

EXPORT MARKETING AND FINANCE

WEEK 2 EXPORT MARKETING RESEARCH

DR KAMAU JOHN NJAU

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WEEK TWO

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.1 Introduction

Welcome to export marketing research class! In the last class we discussed the benefits of export marketing to a company and to a nation. We also investigated special problems and risks that export marketer's encounter. We noted that one of the ways to reduce risk is to carry out proper marketing research before entering export business. In this lesson we will focus on procedures of conducting export marketing research and the special problems the marketer faces in different markets.

2.2 Intended Learning Outcomes

At the end of this lecture, you will be able to:

1. Define export marketing research.
2. Discuss significance of export marketing research
3. Evaluate aims and structure of export marketing research
4. Examine procedures of conducting export marketing research
5. Discuss special problems in export marketing research.
6. Evaluate firms readiness to venture into export marketing

2.3 Definition of export marketing research

All marketing research is the same. Whether carried out in one country or another the procedure remains the same. However different nations have different legal, economic, social and even technological environments that affect marketing research hence the need to relook at definition of marketing research in international marketing perspective. Marketing research is the objective gathering, recording, and analyzing of all facts about problems relating to the transfer and sale of goods and services from the supplier to the consumer or user (American Marketing Association, 1961). From international perspective international marketing research implies research for true international products (international research), research carried out in a country other than the country of the research-commissioning organization (foreign research), research conducted in all important countries where the company is represented (multinational research), and research conducted in and across different cultures (cross-cultural research). From this definition we refer to export marketing research as the formal, systematic application of scientific methods to the acquisition of more objective and purposeful export marketing information (.Ko"ksal, 2008) .

From these definitions we deduce the following about export marketing research

- Research is the same irrespective of markets geographical locations.
- Research is useful in providing information for decision making
- Export research is conducted in many countries
- Export research is systematic and scientific
- Improves firms performance

2.4 Significance of export marketing research

Export marketing research has a lot of benefits for the firm. Apart from risk reduction in foreign markets, it helps to improve firm performance and create more opportunities for the firm. The firm should engage in export marketing research because of the reasons outline in table 2.1

Table 2. 1 Importance of export marketing research

Aspect	Explanation
Culture	Different markets will have different cultures and therefore the need to research them to provide appropriate products in line with traditions, customs, and taboos
Law/regulation	Sovereignty of states allows them to determine the products standard that their citizen can put up with. The exporter must research so to comply to avoid being found on the wrong side of the law.
Customer tastes and preferences	Customer tastes and preferences vary globally. The export marketer must research the different markets to customize his products for the different markets
Risks	There are a lot of risks in export markets. The marketer will have to assess risks levels in different markets and also identify mitigation strategies through research.
Logistic problems	Moving goods to international markets requires a lot of logistical issues to be addressed. The marketer will have to research to determine the most viable ways of doing business
Competition	The level of competition is different for different markets. The marketer will need to determine intensity of competition before venturing into different markets
Resources availability	Resources for export markets are huge and must be applied appropriately. The process of budgeting requires the marketer to search well the export markets as they will place different demands on him
Marketing channels	The export marketer must research to determine channels of distribution available in different markets.

Source: adopted from : Shaw J (2023) 8 Reasons Why Companies Need to Research Their International Markets

2.5 Aims of export marketing research.

The export marketer must have clear aims in conducting export marketing research. The aims of this research will include the following as identified by Zou et al (2009).

- Markets to venture into: the marketer want to find out markets and countries offering the best prospect in terms of sale and business growth potential at lowest cost possible

- **Product modification:** The export marketer wants to find out whether he would standardize products, or he will have to modify them to suit the market.
- **Distribution channels:** distribution channels could operate differently in different markets. The exporter would want to find out the availability of middlemen, their technical capability, and arrangements to be employed in selling to a particular country.
- **Pricing:** the export marketer would be interested in determining price sensitivity and demand for his product as well as appropriate prices in different markets.
- **Sales volume:** the export marketer would further want to dig out the potential sales volumes and margins to be expected from different markets
- **Business performance:** the exporter marketer would want to determine in advance performance criteria to be used to monitor company activity in each foreign market as different markets may not be assessed in the same way given different geographical locations.

