


Global Marketing

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Global Information Systems and Market Research Chapter 6

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Tools of MIS

- Intranet
- Electronic Data Interchange (EDI)
- Efficient Consumer Response System (ECR)
- Electronic point of sale




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Learning Objectives

• Understand the importance of information technology and marketing information systems
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- Know how to manage the marketing information collection system and market research effort

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Intranet

- A private network
- Allows and shares company personnel (or customer) to share information electronically
- 24-hour Service Center
- Allows companies like Amazon.com and Dell to operate as real time enterprises


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Information Technology for Global Marketing

- Information Technology refers to an organization's processes for creating, storing, exchanging, using, and managing information
- Management Information Systems provide managers and other decision makers with a continuous flow of information about company operations

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Electronic Data Interchange

- Allows business units to:
 - Submit orders
 - Issue invoices
 - Conduct business electronically
- Transaction formats are universal
- Allows computers from different companies to speak the same language

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Efficient Consumer Response (ECR)

- A joint initiative by members of a supply chain to work toward improving and optimizing aspects of the supply chain to benefit customers
- This is in addition to ERP
- An effort for retailers and vendors to work closely on stock replenishment
- Utilize electronic point of sale

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Privacy

- Safe Harbor Agreement establishes principles for privacy protection for companies that transfer data to the U.S. from Europe
 - Purposes of the information collected and used
 - An 'opt out' option to prevent disclosure of personal information
 - Can only transfer information to third parties that are in compliance with Safe Harbor
 - Individuals must have access to information

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Customer Relationship Management (CRM)

- New business model
- Philosophy that values two-way communication between company and customer
- Every point of contact with a consumer is an opportunity to collect data
- Can make employees more productive and enhance corporate profitability

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Data Warehouses


- Integral part of CRM
- Help fine-tune product assortments for multiple locations
- Enhance the ability of management to respond to changing business conditions



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CRM and Privacy Issues

- EU's Directive on Data Collection, 1998, ensures regulations of all 27 members
- The U.S./EU Safe Harbor agreement, 2000, protects individuals' rights among nations



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Organizational IT Necessities

- An efficient, effective system that will track and digest published business and technical journals
- Daily scanning, transferring, organizing, archiving, and electronic input of information into a market intelligence system
- Keeping information current in other regions of the world

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Sources of Market Information

- Primary sources
 - Direct observation and direct interviews with customers, consumers, suppliers, and management officials
 - Focus groups, experiments, and other techniques used to test and evaluate new products
- Secondary sources
 - Direct secondary products
 - Indirect secondary products
 - Internal information using the services of a third party to help design or to produce a product

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Agendas for a Global MIS

| Category | Coverage |
|-----------------------------|---|
| 1. Market potential | Demand estimates, consumer behavior, review of products, channels, communication media |
| 2. Competitor information | Corporate, business, and functional strategies; resources and intentions; capabilities |
| 3. Foreign exchange | Balance of payments, interest rates, attractiveness of country currency, expectations of analysts |
| 4. Prescriptive information | Laws, regulations, rulings concerning taxes, earnings, dividends in both host and home countries |
| 5. Resource information | Availability of human, financial, physical, and information resources |
| 6. General conditions | Overall review of sociocultural, political, and technological environments |

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Formal Market Research

- Global Marketing Research is the project-specific, systematic gathering of data in the search scanning mode on a global basis
 - Challenge is to recognize and respond to national differences that influence the way information is obtained

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Steps in the Research Process

1. Identify the information requirement
2. Define the problem
3. Choose a unit of analysis
4. Examine data availability
5. Assess value of research
6. Design the research
7. Analyze the data
8. Present the findings

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Market Research Process

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Step 1: Identifying the Information Requirement

- What information do I need?
 - Existing Markets—customer needs already being served by one or more companies; information may be readily available
 - Potential Markets
 - Latent market—an undiscovered market; demand would be there if product was there
 - Incipient market—market will emerge as macro environmental trends continue
- Why do I need this information?


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Step 2: Problem Definition and Overcoming the SRC

- Self-Reference Criterion occurs when a person's values and beliefs intrude on the assessment of a foreign culture
- Must be aware of SRC's
 - Enhances management's willingness to conduct market research
 - Ensures that research design has minimal home-country bias
 - Increases management's receptiveness to findings

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Step 5: Assess Value of Research

- What is the information worth vs. what it will cost to collect?
- What will it cost if the data are not collected?
- What will the company gain with this information?

