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C. Samuel Craig, Susan P. Douglas

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Conducting international marketing research in the twenty-first century

C. Samuel Craig and Susan P. Douglas
Stern School of Business, New York University, New York, USA

Keywords *International marketing, Marketing research, Marketing environment, National cultures, Consumer behaviour*

Abstract *As businesses expand further and further in international markets, the role of timely and accurate marketing research to guide decision making becomes increasingly critical. Research to support international marketing decisions has evolved over the past four decades and must change even more to support firms in the twenty-first century. There are four key areas where progress must be made. First, international marketing research efforts need to be more closely aligned with market growth opportunities outside the industrialized nations. Second, researchers must develop the capability to conduct and coordinate research that spans diverse research environments. Third, international marketing researchers need to develop new creative approaches to probe the cultural underpinnings of behavior. Finally, technological advances need to be incorporated into the research process in order to facilitate and expedite research conducted across the globe.*

Introduction

Businesses preparing to compete in the twenty-first century are increasingly confronted with the task of crafting strategies that anticipate and respond to the rapid pace of change in global markets. As a result, their information needs are changing and becoming ever more complex and diverse. Timely, relevant information is essential to provide an adequate basis for day-to-day decision making as well as to chart the firm's path in an increasingly fast paced, turbulent and competitive environment.

Information needs are changing in both developed and developing countries. Established markets in industrialized countries are becoming more geographically integrated, as direct vertical links and information flows are established between customers, retailers and suppliers. As a result, there is a growing need to conduct research spanning country boundaries, in order to identify regional or global market segments, or to examine opportunities for integrating and better co-ordinating strategies across national boundaries. At the same time, speed in collection and interpretation of results from multiple and geographically diverse sources becomes imperative in order to anticipate market changes and devise an effective response strategy.

As firms push the geographic frontiers of their operations to take advantage of growing opportunities, they need to collect information from a broader and more diverse range of markets. Increasingly, this entails conducting research in unfamiliar and distant markets in the Far East, the Middle East, Latin America and Africa. This in turn poses a number of challenges, not only in collecting

accurate and reliable information on existing behavior patterns in an expeditious and cost-effective fashion, but also in predicting response to new and unfamiliar stimuli, and interpreting the implications for marketing strategy.

Advances in technology both facilitate and at the same time render more complex the collection of data on a global basis. The growth and increasing technological sophistication of the communication infrastructure enable data collection on a much broader and diverse geographic scale and with a rapidity previously unthinkable. Yet, at the same time, management has to master these tools and understand their inherent limitations and implicit biases.

The purpose of this paper is to explore these changes in information needs and technology and suggest the implications for conducting marketing research in the global environment. Specifically, the paper examines the capabilities and skills international researchers will need to acquire in order to conduct research in the increasingly diverse and rapidly changing marketplace of the twenty-first century.

The changing global environment

Evolution of international marketing research

To understand the research needs of the twenty-first century it is important to consider how they have changed over the past four decades. In the 1960s and 1970s, many US firms, faced by slackening rates of growth in their domestic markets, began to venture into international markets. Japanese and European firms with smaller domestic markets also expanded internationally in order to broaden the geographic scope of their operations and take advantage of potential economies of scale or to respond to foreign competition entering their domestic markets (Douglas and Craig, 1989). In this initial phase of international market entry, firms were mostly concerned with collecting information to identify and assess market opportunities in other countries to determine which markets to enter, how to position products in these markets and how far to adapt different elements of the marketing mix to local market conditions.

At this phase of the firm's expansion, the country was typically used as the unit of analysis for the research design, for developing the sampling frame, as well as for data collection. Owing to economic, political, linguistic and cultural barriers, the country was the focal point of entry decisions. Equally, the firm's international operations were often organized on a country-by-country basis. Marketing research agencies were also typically national organizations, with relatively few having the capability to conduct research on a multi-country basis. Most secondary data as well as sampling lists were available on a national basis.

As, however, firms have expanded internationally and product markets are becoming increasingly integrated worldwide, the key decision issues facing the firm in the 1990s have changed dramatically. As a result, research and information needs have changed and broadened. In industrialized nations such

as North America, Europe and Japan, regional market integration and the removal of barriers between countries, the growth of a regional and global market infrastructure as well as increased mobility of consumers have created pressures to consolidate and integrate marketing strategy across countries. Consequently, increased attention is focused on conducting studies which cover multiple countries, examining differences and similarities in behavior and response patterns across countries.

