



Marketing Consultancy Division (MCD)

Export Consultancy Unit (ECU)

Export Bulletin No. 3

Export Market Research



TABLE OF CONTENTS

	Page
Introduction	1
Market Research - Essential Business Tool	2
Chapter 1 - Understanding Market Research	4
Market Research - Overview	4
Benefits of Market Research	5
Questions Addressed by Market Research	7
Market Research Output	8
Research Process	10
Chapter 2 - A Step-by-Step Guide to Market Research	12
Chapter 3 - Market Research Methodologies	15
Secondary Market Research	15
Primary Market Research	16
Quantitative Research	17
Qualitative Research	20
Specialised Forms of Market Research	21
Chapter 4 - Sources for Secondary Market Research	23



Export Market Research

Introduction

Market research (MR) is defined as the collection and analysis of information about consumers, market niches, and the effectiveness of corporate marketing programmes. It is used to evaluate the potential of the commercial marketplace and to identify the short, medium and long-term potential for products and services. Market research targets viable solutions and identifies opportunities, alternatives and options, which can assist companies to plan their product/service programmes and corporate budget requirements. Market research, in its broadest sense, is concerned with the collection of such information, both in terms of perceptual and factual.

Market research should be thought of as the systematic process of collecting, analysing, and presenting objective, useful marketing information for assisting management in problem solving and decision taking. It should help management to identify, service, and satisfy the needs and desires of its customers

Only in recent years have KSA companies started to seriously look at exporting as a parallel mechanism for profit generation along with their existing domestic sales capabilities. Many potential exporting companies do not have a clear view of overseas markets. In this context market research could be of substantial benefit to companies. It can be said that to be successful, exporters must assess their export markets through market research. Exporters engage in market research primarily to (a) identify their marketing opportunities and constraints within individual foreign markets, (b) identify and find prospective buyers and customers, and (c) improve their planning and current/future decision making capabilities. Businesses striving for excellence and success require objective, reliable and evaluative information about:-

Effective market research can help businesses to gain an understanding of their competition.

- ❑ What their customers know - MR relating to awareness or familiarity.
- ❑ What the customers think and value - MR relating to opinions and beliefs.

The most valuable commodity in any company is the knowledge it has about its clients and their future requirements

- ❑ What the customers feel - MR relating to attitudes and emotions.
- ❑ What the customers do, and/or are likely to do - MR relating to usage and behaviour.
- ❑ What are the drivers, motivations and reasons for the above and what are customer attitudes.
- ❑ What are the emerging issues that could impact on the exporting company.

In this respect, market research provides a range of methodologies that a company could use to determine which export markets offer the best potential for its products. Results from this research could inform the potential exporter of:-



- ❑ Potentially the largest markets for the company's product(s).
- ❑ The likely fastest growing markets for the company.
- ❑ Market trends and outlook in target markets.
- ❑ Market conditions, practices and barriers in the importing countries.
- ❑ Likely competitor companies and products in the selected export market.

A potential exporting company could export without conducting any market research if it receives unsolicited orders from abroad. Although this type of selling is valuable, the company may discover even more promising markets if it conducted a systematic search for new export market opportunities. A company that opts to export indirectly by using an intermediary such as an export marketing company (EMC) or an export trading company (ETC) may wish to select markets to enter before selecting the intermediary, since many EMC's and ETC's have strengths in some markets but not necessarily in others.

Market Research - Essential Business Tool

Market research is, therefore, an essential business tool for obtaining a wide range of information for use by businesses - information about customer needs, wants, market demand, competition, distribution channels, etc.

Assumptions about a market are not always correct and decisions need to be based on facts

It is a mechanism that is used by businesses to obtain information and is an important part of the business planning process, as it helps a company to understand its competitive position, spot opportunities, reduce its risk potential and make better business decisions. Market research, thus, provides a structured way of keeping track of how a company's market base is changing, what its customers want, what the competitors offer and identify any changes, which may affect the company's overall business. It is also vital for businesses when they are looking to exploit new commercial opportunities or grow their existing customer

base. From discovering a gap in the market to ensuring customer satisfaction and planning effective marketing campaigns, market research can provide the market intelligence needed to encourage success, enhance competitiveness and maximise profits. Essentially, market research provides a better understanding of market dynamics to support better business decisions. In today's competitive business environment, the more knowledge a business has about its customers, the more likely it is to succeed. It should also be remembered that market research is not an activity that is only conducted once, but it should be an on going process for every business.

To sum up, the importance of market research is its ability to be used to gather

Key market research steps include:

- *An understanding of the research objective.*
- *Developing a research plan.*
- *Implementing the research.*
- *Developing a report designed to answer management's questions.*
- *Providing sound marketing recommendations.*

Following these steps will yield a report of superior quality that contains highly practical results on which to base sound export marketing decisions

information on a range of key business questions. The answers to these questions will be either in a *quantitative* or *qualitative* form. Quantitative information is information that can be expressed as a number or a percentage e.g. 30% of customers purchasing a

particular item are aged over 50 years. Qualitative information relates to feelings and attitudes, and as such is not so easily defined.

The following chapters in this Bulletin provide more insight into market research in terms of understanding its uses, how to prepare for it, a guide to undertaking it and the methodologies used to gather the required data. Also included in this Bulletin are some sources of information that may prove useful for the potential local exporting company. It is hoped that this Bulletin will assist the exporting company to better understand and implement appropriate market research methodologies in the exporter's pursuit to identify, develop and ultimately expand its export marketing capabilities.