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Step 3: Choose a Unit of Analysis

- Will the market be:
 - Global
 - A region
 - A country
 - A province
 - A state
 - A city



Lisbon

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Step 6: Research Design—Data Collection

- Use multiple indicators
- Develop customized indicators specific to the industry, product market, or business model
- Do not assess a market in isolation
- Observation of purchasing patterns/behavior are more important than reports of purchase intention or price sensitivity

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Step 4: Examine Data Availability

- Sources may be:
 - Company's records
 - Secondary sources
 - Trade journals
 - Government sources like National Trade Data Base, Bureau of Economic Analysis, Eurostat (EU), Foreign Commercial Service, Virtual Trade Commissioner (Canada)
 - Commercial sources like *The Economist* and *Financial Times*, Marketresearch.com

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Step 6: Research Design—Issues in Data Collection

- Existing Markets: In countries where research is relatively new, data may be inconsistent.
 - China soft drink consumption?
 - Euromonitor Int'l says 23 billion liters
 - Coca-Cola estimates 39 billion liters
 - Chinese TV advertising?
 - Local estimate is \$2.8 billion/yr.
 - Nielsen Media says \$7.5 Billion/yr.

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Step 6: Research Design— Potential Markets

- **Latent Market**
 - An undiscovered segment that will emerge when a product is introduced
 - First mover advantage is key
 - Ex. Minivans in the U.S.
- **Incipient Market**
 - A market that will exist when certain economic, demographic, political, or sociocultural trends continue
 - Ex. Autos in China

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Step 6: Research Design— Research Methodologies

- **Focus Groups**
 - A trained moderator leads a discussion of a product concept, a brand’s image and personality, an advertisement, a social trend or another topic with a group of 6 to 10 people.
 - Coca-Cola found that Singapore teens thought American style ads “too rebellious” so modified ads to be socially acceptable

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Step 6: Research Design—Special Considerations for Surveys

- **Benefits**
 - Data collection from a large sample
 - Both quantitative and qualitative data possible
 - Can be self-administered
- **Issues**
 - Subjects may not want to answer or intentionally give inaccurate response
 - Translation may be difficult
 - Use **back and parallel translations** to ensure accuracy and validity

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Research Design: Scale Development and Sampling

- **Scale Development** requires a type of measure, ranking, or interval to a response.
 - Likert Scale “Strongly agree, somewhat agree, agree”
 - Scalar equivalence: equal weighting for responses
- **A sample** is a selected subset of a population that is representative of the entire population.
 - Probability samples
 - Non-probability samples

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Step 6: Research Design— Research Methodologies

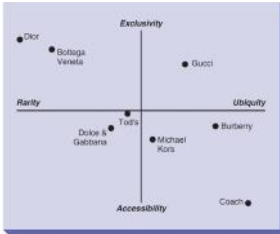


- **Consumer panels:** A sample of respondents whose behavior is tracked over time.
 - Nielsen—TV viewing-- Peoplemeter
- **Observation**
 - Using people or cameras

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Step 7: Analyzing Data


- Clean the data
- Tabulate the data using statistical techniques—ANOVA, regression, factor analysis, cluster analysis
- Multidimensional Scaling for creating Perceptual mapping, conjoint analysis



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Step 8 : Interpretation and Presentation

- Report must clearly address problem identified in Step 1
- Include a memo or executive summary of the key findings along with main report



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Looking Ahead to Chapter 7

- Segmentation, Targeting, and Positioning

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HQ's Control: Comparability of Data

- Emic analysis
 - Ethnographic in nature
 - Studies culture from within
 - Uses culture's own meanings and values
- Etic analysis
 - From the outside
 - Detached perspective that is used in multi-country studies
 - Enhances comparability but minimizes precision

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Worldwide Marketing Research Plan

| Research Objective | Country Cluster A | Country Cluster B | Country Cluster C |
|---------------------------------|-------------------|-------------------|-------------------|
| Identify market potential | | | X |
| Appraise competitive intentions | | X | X |
| Evaluate product appeal | X | X | X |
| Study market response to price | X | | |
| Appraise distribution channels | X | X | X |

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