



Global Marketing

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Chapter 6

Conducting Global Marketing Research

Information needed to entering a market:

Management needs information about:

- Ecological, cultural, technological, economic, political/legal and competitive instruments
- Pricing, distribution and communication strategies
- competitors strategies
- Demand of the product
- The best entry mode for the specific country

Marketing Research

- Systems for collecting, storing and analyzing data relating to issues related to the marketing of goods and / or services. The goal is to study and analyze the behaviors and decision-making processes that move consumers to help business decision makers make the best and most profitable choices for the company.

Importance of global marketing research

- Information used to discover marketing opportunities and problems
- Give directions to marketing actions
- Track performances
- Contribute to a better marketing process overall
- Market research about size and trends
- Competitive research
- Price and product research
- All the other research related to the marketing mix and the customer

Traditional and emerging market research

TRADITIONAL MARKETING RESEARCH

It is defined by the corporate insight functions, their large suppliers, core research tools (such as surveys and focu group,project managment, statistical analysis)

Has an industrialized view of research.

It has several weakness like dependence on self-reported behavior, limited ability to engage subjects in a protracted, coercitive dialogue and a reliance on periodic reporting.

EMERGING MARKETING RESEARCH:

It includes new entrants from management consulting, social media, software and business intelligence that are increasingly providing insight-driven consulting in competition with traditional marketing research.

It surrounds traditional marketing research with next-generation technologies and firms defined by observation and listening

Traditional versus emerging marketing research industry

	Traditional Marketing Research	Emerging Marketing Research
Typical Providers	Full-service agencies, sector expertise firms, syndicates	Management consulting, social media, software, data mining, artificial intelligence
Representative Examples	Ipsos, GfK, Harris Interactive	Mckinsey, BCG, Autonomy, IBM, Comscore, Conversition
Main Methodology and Tools	Surveys: custom survey research; tracking surveys; live focus groups	Observation: data mining; text analytics; model building; insight communities, benchmarking

Source: Adapted from Robert Morgan (2011). “The Future of Marketing Research”, In: Kaden, R.J., Linda, G.L., & Price, M. (Eds.). *Leading Edge Marketing Research*. Sage: London.

Scope of global marketing research

INTERNATIONAL MARKETING RESEARCH

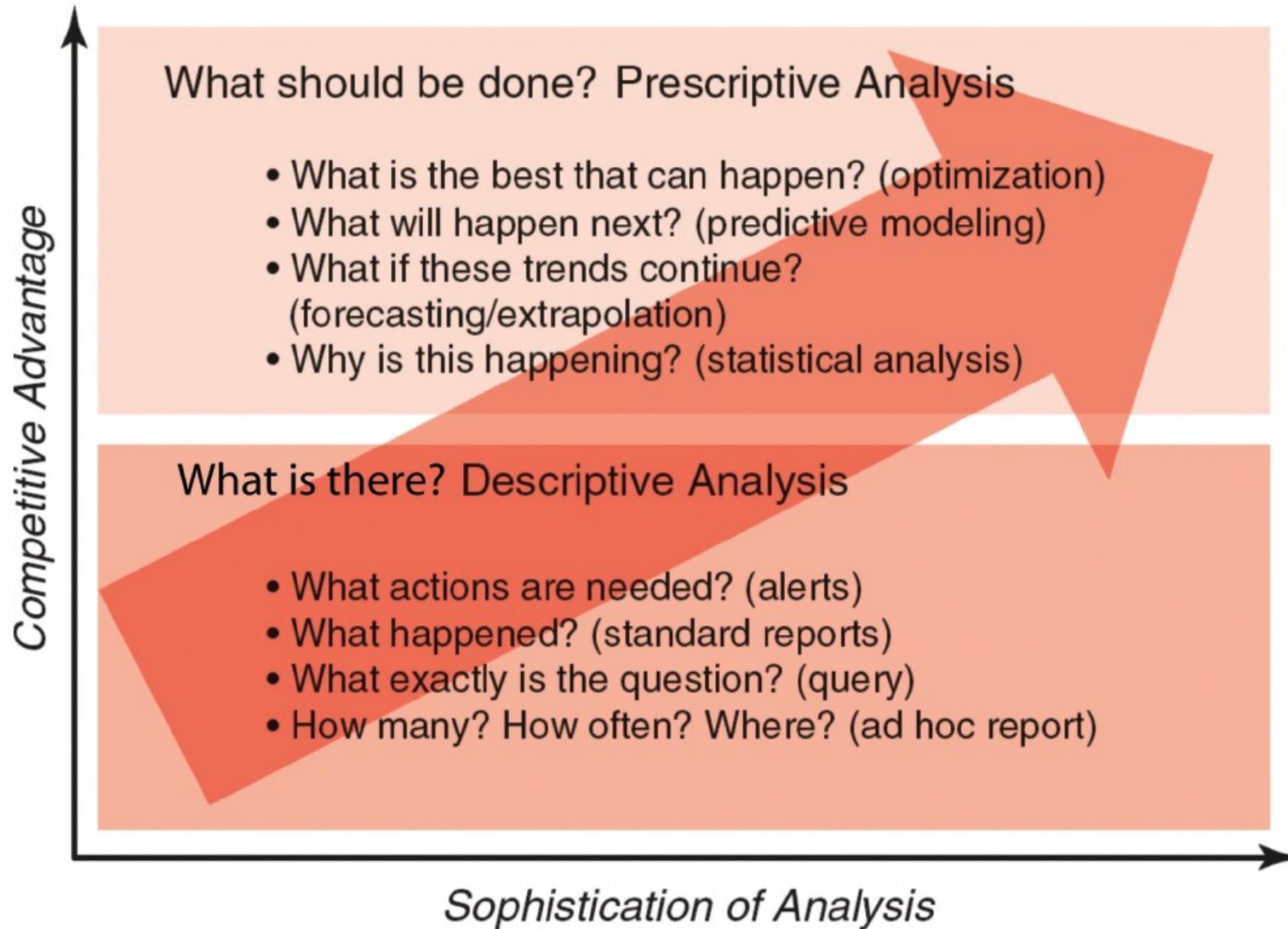
- marketing research performed with the purpose of informing marketing decisions that have to be made in more than one country.

