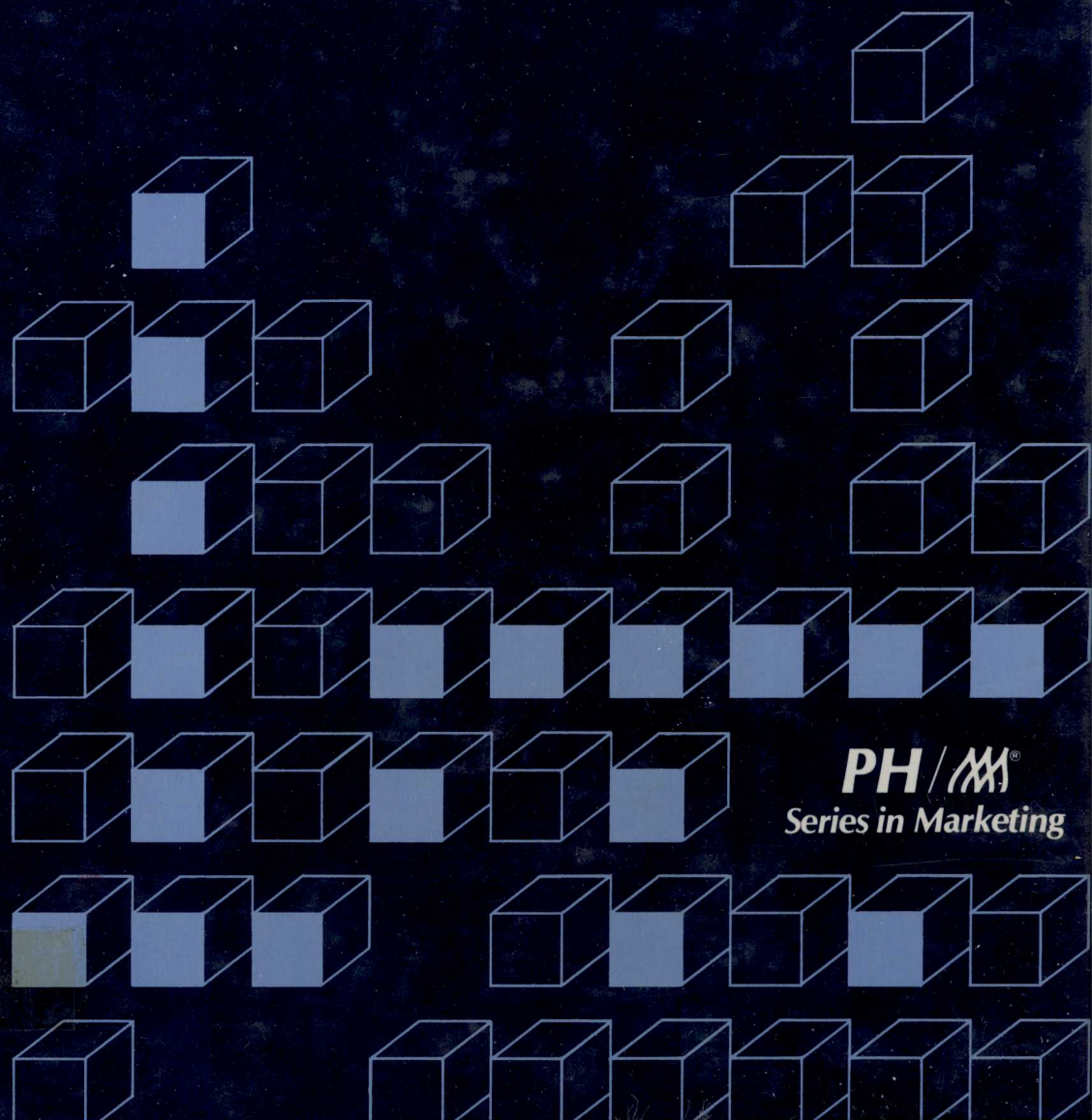


SUSAN P. DOUGLAS/C. SAMUEL CRAIG

International Marketing Research



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INTERNATIONAL MARKETING RESEARCH

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To
Barbara and Francis Thomas
and
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Foreword

When I was asked by the authors to prepare a foreword to *International Marketing Research*, my reaction was commonplace enough—who's got the time? I'm happy to report that the manuscript was well worth the time spent on reading it. Douglas and Craig have produced a novel and useful addition to the marketing research literature.