At the same time, as growth in these markets slows, future market potential lies in emerging market economies, with countries such as China and India accounting for over one-third of the world's population. The explosive population growth in these countries, together with the opening, up of markets in the former Soviet Union, makes entry into these markets mandatory for firms aspiring to be global leaders in the future. In entering these markets, as in initially entering international markets, firms need to collect information to assess potential opportunities, to determine how to position, price, promote and distribute their products and brands, whether to develop local variants, etc.

The heterogeneity of research contexts

Currently, the vast majority of research, both commercial and academic, is conducted within the nations of the Industrial Triad. In 1995, the world market for commercial research was estimated at approximately \$10.2 billion. Of this, approximately 45 per cent is conducted in Europe (42 per cent within the EU), 34 per cent in the USA and 10 per cent in Japan. These three geographic areas account for all but 11 per cent of total spending on marketing research (ESOMAR, 1996). This imbalance is likely to change in the future, as an increased amount of research is conducted in emerging market economies.

In emerging markets, conditions not only are changing very rapidly, but are also substantially different from those in industrialized countries. Not only are consumer standards of living and purchasing power much lower, but attitudes towards foreign products are often extremely complex, sometimes ambivalent and difficult to predict. This, coupled with the lack of a research or technological infrastructure to facilitate the collection and analysis of data, poses a considerable challenge not only in designing research, but also in developing and implementing the collection of data.

In the less developed countries of the world, notably Africa and parts of Asia, technological advances focus on development of the basic infrastructure – roads, electricity, running water, and rudimentary transportation and distribution systems. Such developments are essential in building the marketing infrastructure. Electricity not only powers TV sets that carry commercials, but also is essential for the application of computer technology and the development of more technologically advanced communications. Further, a dependable electrical supply makes possible retail stores with refrigeration for staples and hence the distribution of consumer packaged goods. The developments open up new markets and dramatically change the ways in which people live and consume. This in turn adds to the complexity of

conducting marketing research as the range and nature of research contexts become increasingly heterogeneous.

The global marketplace in transition

Developments in mass communications technology, global and regional media such as CNN, MTV, STAR TV, etc. create an environment where certain segments of the population worldwide are developing a common set of expectations, familiarity with a common set of symbols, similar preferences for products and services, and an overall desire to improve their standard of living. Market segments such as teenagers share common interests in clothing fashions, music, films and sports, as new trends and related products are rapidly diffused worldwide through global media.

Increasing discretionary expenditures in industrialized markets also expand the range of choice and the role of services in consumer choice decisions. This coupled with the multiplicity of shopping modes available to the consumer results in increased emphasis on examining the role of the shopping environment or context on choice behavior. Information needs to be collected relating not only to customer preferences and the choice process, but also situational and contextual variables, including the interaction of choice with the shopping context, for example, the impact of store ambience on shopping mood.

The expansion of retailers worldwide also facilitates marketing research. As chains expand, they incorporate their “best practices” in the new stores. They incorporate POS scanner technology, modern merchandising practices, and product mixes that both respond to local tastes and reflect the firm’s desire for economies of scale in buying from suppliers. The development of shopping malls, where there were none, makes possible mall intercept interviews. Another consequence of the development of the marketing infrastructure is the greater need for marketing research. As retailers expand in new markets changing and integrating the marketing infrastructure, more marketing research is needed to track these changes and guide decision making.

Implications for international marketing research in the twenty-first century

The dramatic changes in the global environment, coupled with technological advances in data collection, analysis and dissemination, imply that researchers will need to broaden their capabilities in order to design, implement and interpret research in the twenty-first century. As research efforts are aligned to match markets with the highest market potential, researchers will need to develop the capabilities and skills to conduct and design research in these environments (Barnard, 1997). New tools incorporating the latest technology will need to be mastered and creative approaches to understanding behavior in differing cultural contexts developed. Ability to interpret and integrate complex data from diverse sources and environments will also be critical in

order to provide meaningful recommendations for the firm's global marketing strategy.

