of the international marketing researcher? How is it complicated by the foreign environment?
6. Discuss the stages of the research process in relation to the problems encountered. Give examples.
7. Why is the formulation of the research problem difficult in foreign market research?
8. Discuss the problems of gathering secondary data in foreign markets.
9. “In many cultures, personal information is inviolably private and absolutely not to be discussed with strangers.” Discuss.
10. What are some problems created by language and the ability to comprehend the questions in collecting primary data? How can a foreign market researcher overcome these difficulties?
11. Discuss how decentering is used to get an accurate translation of a questionnaire.
12. Discuss when qualitative research may be more effective than quantitative research.
13. Sampling presents some major problems in market research. Discuss.
14. Select a country. From secondary sources found on the Internet, compile the following information for at least a five-year period prior to the present:

principal imports	principal exports
gross national product	chief of state
major cities and population	principal agricultural crop
15. “The foreign market researcher must possess three essential capabilities to generate meaningful marketing information.” What are they? Discuss.

Appendix: Sources of Secondary Data For almost any marketing research project, an analysis of available secondary information is a useful and inexpensive first step. Although there are information gaps, particularly for detailed market information, the situation on data availability and reliability is improving. The principal agencies that collect and publish information useful in international business are presented here, with some notations regarding selected publications.

A. Web Sites for International Marketing

1. www.stat-usa.gov STAT-USA/Internet is clearly the single most important source of data on the Internet. STAT-USA, a part of the U.S. Department of Commerce’s Economics and Statistics Administration, produces and distributes at a nominal subscription fee the most extensive government-sponsored business, economic, and trade information databases in the world today, including the National Trade Data Bank, Economic Bulletin Board, and Global Business Procurement Opportunities.
2. www.trade.gov/index.asp The Web site of the Commerce Department’s International Trade Administration provides export assistance, including information about trade events, trade statistics, tariffs and taxes, marketing research, and so forth.
3. www.usatradeonline.gov Provides import and export information on more than 18,000 commodities, but the user must subscribe.
4. www.census.gov/foreign-trade/www/ The U.S. Census Bureau provides a variety of international trade statistics.
5. www.cia.gov/library/publications/the-world-factbook/ Find the CIA *World Factbook* here, as well as other pertinent trade information.
6. www.customs.ustreas.gov The U.S. Customs Service provides information regarding customs procedures and regulations.
7. www.opic.gov The Overseas Private Investment Corporation (OPIC) provides information regarding its services.

8. www.exim.gov The Export-Import Bank of the United States (Ex-Im Bank) provides information related to trade financing services provided by the U.S. government.
9. www.imf.org The International Monetary Fund (IMF) provides information about the IMF and international banking and finance.
10. www.wto.org The World Trade Organization (WTO) provides information regarding its operations.
11. www.oecd.org The Organization of Economic Cooperation and Development (OECD) provides information regarding OECD policies and associated data for 29 member countries.
12. www.jetro.go.jp The Japan External Trade Organization (JETRO) is the best source for data on the Japanese market.
13. www.euromonitor.com Euromonitor is a company providing a variety of data and reports on international trade and marketing.
14. publications.worldbank.org *World Development Indicators (WDI) Online* offers the World Bank's comprehensive database on development data, covering more than 600 indicators, 208 economies, and 18 regional income groups.
15. **University-based Web sites.** The best such site is Michigan State University's Center for International Business Education and Research (<http://globaledge.msu.edu/resourceDesk/>).
16. www.worldchambers.com The World Network of Chambers of Commerce and Industry provides data and addresses regarding chambers of commerce around the world.
17. <http://world.wtca.org> The World Trade Centers Association provides information about services provided by the World Trade Centers in the United States, including export assistance, trade leads, training programs, and trade missions.
18. www.worldtrademag.com *World Trade* magazine provides its annual Resource Guide to products, goods, and services for international trade.
19. www.mhhe.com/gilly15e The online learning center that accompanies this text provides supplementary support materials for both instructors and students.

B. U.S. Government Sources

The U.S. government actively promotes the expansion of U.S. business into international trade. In the process of keeping U.S. businesses informed of foreign opportunities, the U.S. government generates a considerable amount of general and specific market data for use by international market analysts. The principal source of information from the U.S. government is the Department of Commerce, which makes its services available to U.S. businesses in a variety of ways. First, information and assistance are available either through personal consultation in Washington, DC, or through any of the US&FCS (U.S. and Foreign Commercial Service) district offices of the International Trade Administration of the Department of Commerce located in key cities in the United States. Second, the Department of Commerce works closely with trade associations, chambers of commerce, and other interested associations in providing information, consultation, and assistance in developing international commerce. Third, the department publishes a wide range of information available to interested persons at nominal cost.