2.6 Structure for conducting export marketing research.

Conducting export marketing research is a complex process that requires huge investments in terms of finances, time and human resources. The export marketer has to determine the most appropriate structure which is cost-effective and gives results quickly to enable him to make appropriate decisions. The various options available to export marketer will include the following:

a) **Own staff:** this is where the firm decides to send its own staff to foreign markets to collect data or even do the studies online. This method is considered the most expensive and is used by multinationals. It is also difficult to interact with foreigners and this may even bias results.

b) **Importing agents:** the second option that the marketer will have is use of importing agents. These are firms doing business with the exporter. This method may not give an objective assessment of the market as they may have other interests. Research is a highly specialized job that needs consideration for objectives results.

c) **Research agency:** in many markets there are hundreds of firms that conduct research. Some operate at a global level while others are regional. The use of agency in the importing country has the advantage of the fact that it knows its home market very well. However, selecting the most competent agency may be difficult and their charges may be high too.

d) **Domestic marketing research agency:** these are research firms hosted in the exporting country with the services of consulting firm in the importing country. The exporter is familiar with the firm and this may produce better results.

e) **Consortium of research agencies:** this is where the research brings together a number of firms to work on a project based on their competencies. This may be expensive, and the quality of the research may vary among firms. However, with good conditions this method may give adequate and reliable information about the overseas market.

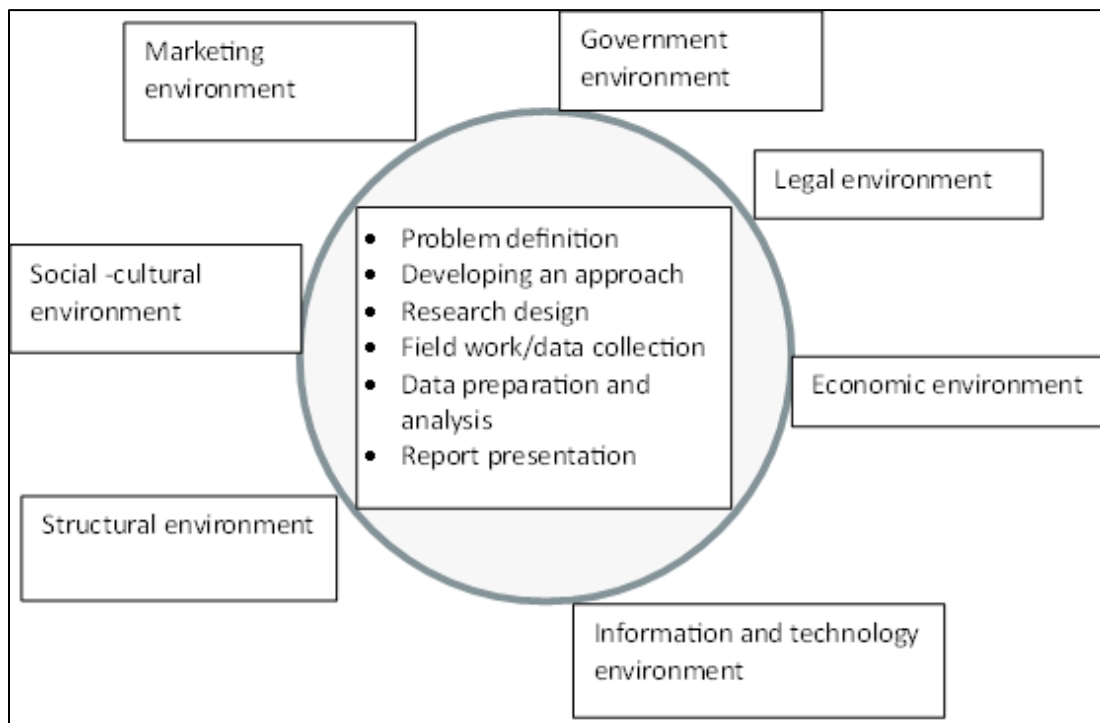
To make maximum gain from using either of the above approaches in export marketing, Cavusgil, (1985) suggests the following issues to be considered.