Aligning research effort and capabilities with market growth potential

A first priority is to focus research effort and capabilities on markets with future growth potential. As indicated earlier, marketing research expenditures are heavily concentrated in the industrialized countries of North America, Europe and Japan. This reflects the current size and attractiveness of these markets. However, the countries with the highest growth potential are the emerging market economies in Asia, Latin America, Eastern Europe, and countries of the former Soviet Union. Firms who wish to succeed in the global markets of the twenty-first century will need to pay greater attention to examining markets in these regions of the world, and developing or acquiring the capabilities to conduct research in these markets.

The stark differences between the developed and developing world are reflected in information taken from the *Human Development Report* (1999) (see Table I). The UN categorizes 45 countries as having a high level of human development (HHD), 94 as medium (MHD), and 35 as low (LHD). The data in the Table dramatically illustrate the gulf that exists between the richest countries and the poorest. The per capita GNP in HHD countries is more than 18 times that of MHD countries, and 87 times that of LHD countries. Yet, over 80 per cent of the world's population live in countries that are categorized as either MHD or LHD. Equally critical for conducting marketing research are differences in illiteracy – less than 5 per cent in HHD countries compared with over 50 per cent of the population in LHD countries.

Conducting research successfully in these regions requires both understanding and sensitivity to differences in the market environment as well as an ability to deal with the lack of a well-developed market research infrastructure. The accuracy of results hinges in part on the respondents' ability to understand the questions being posed. Low levels of literacy in emerging markets as well as lack of familiarity with stimuli or response formats from industrialized markets create challenges. In designing research

Indicator	Level of human development		
	High	Medium	Low
Population (millions)	1,018	4,089	356
GNP (US\$ billions)	24,194	5,038	178
GNP per capita (US\$)	23,999	1,280	274
Televisions per 1,000 people	595	182	36
Telephone line per 1,000 people	502	54	4
Personal computers per 1,000 people	204	7.2	<1
Internet host per 1,000 people	34.5	0.24	<1
Adult illiteracy rate (%)	4.7	26.2	53.5

Source: *Human Development Report* (1999)

Table I.
Select market
indicators by level of
human development

instruments, caution needs to be exercised in directly transposing stimuli or research formats commonly adopted in industrialized countries. Rather, researchers need to think creatively in designing instruments that are readily understood and unambiguously interpreted, and, as far as possible, devoid of cultural bias. In particular, design of instruments that employ visual as well as verbal stimuli and occur in a familiar and realistic setting rather than requiring abstract cognitive skills will be more effective.

The absence of a well-developed market research infrastructure is also a major hindrance to the conduct of marketing research in emerging markets. The quality of the research infrastructure is reflected in statistics on telephone lines and Internet hosts per 1,000 people. In the HHD countries there are ten times as many telephone lines as in MHD countries and over 125 times those in LHD countries. Internet connections, which are becoming a critical element of research in many of the HHD countries, are directly available to fewer than one person in 1,000 in the MHD and LHD countries.

Interpretation of results from emerging market countries may also pose some challenges especially for researchers from other sociocultural backgrounds. Researchers need to be wary of interpreting results in terms of their own culture and experience, and, in particular, of generalizing from experience in industrialized markets to emerging markets. Indigenous researchers, on the other hand, trained in a different research paradigm, may interpret results in terms of the local context, and focus on the uniqueness of these patterns. Consequently teams of researchers from different backgrounds will be needed to provide a broad and balanced interpretation.

Conducting and co-ordinating research spanning diverse environments

The increasing diversity of the sociocultural and economic environment, in which research is being conducted, implies that international marketing researchers will need to develop the capability to conduct and co-ordinate research spanning a broad range of environmental contexts and research questions. In essence, researchers will need to be able to tailor research questions, and adapt research instruments and administration procedures to different environments, as well as to interpret or generalize results at a pan-cultural or global level. This goes beyond geographic co-ordination of multi-country studies, translation and development of multilingual questionnaires or research instruments, and requires skills in designing multi-site studies that include a common core and purpose, while at the same time addressing country-specific issues (Douglas and Craig, 1997).