As described in their preface, the authors are concerned with problems arising in international markets. Should corporate strategies vary by country, or can a single plan be implemented? What are the implications of competitors' actions in country A on our firm's strategy in country B? The list of such questions is almost endless, and the consequences of corporate ignorance can be fatal.

Fortunately for the reader, the authors have not taken the easy way out by writing a standard marketing research text with a thin multinational veneer. At the outset, Douglas and Craig assume some reader familiarity with marketing research. They then view their charge as showing how this basic knowledge can be modified and augmented to deal with issues that are international in scope. The authors focus on the more or less unique aspects of gathering multinational market intelligence, such as special difficulties in the collection of secondary data, respondent literacy problems, intercultural differences, and the relationship of marketing information to other functional areas, such as finance and production.

The authors take a managerial (rather than research methodologist's)

slant. The result is a lively presentation that is well-laced with interesting examples of management successes and failures on the international scene. Academic jargon is kept to a minimum as Douglas and Craig carefully describe those aspects of international marketing research that differentiate it from the domestic variety. Anyone who completes this book will have a greater respect for the difficulties of implementing psychographic segmentation, brand positioning, and even market measurement studies in multinational settings.

What do the authors expect from the reader? In addition to a working familiarity with research methodology, the prospective reader should keep an open mind—many of the research practices that seem so ingrained in the United States are simply points of departure when working in international markets. However, technical requisites are kept to a minimum; this is more a book on research practice than research methodology.

I think this text will receive a lot of attention, both in the United States and abroad. It should be must reading for students in multinational business, but even the more parochial researcher will benefit from its wisdom and perspective. Douglas and Craig have demonstrated the value of product positioning right in our own backyard. Their book *is* different from the pack, and better yet, it has something useful to say. I'm glad the authors invited me to take a prepublication peek at its contents.

Paul E. Green

Preface

The internationalization of business has emerged as one of the dominant trends in the latter half of the century. For some United States and foreign-based companies, growth in foreign operations far exceeds domestic market growth. In fact, many companies derive a larger percentage of their earnings from their foreign operations. Other companies are facing intensified competition in world markets such as automobiles, steel, watches, apparel, communications, and electronics. In addition, they are increasingly being threatened in their domestic markets by the entry of foreign competition. Such trends imply an increased need for information to keep abreast of such developments, to monitor changes in world markets, and to develop more effective strategies relative to worldwide marketing activities.

Companies already involved in international markets need to collect information to assess which countries, product markets, and target segments offer the most attractive opportunities, and to determine how resources should best be allocated to exploit such potential in the light of changing market trends. In addition, research should be conducted to determine whether specific marketing tactics, such as product positioning, advertising themes, and copy execution, need to be adapted for a given country or market, or alternatively, whether standardized positionings and themes can be used, regionally or worldwide. Even companies not involved in international markets need to be aware of global market developments, since these may hold portent for domestic markets, signaling future market trends or the entry of foreign competition. All

of these may necessitate reevaluation and changes in current and future marketing strategies.

The need to collect information relating to international markets, and to monitor trends in these markets, as well as to conduct research to determine which strategies are likely to be most effective in exploiting these markets is expanding rapidly. However, relatively little attention has been devoted to the problems associated with data collection in foreign markets and how these can best be resolved. The cost effectiveness and reliability of various research instruments and administration procedures in other countries, as for example, survey versus nonsurvey data collection techniques, has rarely been investigated on a systematic basis. Similarly, the need for and ways of adapting research to different sociocultural and economic environments has been little explored. The knotty issues associated with the organization of information collection in foreign markets are also seldom discussed. To the authors' knowledge, only two books concerning international marketing research have been published, and both of these are primarily concerned with the problems specific to the conduct of research in developing countries.* In addition, even the most recent texts on marketing research do not contain a section devoted to international marketing research.