IMPORTANT REASONS TO PERFORM MARKETING RESEARCH:

- Risk management
- Competitive advantage
- Strategic decision-making
- Tactical decision-making
- Performance tracking and reporting

Firms that successfully use marketing research by sharing their findings throughout the organization and aligning them with the organization's priorities tend to have better product innovation, more effective customer communication, and superior return on marketing investment.

Impact of marketing research



Source: Adapted from Davenport, T.H. & Harris, J.G. (2007). *Competing on Analytics: The New Science of Winning*. Boston: Harvard Business School Press, pp. 46-47.

Types of Marketing research

qualitative

Exploratory function
No statistical representativeness
They provide stimuli, motivations,
interpretations Non-quantifiable
outputs
FOCUS GROUP
IN-DEPTH INTERVIEWS

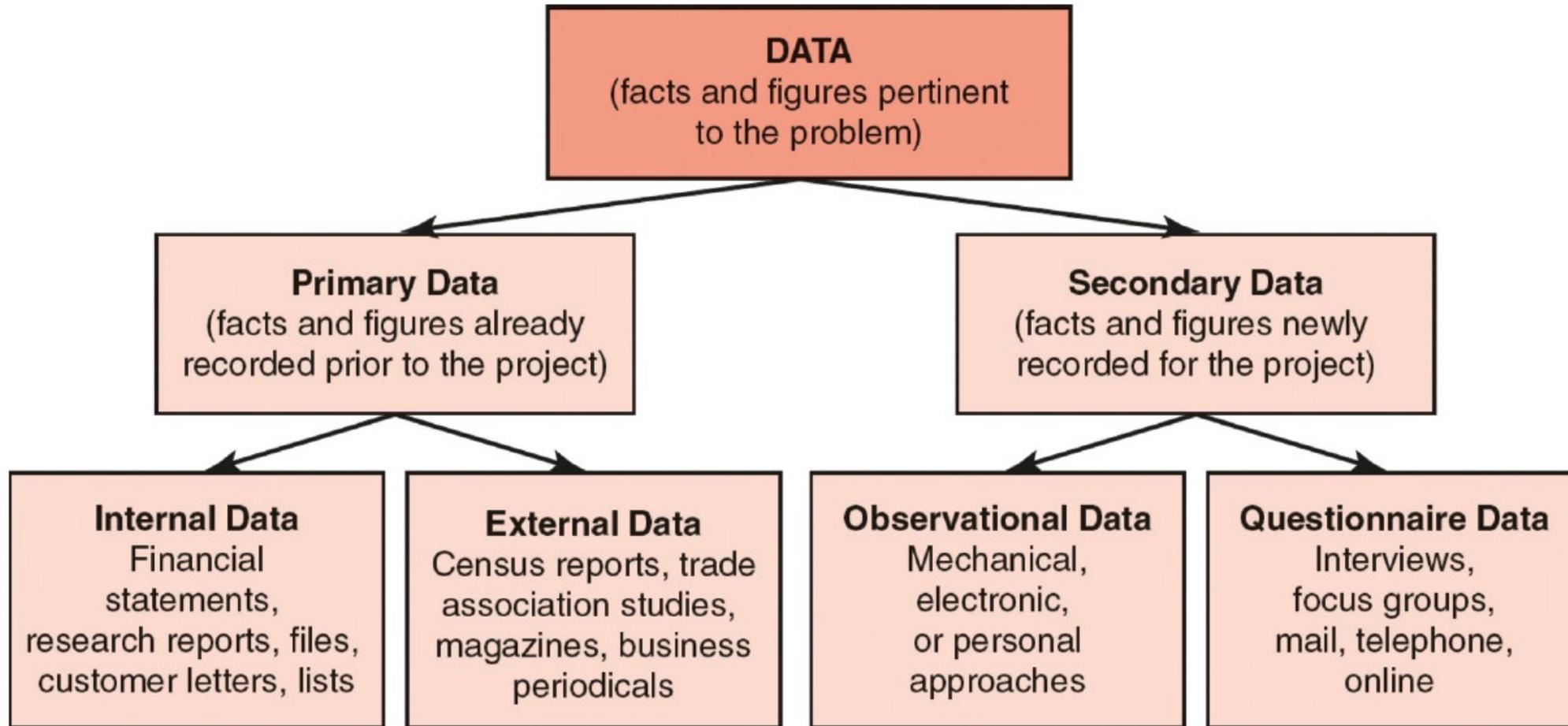
quantitative

They describe phenomena by
providing a dimension
They allow to outline trends and
correlations
Closed questions
SURVEY ONLINE
QUESTIONNAIRES
TELEPHONE QUESTIONNAIRES

Quantitative and qualitative research

	Qualitative Research	Quantitative Research
Purpose	<ul style="list-style-type: none">• Generate research objective• Exploratory	<ul style="list-style-type: none">• Specific research questions• Test hypotheses
Data	<ul style="list-style-type: none">• Unstructured, often text-based	<ul style="list-style-type: none">• Structured, often numbers-based
Sample	<ul style="list-style-type: none">• Small, non-representative	<ul style="list-style-type: none">• Large, representative
Approach	<ul style="list-style-type: none">• Interpretive	<ul style="list-style-type: none">• Measurable
Context	<ul style="list-style-type: none">• Context-dependent	<ul style="list-style-type: none">• Context-free
Results	<ul style="list-style-type: none">• Individual cases	<ul style="list-style-type: none">• Focus on generalizability