- Marketing program: Has the management developed an export marketing program with accompanying market research tasks?
- Continuity: Does management understand that foreign market research is an ongoing activity?
- Monitoring and evaluation: Have procedures been developed to monitor, evaluate, and correct export marketing performance?
- Tracking changes: Has the firm provided the means for timely warning of pertinent changes in foreign markets?
- Specificity: Does the export market research seek the most specific information concerning the firm's products?
- Discretion: Is mature judgement being applied to the facts developed by the export market research efforts?

2.7 Export marketing research procedure

Exporting marketing research procedure is no different from any other research. However special attention is given to the environment in which research is carried out. The exporter must take into account the macro-environmental factors and how the impact on his research findings. The diagram below summarizes these steps.

Figure 2.1 Steps in exporting marketing research



Source: adopted from Malhotra 2010

Conducting export marketing research, the marketer must assess the effect of the environmental forces as they shape the results of the findings of the study. Marketing environment will consider issues such as the variety and assortment of products available, pricing policies, government control of media and the public's attitude towards advertising, the efficiency of the distribution system, the level of marketing effort undertaken, and the unsatisfied needs and behavior of consumers. Similar in assessing government environment issues such as public policy, regulatory agencies, government incentives and penalties, and investment in government enterprises will have a bearing on export business. (Malhotra, 2010).

The legal environment encompasses common law, foreign law, international law, transaction law, antitrust, bribery and taxes with emphasis on laws relating to marketing mix elements while economic environment constitutes economic size (gross domestic product, or GDP); level, source, and distribution of income; growth trends; and sectoral trends among others. Elements of the informational and technological environment include information and communication systems, computerization, use of electronic equipment, energy, production technology, science and invention while those of structure environment relate to transportation, communication, utilities and infrastructure. The social cultural environment will consider values, literacy, language, religion, communication patterns and family and social institutions (Malhotra, 2010).

The specific steps in the research process will include.

- **Definition of the problem:** the export marketer research will specify the problem and define objectives of research considering marketing problem to be investigated and decisions to be made. This will inform the researcher on the type of information required to throw light on the problem to be solved. The problem could range from consumer behavior to types of product and environmental issues. This would inform the types of products to be made and even export logistical issues to be investigated.
- **Determine research approach:** the research will determine the appropriate research design and approach that best suits the problem under investigation.
- **Research methodology:** Determining the methodologies and planning the collection of information is perhaps one of the challenging steps in the process. The researcher will decide on data collection instruments and the methods of administering the same.
- **Field work:** this is an actual collection of information from predetermined sources. The researcher will ensure that the process is flawless, and that data collected serves the intended purpose.
- **Analysis and interpretation of information.** Once data is collected it must be cleaned up as part of preparation before analysis is done. Analysis must be done in a manner to give information to help respond to research questions/objectives set.
- **Preparation of the report.** The report will have recommendations on what needs to be done to address the research problem and within what duration.

2.8 Special problems in export marketing research

Export marketing research is part of international marketing research and encounters special challenges due to the environment in which the study is carried out. These challenges need to be understood by the export marketer so that he can develop mechanisms of addressing them. We will summarize these in table 2.2.

Table 2.2 special problems in export marketing research

Problem	Explanation
Variety of markets	Research done on several national markets instead of a single national market Each of the national markets has unique characteristics to be examined and this poses challenges of cost-effectiveness of export marketing research.
Reliability of secondary data	The available secondary data is often inaccurate and outdated, especially in developing countries. In some cases, this data is manipulated to meet certain political objectives, and this may affect findings of study for a businessperson.
Difficulties in collecting primary data	This will arise from the fact that respondents in different countries may be unwilling to participate in the study. In some countries the infrastructure required for data collection may be unavailable or too poor to support the study.
Comparability of data	This arises when a survey is to cover two or more countries, the difference in economic and social environment, demographic aspects, physical distribution facilities legal constraints etc. would affect the comparability of data.
Availability of data	The different levels of development implies that data may be totally unavailable in some countries and even estimates of number of consumers of certain products may be difficult to make.
Religious and cultural beliefs	Religious and cultural systems vary from country to country. These may pose obstacles particularly when they undertake field survey.

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