The purpose of this book is to provide some direction in conducting research for international marketing decisions. International marketing research is here defined as research conducted to aid in making decisions in more than one country. These may, for example, be decisions concerning which countries or markets offer the most attractive opportunities for entry or expansion, or whether to standardize strategies across countries as opposed to adapting these to local market differences. Comparability in findings is thus required, since these decisions imply the integration or coordination of strategies across countries. Such research can be conducted sequentially, first in one or more countries, and then be extended to other countries and product markets. Alternatively, it can be conducted simultaneously in all countries being investigated.

While the main focus of the book is on research for international marketing decisions, it should be noted that many of these decisions, especially those concerned with foreign market entry, are intrafunctional in character. Thus, they have not only marketing but also financial or production aspects. Decisions to invest or establish a plant in a foreign country, for example, necessitate evaluation of foreign market risks, and the costs of producing from a foreign location. Some of the types of information required for such evaluations are covered here, but primarily insofar as these interact with marketing decisions.

The perspective adopted is that of a multinational company, that is, a company with operations in several countries, rather than that of an exporting business. Emphasis is thus placed on the collection of information to aid in de-

* These books are *Data Collection in Developing Countries* by D.J. Casley and D.A. Lury, published by the Oxford University Press in 1981, and *Marketing Research in the Developing Countries* by John Z. Kracmar, published by Praeger in 1971.

veloping global marketing strategy and in integrating strategies across countries and product markets. Many of the same issues, however, arise in conducting research to determine whether marketing strategies, for example, products and advertising appeals, need to be adapted for export markets.

Information requirements are also looked at primarily from the standpoint of the corporate headquarters, rather from that of a local subsidiary. In many cases, however, local management provides an important input into the global planning process. Similarly, while the perspective tends to be that of a United States company, the same principles apply to multinational companies of other national origins.

The book, thus, identifies the key issues in international marketing research. Issues relating to the design of effective international marketing research, as well as the advantages and disadvantages of the various sources of data, both secondary and primary, are examined. The various steps in primary data collection, such as establishing equivalence of data, and use of nonsurvey versus survey data collection techniques, are discussed. Instrument design, sampling, and questionnaire administration in survey research are also covered. Various problems in data analysis are discussed, as well as how the research findings and information collected can be better integrated into management decision making.

The discussion assumes familiarity with the basic principles of marketing research, as for example, nonsurvey data collection techniques, sampling, questionnaire design and administration, and data analysis. The focus is thus on issues involved in applying these principles in an international research context. For the reader who is not familiar with marketing research principles, references are made in relevant sections throughout the book to standard sources and texts.

This book is intended to have three main uses. First, specialized courses in international marketing research would find it a valuable source of material. It provides comprehensive coverage of the various issues involved in international marketing research of both a qualitative and quantitative character. Furthermore, it is applicable to problems encountered in the developing and semideveloped countries of the Far East and Africa, as well as industrialized countries such as Japan or the European nations. Second, it can be used as a supplementary text in marketing research or international marketing management courses to round out material and topics relating to international marketing research. Third, it may prove useful to practitioners of international marketing research, particularly in relation to issues of instrument design and the use of nonsurvey data collection techniques.

The book comprises a total of ten chapters. The first two are concerned with the issues arising in the conduct and design of research in the international environment. Chapter 1 focuses on the importance and need for research for international marketing decisions. It outlines the main issues in conducting such research, such as the complexity of research design, the need to establish com-

parability in the data, as well as organizational issues, and the economics of international marketing research. Chapter 2 outlines the stages in the design of international marketing research, including the determination of information requirements, the selection of information sources and the appropriate unit of analysis, the development of a research plan, and its administration.

The third and fourth chapters are concerned with secondary data sources. These are often more important in international marketing research due to the high costs of primary data collection. Chapter 3 identifies the various sources of international data, and outlines the main types of data available. Chapter 4 looks at the various uses of these data, as, for example, in making initial market entry decisions, or rough estimates of demand potential, or in monitoring environmental change.