Research Methods	<ul style="list-style-type: none">• Focus Groups, person (In-depth) interviews, observation, case Studies	<ul style="list-style-type: none">• Surveys (personal, mail, web), experiment, Simulation

Sources of data



Source: Compiled by authors

Online Research and “Big Data”

It encompasses marketing research conducted via **online panels, social media, channels, online surveys and other research methods.**

- Lower costs and faster project cycles are two of the most obvious appeals of online research
- Easier access (at least in countries with high internet penetration and increasingly tough conditions for collecting data via traditional methods), also tips the scales in favor of conducting marketing research online

But it also has plenty of issues:

- Whether the quality of online research can match that of traditional methods
- For issues such as verifying the identity of respondents, using consistent metrics, or crafting questionnaires appropriate for online environment, researchers are still struggling to come up with quality standards and practices widely accepted
- The issue of translating online surveys into one or more languages
- Inherent bias in using only online populations for any kind of research that aims to reveal insights from the general public

Big Data: the next frontier for online marketing research

- Companies have to capture an **exploding amount of information** about the customers, competitors and suppliers that require new ways of managing these insights.
- Today **large pools of data can be captured, communicated, aggregated, stored and analyzed**. It's a global phenomenon that can hugely benefit private commerce and national economies.
- Big data refers to **data sets whose size is beyond the ability of typical database software tools to capture, store, manage, and analyze**.