At a first level, skills in designing multi-site studies in diverse environments will increasingly be required. Here, although the key research questions are clearly identified and common across sites, attention needs to be paid to how constructs are operationalized, research instruments designed, and sampling and data collection conducted at each site. The definition of product categories may, for example, differ as well as brand availability, the nature of the retail environment, or, more insidiously, the socio-cultural context of consumption.

Constructs or definitions used in one context are not necessarily appropriate in another. Research instruments, data collection or sampling procedures may incorporate bias, requiring reformulation or adaptation to ensure meaningful results (Craig and Douglas, 2000).

Use of a team incorporating members from different cultural backgrounds and sites helps to strike a balance between the need for local input and adaptation to local site conditions with the need for comparability and equivalence across sites. Researchers from each site should participate in the early stages of research design and in the interpretation of data and results, rather than merely acting as local implementers of a centrally designed study. They can then provide input in the formulation of research questions and the design of the research instrument as well as in sampling and data collection procedures. Equally, local researchers are best placed to interpret findings from their sites in terms of local contextual factors, and to explain local anomalies or differences.

At a higher or “supra-country” level, skills and capabilities in designing and managing a research program which spans multiple, diverse environments are likely to become increasingly critical. A research program might, for example, cover a product business or industry worldwide. If the product business is at different stages of the product life-cycle in different regions or market conditions differ substantially, as, for example, detergents, different types of research or information will need to be collected. Ability to define relevant research issues in each context, and to coordinate and manage the different studies, will be critical to provide meaningful input for the development of the firm’s long-run strategy in world markets.

Developing and using new tools

In addition to developing the capabilities to conduct research spanning diverse environments, international marketing researchers also need to create and make imaginative and thoughtful use of new approaches to understand the changing marketplace. As qualitative research techniques advance and mature, they offer increasing promise as a means of understanding and interpreting trends in diverse cultural contexts. Qualitative research provides insights and understanding of the consumption and purchase context and the underlying determinants of behavior, as well as a means of interpreting the results of quantitative research and predicting future trends.

Qualitative research techniques offer a number of advantages in international marketing research insofar as they are unstructured and do not entail the imposition of the researcher’s pre-specified conceptual model or terminology on the respondent. As a consequence, qualitative techniques are especially helpful in probing the contextual embedding of attitudes and behavior, providing deep understanding of situational and contextual factors, and providing inputs into interpreting observed differences between countries and cultures (Cooper, 1996). In addition, as qualitative techniques are often observational or unstructured, they require minimal cognitive skills, and are

particularly suited to research in emerging markets. They can also provide insights into underlying or hidden motivations as well as probing future trends and scenarios.

Videotaping of consumers in purchase or consumption situations can provide a rich source of information relating to the role of contextual and situational factors on consumer behavior and response patterns in different cultures and contexts. Videotaping of consumers in an in-store environment provides a wealth of information about visual cues and their role in product evaluation not easily obtained from other forms of data collection (Restall and Auton, 1995). In some cases, in store videotaping can be used to prompt or elicit responses from consumers. In emerging markets, videotaping of consumer usage and consumption behavior often provides deeper understanding of how consumers use products and how these are embedded in the cultural fabric of society, as well as perceptions of and associations with foreign products and brands.

Projective and elicitation techniques such as collages, picture completion, analogies and metaphors, psychodrawing and personalization can be used to encourage respondents to project their private and unconscious beliefs and personal and subjective associations. Collages were, for example, used in a study of teenagers, worldwide, to explore their feelings about the future. This revealed significant differences between countries especially in terms of the degree of pessimism and hedonism (Thiesse, 1996). Equally, brand perceptions can be explored through personalization, association techniques or analogies, to probe culturally embedded images and associations that vary across cultures.

Focus groups and extended creativity groups can also be used to explore underlying motivations, feelings and points of view. These techniques can be used to screen new product ideas and concepts or develop ideas for a new positioning or advertising theme or to examine future trends. Use of such techniques is likely to become increasingly critical in the twenty-first century, as managers seek to identify new products or ideas that will appeal to cross-national segments or consumers worldwide. Their unstructured character facilitates identification of ideas, concepts and trends, which are truly universal, rather than reflecting the influence of any specific culture or country.