Chapter 5 examines various issues in primary data collection, focusing, in particular, on the need to establish the equivalence of the constructs studied, of the measurement of these constructs, and of the samples from which data are drawn in different countries and sociocultural contexts. The emic-etic dilemma is discussed, namely, that constructs and measures adapted to specific sociocultural backgrounds are unlikely to be comparable across countries, and equally, that use of equivalent constructs or measures is unlikely to provide an optimal measuring instrument for all countries and cultures.

Chapter 6 discusses various nonsurvey data collection techniques. These include observational and quasi-observational data, protocols, projective techniques, depth interviews, and EPSYs. Use of these in the preliminary stages of research is advocated in order to identify relevant concepts to be examined in subsequent stages of research.

Chapters 7 and 8 cover instrument design, sampling, and data collection in survey research. In chapter 7, issues in instrument design, such as questionnaire formulation, instrument translation, appropriate scales, and response format, are discussed, as well as potential sources of bias arising from the respondent, or the interviewer-respondent interaction. Chapter 8 examines problems in sampling, such as identifying an efficient sampling procedure. The advantages and disadvantages of various data collection procedures such as mail, telephone, or personal interviewing in international marketing research are also discussed, in addition to field staff selection and training procedures.

Chapters 9 and 10 discuss data analysis and the development of an international information system respectively. Chapter 9 first examines issues relating to the sequencing and organization of the analysis, and the need to assess the quality and reliability of the data. Various methods of data analysis are then discussed, including both univariate and bivariate analysis as well as multivariate techniques. Chapter 10 considers how information, once collected, can be integrated into management decision making and can be updated on a regular basis. This suggests the desirability of establishing an international marketing information system. The various components of this are discussed, as well as

organizational issues in data collection, processing, and maintenance, and in using the system.

We would like to thank those who, through their writing or their comments, have contributed to the development of this book. We are indebted to the many colleagues who have influenced our intellectual development and encouraged us in our professional careers. We are grateful to Professor Paul Green, University of Pennsylvania, who kindly agreed to write the foreword, despite his many other time commitments. The senior author would especially like to acknowledge her debt of gratitude to the never-failing support and inspiration provided by Professor Yoram Wind, University of Pennsylvania, Professor Harry Davis, University of Chicago, and Professor Alvin J. Silk, M.I.T. Stimulation and encouragement in the study of international marketing research has also been provided by interactions with colleagues and business professionals at the different institutions where she had been employed, and in particular, her former colleagues at C.E.S.A., Jouy-en-Josas, and the European Institute of Advanced Studies in Management, Brussels.

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Susan P. Douglas
C. Samuel Craig

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1

Marketing Research in the International Environment

Information is a key ingredient in the development of successful marketing strategies. Information has to be collected to solve specific decision problems, as for example, what advertising theme to use, whether and how to launch new products, what prices to charge, and what distribution channels to use in marketing a product. In addition, information is needed to monitor changing trends in the environment, so that strategies can be adapted accordingly. Information is also required to evaluate the effectiveness of these strategies and to assess performance.

In developing international marketing strategy, information is even more important for effective marketing decisions. All too often, decisions are made hastily, without any or with inadequate information. In the past, for example, it has not been uncommon for a company to enter a market without conducting any research, even desk research, to analyze market potential. Management takes the attitude, "It's only the cost of the shipment, and if it goes, then we can think about developing the market." In taking this attitude, they are neglecting the opportunity costs associated with entering the wrong market, or the damage done by using an ill-adapted marketing strategy initially.

Such errors can cost a company dearly. A major United States men's clothing manufacturer, for example, thought that there might be some potential for his line of ready-to-wear suits in Europe. On investigating the situation, he was advised by a leading international research consultant to conduct some desk research. He was, however, reluctant to make even a minimal outlay to

study the market. Consequently, he decided to abandon the idea, and so lost the potential opportunity of expanding sales overseas.