Benefits and challenges of using big data:

- Dialogue with consumers
- Redevelop your products
- Perform risk analysis
- Keeping your data safe
- Customize your website in real time
- Making our cities smarter

Big Data used by healthcare organizations monitoring their patients: an example

- 1) Risk stratification / patient identification for integrated care programs
- 2) Risk adjusted benchmark / simulation of hospital productivity
- 3) Identification of patients with negative drug-drug interaction
- 4) Identification of patients with potential diseases (patient finder)
- 5) Evaluation of clinical pathways
- 6) Evaluation of drug efficacy based on real-world data
- 7) Performance
- 8) Identification of inappropriate medication
- 9) Systematic reporting of misuse of drugs
- 10) Systematic identification of obsolete drug use
- 11) Personal health records

Prediction / Simulation

What will happen?

1

2

Evaluation

Why did it happen?

5

6

3

4

7

Data Mining

Why did it happen? (machine-based evaluation of data only)

Monitoring

What is happening now?

8

Reporting

What happened?

11

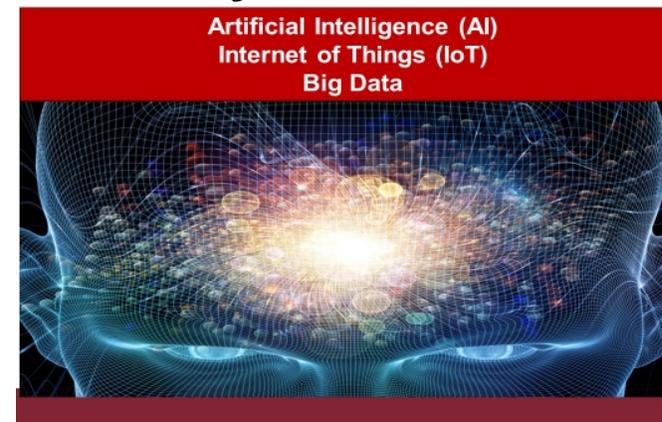
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Big data for predictive models

- Companies like Netflix and Procter & Gamble use big data to anticipate customer demand. They build predictive models for new products and services by classifying key attributes of past and current products or services and modeling the relationship between those attributes and the commercial success of the offerings. |
- *Customers don't know what they want until we've shown them. "This is because people tend to stick with the things they know and usually rely on their social circle to get new ideas about things they might like. However, a company should short-circuit this long adoption cycle and get their products and services in front of potential buyers as fast as possible, using technology"*

Steve Jobs



the use of BIG DATA

- Big internet players such as Google, Netflix, Amazon, Uber, Airbnb, Booking, Spotify and more generally digital companies use data and algorithms in every single part of their business, in all processes and in all geographies in which they operate.
- **Netflix** uses data and algorithms to create a personalized start screen with films that others, who have the same tastes, have already seen; identifies the image of a film to be proposed by choosing, among thousands, the one we will most likely be attracted to; decides the place where and when to shoot a film based on characteristics such as the availability of actors, staff, budget, and based on the needs of the scenes to be produced (day vs night shooting, probability of weather events in a location etc.)
- **Amazon** uses product purchase data to predict demand, uses machine learning algorithms to identify fraudulent purchases; analyzes browsing and purchase data for personalized recommendations; uses data and algorithms to optimize supply-chain processes.

the use of BIG DATA

- **Uber** uses travel data collected through drivers and customers to generate information on traffic, preferred routes, estimate arrival time. The use of increasingly sophisticated algorithms makes it possible to improve waiting time estimates and reduce cancellations; through the use of traffic data and algorithms based on neural networks. Uber is able to predict with increasing accuracy where and when there will be a demand for vehicles. (4)
- As in these companies, the same pervasive use of data and algorithms can be found in all Tech Companies. Many traditional companies, in the wake of digital players, have started investing in digital and specifically in data, establishing a **Chief Data Officer**, investing in Big Data technologies and Data Science skills.

Online metrics and tools for analysis (1)

WEB ANALYTICS

- the **measurement, collection, analysis and reporting of internet data** for purposes of understanding and optimizing web usage.
- Web analytics tools can track a plethora of **data associated with visitors' interactions** with a company's website or with the company's brand.
- Researchers may use web analytics tools to assess the **general performance of a website** by tracking visitors' paths through it, the links they clicked on, the length of time spent on specific pages combining this information with online surveys to explore questions like visitors satisfaction and the effectiveness of different marketing offers.
- It's possible to extract **users' behavior patterns**.

Online metrics and tools for analysis (2)

DATA MINING

- a set of techniques to extract patterns from large data sets by combining methods from statistics and machine learning with database management. These techniques include:
 - **ASSOCIATION RULE LEARNING:** These techniques consist of a variety of algorithms to generate and test possible rules.
 - **CLUSTER ANALYSIS:** A statistical method for classifying objects that splits a diverse group into smaller groups of similar objects, whose characteristics of similarity are not known in advance.
 - **CLASSIFICATION:** Used to identify the categories in which new data points belong, based on a training set containing data points that have already been classified.
 - **REGRESSION:** Statistical technique to determine how the value of the dependent variable changes when one or more independent variables are modified.