Incorporating technological advances into research design and methodology

At the same time, international marketing researchers will need to incorporate the latest technological developments in data collection and dissemination into the research design. These enable researchers to dramatically reduce the time required to collect data across geographic distances as well as substantially enhancing and enriching the type of stimuli that can be used in collecting data from international markets. It is, however, important to recognize that use of sophisticated technological techniques is subject to certain limitations in international markets, due either to the development of the technological infrastructure or to the technological sophistication of respondents.

Advances in computer technology such as scanners, CATI (Computer Assisted Telephone Interviewing), and CAPI (Computer Assisted Personal Interviewing) are well established in the developed countries and are beginning to be used elsewhere. They provide faster, more accurate methods of data collection, providing direct input of response and facilitating steering of data collection based on response. Techniques such as CATI and CAPI can also be used to centrally administer and organize data collection from international samples, subject to telephone and computer penetration in different countries as well as use of a common language or availability of software to automatically translate questionnaires.

As these technologies evolve and advance, they also provide innovative ways to present stimuli and collect data particularly suited to international research issues. Multimedia CAPI makes possible the presentation of highly complex stimuli and facilitates obtaining consumer reactions to video and audio stimuli (Thomae, 1995). Developments in virtual reality CAPI will heighten the realism in stimulus portrayal and expand the range of topics on which marketing research can meaningfully be conducted (Needel, 1995).

Equally, as the Internet evolves, it offers the potential to dramatically change the way in which much international marketing research is conducted, both in providing ready access to secondary data, and in providing a new means of collecting primary data. Rather than visiting a traditional research library, the marketer can have virtually instant access to data from traditional sources as well as sources that are only available on the Internet. The Internet can also be used to collect primary data, either by tracking visitors to a Web site, or through administering electronic questionnaires over the Internet. To the extent that Web sites are increasingly likely to be accessed by users worldwide, information on an international sample can be gathered. Behavior at the site can be tracked, revealing interest relating to the products and services or information offered, as well as response to promotional material or offers.

The Internet can also be used to collect data in a more systematic fashion that is closer in character to more traditional marketing research practice. Subject to the availability of suitable Internet sampling frames, questionnaires can be administered directly over the Internet. Questionnaires are sent via e-mail to respondents and the responses are returned via e-mail. This represents a very quick and totally automated means to conduct a survey over a broad geographic scope. The results are available almost instantaneously, as the responses can be checked and analyzed in real time as they are received. Questionnaires administered via the World Wide Web also have the advantage that product details, picture of products, brands and the shopping environment can be portrayed with integrated graphics and sound.

This approach is most suited to surveys among respondent populations that are technology literate, and at present for certain types of products such as computers, computer software or business-to-business research (Frost, 1998). However, as use of the Internet becomes more commonplace, e-mail surveys

will begin to replace mail and phone surveys. Progress will occur most rapidly in the USA and Europe and will spread more slowly in other parts of the world (Worldwide Internet Conference, 1999).

An important limiting factor is the extent to which Internet sampling frames correspond to respondent populations that are of interest to marketers. Versions of Web software available in different countries may not be compatible. Technical issues may daunt respondents, resulting in non-response bias. Factors such as overall response rate and item non-response will also continue to be important. Consequently, a large number of surveys need to be sent out to obtain a large enough sample to analyze. However, the fact that results will be obtained rapidly will allow additional sampling, with enhanced incentives, to compensate for short fall. While lower costs and rapidity of response make this mode attractive for international research, potential bias problems suggest that, at least in the short run, and particularly where part of the target market is likely to exist in countries with low Internet access, this approach will need to be used with some caution.

Conclusion

Change is occurring in virtually all aspects of business and personal life. These changes are being played out at different rates in different parts of the world. Against this backdrop, marketing researchers are being challenged to conduct research that is of the highest possible quality, as quickly as possible, in multiple diverse settings. The issues marketing researchers face are multifaceted and relate to where and how research will be conducted, who the respondents will be, and the tools and techniques that will be used.

Marketing researchers must find creative ways to harness the new technologies to facilitate the conduct of research and enhance its value to clients. At the same time, research organizations must begin to develop the capability to conduct marketing research simultaneously in the developed and the developing world. Increasingly, multinational marketers are designing and selling global brands and need research to guide their decision making across an increasingly diverse and disparate world. Sound and timely marketing research becomes even more critical for firms as they compete in the twenty-first century.

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