Competition can enter the market with a better-adapted product or marketing strategy. General Mills, for example, attempted to enter the British market with its Betty Crocker cake mixes, such as those for angel's food cake, and devil's food cake. The English housewife simply could not believe that a mix would be able to produce the exotic cake pictured on the package. A competitor asked British housewives to bake their own favorite cakes, and so developed a highly successful line of the plain cakes favored by the British, such as the Victoria sandwich, the Swiss roll, the orange spongecake, and rock cakes (Ricks, Fu, and Arpan, 1974).

Alternatively, consumers can develop a negative image of a company, which can hinder their reentering the market with a better product or an improved marketing strategy. Renault, for example, entered the United States market with the Renault Dauphine—a car ill adapted to the demands of United States highway driving. The launch proved a total failure, and Renault has only just recovered to reenter the United States market with the Renault 5, “Le Car,” positioned as suitable for town and suburban driving.

There are a number of reasons why companies do not collect adequate information on international markets. First is the lack of sensitivity to differences in customer tastes and preferences. Second is a limited appreciation for the very different character of the marketing environment in many foreign countries in the nature of the retail distribution network, or the availability of various communication media. Third, the lack of familiarity with alternative international and foreign data sources, and their specific advantages and disadvantages, constitutes a further problem. Fourth, reluctance to engage in the costs of conducting research in overseas markets is a major barrier. Finally, doubts about the competence and reliability of foreign research companies or of international research agencies are often a cause for hesitation.

Such attitudes are, however, largely unwarranted. While it is true that the cost of obtaining information about international markets is often greater, and the data of lower quality and reliability than comparable data in the United States market, it is, nonetheless, essential to conduct research prior to market entry. Only with the aid of such information can effective international marketing strategies be developed, and the costly errors of General Mills, Renault, the clothing manufacturer, and others, be avoided.

Collecting information about international markets is, however, by no means a simple matter. Secondary data for international markets is less readily available and less easy to obtain than that for domestic markets. Primary data collection is also more complex, since the research design has to be adapted to different cultural, linguistic, economic, and social environments. Often, exploratory research has to be conducted in order to define the problem more clearly, and to determine precisely what should be investigated, and by whom. Questionnaires have to be translated, and the research instrument adapted to

the new environment. Sampling frames comparable to those available in the United States are often nonexistent.

Administration of research has to be scheduled and coordinated across national boundaries, often incurring delays, miscommunication, and other frustrations. Analysis also poses the problem of interpretation of data from a different cultural context, and hence the possibility of bias on the part of the researcher.

The following examples provide some feel for the diverse types of situations and problem areas where international marketing research can play a role. In particular, they provide an indication of the scope of problems encountered in making international marketing decisions.

***Example 1: Secondary Data
to Estimate Market Potential***

Mr. Bowlich, the President of National Harvester, a farming equipment manufacturer, is faced by a saturated domestic market for cornpickers. He decides he would like to investigate foreign markets, and see whether there is any potential for his product abroad, for example, in developing countries. He calls his assistant, Susan Dieserton, into his office and tells her he wants her to look into the problem, being sure to think of every possible country. He tells her to come back to him with the information in a month, and that she can only have a budget of \$1,000 for out-of-pocket costs.

Susan goes back to her office wondering how she can manage to collect the information in a month, and with such a limited budget. She has never done any research on foreign markets and doesn't even know how many countries there are in the world, except a lot. Clearly, with that budget, she will have to use secondary data to provide some indication of market potential, but she doesn't know where to find any data, except she has a vague idea that the United Nations publishes some statistics on other countries.

Puzzling over the problem for a while, she decides to think of a number of factors likely to be related to demand for cornpickers, such as corn production, the number of tractors in use, the number of harvesters in use, GNP per capita, percent employment in agriculture. Tomorrow, she will go to the library to see where she can find some information about these. If she can't find them there, then she will spend her budget on going to New York, where she is sure to be able to find a library with the information, or some advice about where to go.

***Example 2: Focus Groups
to Determine Product Positioning***

Mr. Paul Smith, the Director of International Market Research at Kaiser Research Ltd., in London, has just come back from a meeting with one of his clients who manufactures household cleaning products, including toilet bowl