METHODS THAT ARE EVEN MORE SPECIFICALLY TAILORED FOR BIG DATA:

- **CASSANDRA:** An open source (free) database management system designed to handle huge amounts of data. The system was originally developed at Facebook and is now managed as a project of the Apache Software foundation. Companies that use Cassandra are Walmart Labs, Cisco, and Netflix.
- **MASHUP:** An application that uses and combines data presentation or functionality from two or more sources to create new services. These applications are often made available on the Web, and frequently use data accessed through open application programming interfaces or from open data sources.
- **HADOOP:** An open source (free) software framework for processing huge datasets on certain kinds of problems on a distributed system. It is designed to scale up from a single server to thousands of machines, with a very high degree of fault tolerance.

Online metrics and tools for analysis (3)

Artificial Intelligence (AI)

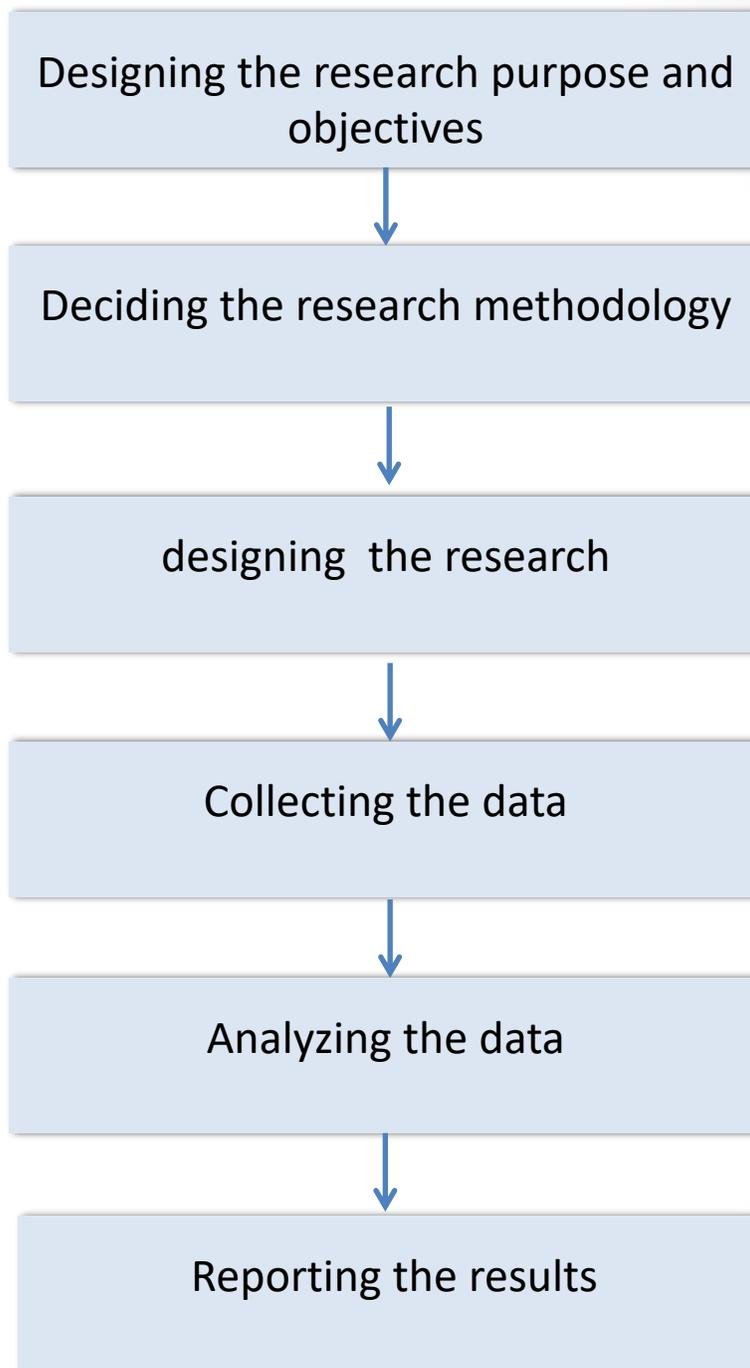
- the ability of computers to perform tasks that require human intelligence. **It is defined as the task of making computer systems able to exhibit intelligence similar to humans and perform tasks directly without human intervention.** There are many ways by which AI can be used to solve marketing problems more effectively than conventional methods:
- **Affinity diagrams:** Show relationships visually between diverse sets of information. The diagram organizes a large quantity of information by natural relationships.
- **Machine learning:** Similar to human learning, through data input, the computer is enabled to “learn” to identify certain objects (persons, objects, etc.) and to distinguish between them. AI can handle large amounts of data for this purpose, beyond the capability of humans.
- **Attribution modelling:** Most companies use more than one channel of distribution to reach their customers. But, which channel and at which stage of the channel contributes most to profits? Attribution modelling can determine the contribution of each channel, for example, in acquiring a new customer.
- **Personalization:** Personalization entails matching an offer to a consumer’s individual preferences. Such techniques have been the cornerstone of **Amazon**, for example, where a customer order is accompanied by a list of previous purchases in order to increase spending.