1. **National Trade Data Bank (NTDB).** The Commerce Department provides a number of the data sources mentioned previously, plus others in its computerized information system in the National Trade Data Bank. The NTDB is a one-step source for export promotion and international trade data collected by 17 U.S. government agencies. Updated each month and released on the Internet, the NTDB enables the reader to access more than 100,000 trade-related documents. The NTDB contains the latest census data on U.S. imports and exports by commodity and country; the complete CIA (Central Intelligence Agency) *World Factbook*; current market research reports compiled by the U.S. and Foreign Commercial Service; the complete *Foreign Traders Index*, which contains over 55,000 names and addresses of individuals and firms abroad that are interested in importing U.S. products; State Department country reports on economic policy and trade practices; the publications *Export Yellow Pages*, *A Basic Guide to Exporting* and the *National Trade Estimates Report on Foreign Trade Barriers*; the *Export Promotion Calendar*; and many other data series. The NTDB is also available at over 900 federal depository libraries nationwide.

In addition, the Department of Commerce provides a host of other information services. Beyond the material available through the Department of Commerce, consultation and information are available from a variety of other U.S. agencies. For example, the Department of State, Bureau of the Census, and Department of Agriculture can provide valuable assistance in the form of services and information for an American business interested in international operations.

2. www.export.gov/tradeleads/index.asp This Web site connects you to the Export.gov Trade Leads Database, which contains prescreened, time-sensitive leads and Government Tenders gathered through U.S. Commercial Service offices around the world. You can search leads and receive notification when new leads are posted.

3. buyusa.gov Provides details about the services offered by the U.S. Commercial Service.

C. Other Sources

1. Directories

a. *Directory of American Firms Operating in Foreign Countries*. New York: World Trade Academy Press. Alphabetically lists U.S. firms with foreign subsidiaries and affiliates operating in over 125 countries; also lists the foreign operations grouped by countries.

b. *Directory of United States Importers and United States Exporters*. New York: Journal of Commerce. Annual. (Also on CD-ROM.) Contain verified business profiles on a total of 60,000 active trading companies. These annual guides also include a product index with the Harmonized Commodity Code numbers, customs information, foreign consulates, embassies, and international banks.

c. *Encyclopedia of Global Industries*. Detroit: Gale. Alphabetically covers 125 vital international industries, providing in-depth information including statistics, graphs, tables, charts, and market share.

d. *Export Yellow Pages*. Washington, DC: Venture Publishing—North America; produced in cooperation with the Office of Export Trading Company Affairs and International Trade Administration. Annual. Provides detailed information on over 12,000 export service providers and trading companies, agents, distributors, and companies outside the United States; also includes a product/service index and an alphabetical index.

e. *World Directory of Trade and Business Associations*. London: Euromonitor, 1995. (Also on CD-ROM.) Contains entries from a broad range of sectors, giving details of publications produced, aims and objectives of the association, and whether they provide assistance in further research.

2. Marketing Guides

a. *Exporters Encyclopaedia*. Wilton, CT: Dun & Bradstreet. Annual. Comprehensive world marketing guide, in five sections; section two, “Export Markets,” gives important market information on 220 countries (import and exchange regulations, shipping services, communications data, postal information, currency, banks, and embassies); other sections contain general export information. Also available are regional guides for Asia-Pacific, Europe, and Latin America and export guides for single countries.

b. *U.S. Custom House Guide*. Hightstown, NJ: K-III Directory Co. Annual. Provides a comprehensive guide to importing, including seven main sections: import how-to, ports sections, directory of services, tariff schedules (Harmonized Tariff Schedules of the United States), special and administrative provisions, custom regulations, and samples of import documents.

3. General sources of international business and economic data and customized reports. These exemplary Web sites are generally accessible for corporations with substantial research needs and budgets:

a. **Economist Intelligence Unit** www.eiu.com The Economist Intelligence Unit (EIU) describes itself as providing “a constant flow of analysis and forecasts on more than 200 countries and eight key industries.” It helps “executives make informed business decisions through dependable intelligence delivered online, in print, in customized research as well as through conferences and peer interchange.” The EIU represents a very high level of analysis. Its products are for sale (an annual subscription runs in the four figures), it facilitates the initial aggregation of information, and it undertakes preliminary analyses. At an intermediate level, within the industries it targets, we have found EIU to be very helpful.

b. Oxford Analytica www.oxan.org Oxford Analytica is self-described as “an international, independent consulting firm drawing on a network of over 1,000 senior faculty members at Oxford and other major universities and research institutions around the world.” If the CIA Factbook is a Chevy sort of resource and the EIU is a Cadillac, then Oxan is a Lamborghini. Fees run to the five figures, depending on what you order. Among the publicly accessible sources, Oxford Analytica is one of the very best. Its reputation rests “on its ability to harness the expertise of pre-eminent scholar experts to provide business and government leaders with timely and authoritative analysis of world events. It is a unique bridge between the world of ideas and the world of enterprise.” A review of its clients clearly indicates the level of professionalism the firm strives for and apparently attains.