Differences in conducting global marketing research in different countries

Country / Area
China - Personal interviews are the preferred method for surveys in China, where the subjects are business executives, doctors, or government officials. Professional and government officials must be shown respect by sending an advance invitation to participate in a survey. While phone interviews may have some use in China, language differences, for example, between Mandarin and Cantonese, or differences in brand name pronunciations, may hamper understanding and skew research findings.
India - Indian consumers are often willing to discuss their shopping preferences and motivations in a personal interview. Observational research at shopping points such as stores and markets is a good way to determine shopping behavior.
Latin America - Most marketing research in Latin America is conducted with respondents in the middle and some upper socioeconomic classes. One cannot generalize about research methods used in the area because of country differences; however, personal interviews are preferred in most countries because of the importance of the social contact between people. Cost differences also dictate the research method used. For example, in Panama it is cheaper to use personal interviewers in homes than to interview the same person on the phone because of very high local phone tariffs.
Middle East - The preferred data collection method in the Middle East is the personal interview. However, the preferred place of interviewing is outside the home. In most Middle East countries, women may be interviewed if accompanied by a male family member, generally in the home. Focus groups, in-depth interviews, paired friendship interviews, and several other qualitative techniques have become widely known as well.

Source: Compiled by authors

The research process



Source: Adapted from Malhotra, N. K. and Birks, D. F. (2003). *Marketing research: An applied approach*. UK: Pearson.

Defining the research purpose and objectives

- Developing a well-defined research **purpose and objectives** creates a clear target for the research team.
 - Identification and evaluation of new markets (population, per capita income levels, trade restrictions...)
 - Analyze rival firms and their strengths and weakness (SWOT analysis) and their marketing strategy

Determining the Research Methodology

- Once the information requirements for the research are established in the initial phase, it is time to decide on some of the basic elements that will constitute this project.
- The foremost decision to be made here is how to obtain the information needed.
- To make this decision, marketers have to consider additional factors such as the level of data customization desired, data reliability, the costs associated with obtaining it, and the time frame for the project.
- The more the researched market is different and unfamiliar to the company, the wiser it is to use market research providers specializing in that market.

Designing the research

This step of the research process adds more specifics to the project deciding whether qualitative or quantitative data would be more useful considering the local conditions.

SAMPLE SIZE: how big a sample is required to collect meaningful data?

The answer may depend on the company's requirements for accuracy, level of certainty in the results, and project budget, among other things.

You should know a little about the target population and the sample you need:

- Population size
- Margin of error (confidence interval)
- Confidence level
- Standard of deviation

“SRC” RISK (Self Reference Criterion): the unconscious tendency to assume that people everywhere perceive the world the same way one does and to hold similar cultural values or personal attitudes.

Selecting research instruments (1)

Research Instrument	Description
Interview	Questioning respondents in order to collect information for market research purposes. Interviews may be face-to-face, by phone, fax, or online. They can take place at different locations: in the home, office, street, shopping malls, or at entertainment areas.
Consumer Survey	A survey to determine the demographics of a target audience, why people make certain purchasing decisions, when and where people shop, market potential, and buying habits.
Omnibus Study	A periodic survey conducted on a variety of subjects for more than one client. It allows clients to share the costs of research by pooling questions. All the questions for a given wave are then put to a representative sample, a part of a single questionnaire. Each individual client's questions are of course confidential, and results are processed in such a way as to ensure that each party only sees their own data.

Source: Compiled by authors

Selecting research instruments (2)

Research Instrument	Description
Focus group	A focus group involves encouraging an invited group of participants to share their thoughts, feelings, attitudes, and ideas on certain subjects.
Observation study	A research study where data is collected by watching consumer behavior in a shopping situation. The researcher (observer) records the behavior without making contact with the subject being observed.
Questionnaire	A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents.

Source: Compiled by authors

In-house versus Outsourcing

- A critical decision for a global marketing organization is whether to conduct market research using internal staff and resources or to use outside agencies. **Even for firms that have internal market research departments in their affiliates overseas, it may be more efficient to outsource the work to professional market research organizations.**
- A basic issue in cross-cultural research is the determination of whether the concept used have similar meaning across social contexts surveyed
- **A major issue in cross-cultural marketing research is the so-called emic versus etic dilemma,** which focuses on whether or not the measure is culture bound (emic) or can be used across all cultures (etic)
- Behavioral-type measures or scales must be examined within each cultural domain to determine if the construct and its measure is relevant in the specific cultural context and that there are equivalent measures.

Ten largest global marketing research organizations

Rank 2017	Organization	Headquarters	Parent Country	No. Of Countries With Subsidiaries / Branch Offices	Global Research Revenues (USD Millions)	Research-only Full-time Employees
1	Nielsen Holding N.V.	New York and Netherlands	US	100	6,309	44,000
2	Kantar	London and Fairfield, CT	UK	3	3,847	30,000
3	Quantiles IMS Health Holding Inc.	Danbury, CT	US	76	3,301	10,000
4	Ipsos SA	Paris	France	86	1,962	16,000
5	GfK SE	Nuremberg	Germany	74	1,677	13,000
6	Information Resources Inc.	Chicago	US	8	1,027	4,635
7	Westat Inc.	Rockville, MD	US	6	516	2,044
8	Dunnhumby Ltd.	London	UK	24	429	2,000
9	Intage Holding Inc.	Tokyo	Japan	8	442	2,527
10	Wood MacKenzie	Port Washington, NY	US	14	443	1,282

Sources: Adapted from Marketing News, American Marketing Association (2018); Consultancy Global (2018).

Analyzing the data

The processes used to analyze and interpret qualitative and quantitative data are as different as the two approaches used to collect it.

- **QUALITATIVE DATA ANALYSIS:** researchers usually review recordings of the actual data collection session or they may rely on their own notes and recollections from the sessions. It leaves much of the final interpretation and analysis of the findings to the skills and experiences of the individual researchers.
- **QUANTITATIVE DATA ANALYSIS** is a much more structured, multi-step process. By interpreting the results of the analyses, researchers find the underlying meaning of the data and identify potential trends, hidden tendencies, or other factors that may influence consumer behavior, competitive pressures, or market performance.

Reporting the data

- Many researchers find nothing more frustrating than to see their final reports—the fruits of their weeks- or months-long research efforts—sitting on an executive’s shelf unused. **The best way to ensure that research reports are read, understood, and utilized is by making them accessible and relevant to business executives who may not be steeped in research industry jargon or practices:**
 - Make the data accessible and relevant to business executive
 - Follow the order and structure of the research objectives in the final report
 - Make a direct connection between the original questions and the study’s findings
 - Use an “easy-to-follow” story format
 - Multimedia tools such as video or sound recordings can sometimes communicate in minutes what may take hours to read in a report.

62% Business

- > *Flexibility*
- > *+ Collegamenti*
- > *Customer experience total*
- > *Comfort superior*

38% Leisure

- > *accessibility*
- > *easy to buy*
- > *Assistance*
- > *Offering*



M 56%
F 44%

56% degree

32% employees

24% interpreneurs & professionals

Dati di CS FR

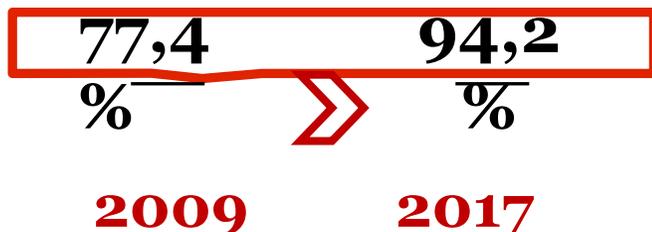
“

34% of customer travel more than 2 twice per month.

COME CI GIUDICA IL CLIENTE

Customer Satisfaction

FRECCE



Gradimento

FRECCIAROSSA 1000



PORTALE FRECCE

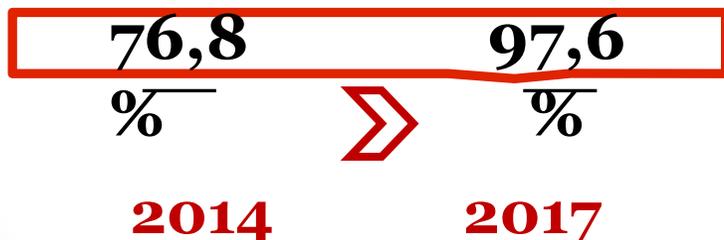
13,5 MLN

di visualizzazioni

Web sentiment

Customer Satisfaction

BAR (FR)



Brand awareness

FRECCIAROSSA

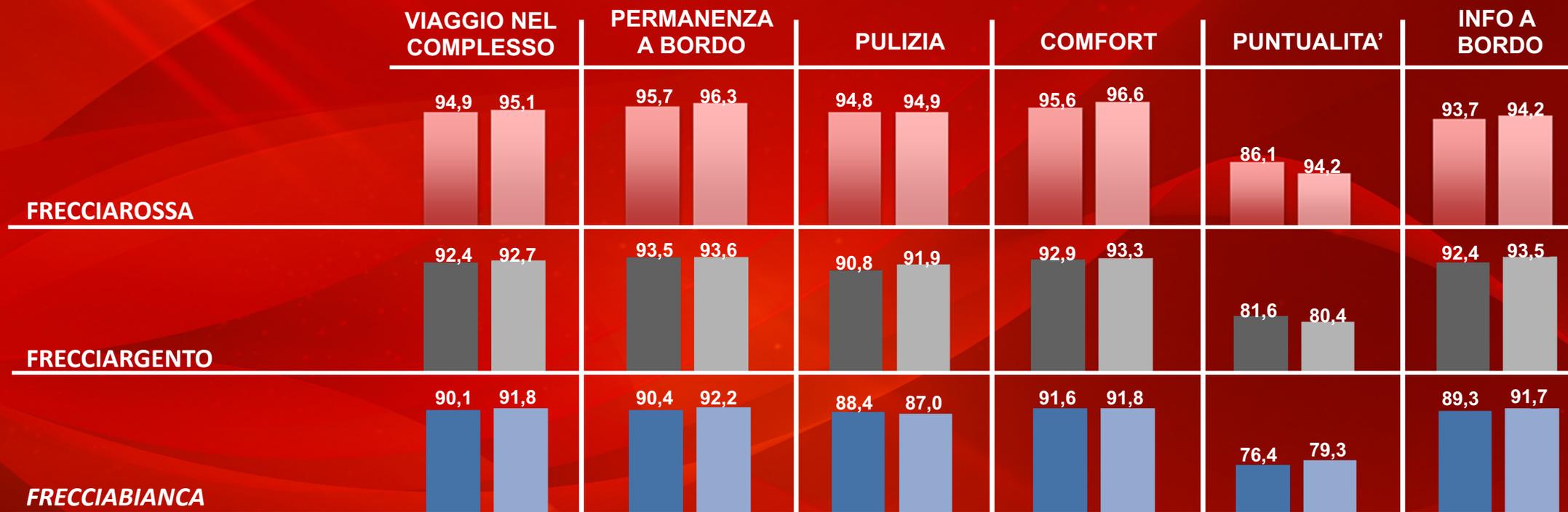


Rispetto al 68,2% di Italo

38 %

Valuta positivamente la presenza online di Trenitalia rispetto ad un 29% di Italo

Cienti più soddisfatti nel 2017, ma attenzione alla puntualità



Principali evidenze:

- › Soddisfazione dei clienti in **generale aumento**
- › **Punti di attenzione:** Puntualità Frecciarossa e Frecciargento; **WI-FI e gestione toilette** su tutte le FRECCE
- › **Punti di forza:** **Comfort** con valori di soddisfazione molto alti per tutte le FRECCE

Global marketing intelligence/information systems

Marketing intelligence is not synonymous with marketing research:

- **MARKETING RESEARCH:** focuses on a specific problem or project that has a defined beginning
- **MARKETING INTELLIGENCE/INFORMATION:** involve the continual collection and analysis of marketing information. It has application to a present or potential marketing situation

MARKETING INFORMATION SYSTEM is a set of procedures and methods for the regular, planned collection, analysis and presentation of information used in marketing decisions.

Variety of sources of information:

- Secondary data analysis
- Human resources
- Executive based abroad, company subsidiaries and affiliates
- Travelling and building contracts
- Database analysis
- Industry experts
- Formal market research