Chapter 1

UNDERSTANDING MARKET RESEARCH

Irrespective of its size, every company must be able to identify the various corporate actions that must be undertaken to ensure its future survival. Market research is one of several activities that can, if undertaken properly, ensure planned corporate development and is an essential part of any future expansion plans.

How to get started:

- *Define objectives*
- *Determine key information*
- *Produce required specification*
- *Decide criteria for selection*
- *Establish brief*

MR is an important part of the business planning process because it enables a business to understand their competitive position, identifies opportunities, helps to identify and reduce risk factors, and enables better corporate decision making. It provides a structured way of identifying export opportunities (also domestic), keeping track of any changes in the customer-base, identifying customers' needs, assessing what competitors are offering, and identifying any other changes that could affect the overall business position.

This Bulletin has been prepared to assist potential exporters to understand the various aspects of market research and how it can be utilised in the development of their export markets and in the preparation of their corporate export plans.

Market research can also be used internally to learn about and monitor satisfaction and morale amongst the staff

Market Research - Overview

Provided below is a quick overview of the four basic, but distinct steps that need to be addressed when undertaking market research, namely:-

➤ **Set Corporate Objectives**

What is it that the company hopes to find out by conducting the market research? As an example, if a company wishes to introduce a new product in a particular export market, it would need to consider the size of the market, its competitors, their product, what they

Market research process:

- *Define market problems and opportunities*
- *Set objectives, budget and timetables*
- *Design research instruments*
- *Collect data*
- *Organise and analyse collected data*
- *Present and use the market research findings*

are changing and the demand for the type of product being considered.

➤ **Desk Study (Secondary Research)**

A considerable amount of statistical information and other data may already exist, which can be accessed for analysis purposes. There are many sources that could be relevant and could be utilised to meet the objective of the research - some are identified in Chapter 5 of this Bulletin, under the heading 'Sources for Secondary Market Research'.

➤ **Field Work (Primary Research)**

This is where face-to-face research is undertaken to conduct surveys and talk to people. The research could be with existing and/or potential customers, people who have left the industry, current staff, particularly managers and operators who may be able to offer advice, etc. If surveys are to be used, this is the stage where questionnaires are distributed or interviews are conducted and data is collected.

➤ **Data Analysis**

Considers all the information and data that has been collected and summarises the relevant information, having undertaken an analysis of all the data available. This analysed data can then be used in making business decisions.

Benefits of Market Research



Information gained through marketing research isn't just information that is 'interesting to know'. It is solid information that can guide the company's most important strategic business decisions. Market research is effective when the findings or conclusions have a value that exceeds the cost of the research itself. The benefits of market research include:-

❑ ***Market research can identify target export markets***

Directing the company's efforts into those territories that offer the greatest prospect for development and profit generation. Also highlighting suitable agents/distributors networks, any tariff/trade barriers, logistical restraints, pricing factors, etc.

❑ ***Market research helps to identify opportunities in the marketplace***

In the consumer sector, the opportunity for success increases if the location is in a highly populated area with potential customers who match the company's target market characteristics. The same

By embarking on competitor analysis, usually based on desk research, businesses are able to examine the strengths and weaknesses of their main rivals and emerging competitors

could also be true for a service that is to be offered in a specific geographic area or even globally.

❑ ***Market research minimizes the risk of doing business***

As well as identifying opportunities, the results of some market research could also indicate that a company should not pursue a specific planned course of action. For example, marketing information may indicate that a marketplace is saturated with the type of service that is being planned to offer. This may cause the business to alter its product offering or choose another target.

❑ ***Market research guides business communication with current and potential customers***

Once good/solid research has been obtained, the company should be able to formulate more effective and targeted marketing campaigns that speak directly to the customers the business is trying to reach in a way that interests them.

❑ ***Market research creates benchmarks and helps a company to track its progress***

It is important to know, for later comparisons, the position of a company's business at particular moments in time. Ongoing market research allows the

business to make comparisons against earlier set benchmark and measurements, as well as charts the company's progress between research intervals - e.g. successive annual surveys.

What information is included in a brief:

- *Product structure and approach*
- *Methodology to be used*
- *Timescales*
- *Deliverables required*

In the context of information gathering, market research extends the information available, and

provides the company with an important weapon in the battle to survive and prosper in the commercial world. There are a variety of situations in which it is particularly important, namely:-

- ❑ ***Export feasibility evaluation*** - the need to know the competitive environment and any special conditions in the target countries selected, the current market for specific products, and details of any local competitors.
- ❑ ***Market expansion possibilities*** - the need to identify new markets for an existing product whose current market may be become saturated.
- ❑ ***Seeking new business opportunities*** - the need to identify specific details such as trends, products currently available, level of competition in selected target markets.
- ❑ ***Acquiring or implementing a new technology*** - the need to know details of the technology, costs, suppliers and feasibility. Additionally, to identify market potential.

- ❑ ***Customer related research*** - that looks at a company's existing customer base as well as identifying additional customers who might also purchase the company's products or services.
- ❑ ***Product related research*** - that looks at what the company is selling, how it compares with other products on the market and how it might be refined and further developed to meet market needs. It also looks at the need to determine current suppliers of similar products, their distribution channels, relevant patents, average pricing, market share and feature-by-feature comparison of the new product with its competition.
- ❑ ***Promotion related research*** - that looks at what impact the company's publicity policy is having in its particular market sectors.
- ❑ ***Pricing related research*** - that tests the company's pricing policy and whether the prices could be raised or lowered to meet market needs.
- ❑ ***Distribution related research*** - that examines how the company's products get to the market place and the effectiveness of the logistical and distribution network.

At the end of the day, market research can help a company to evaluate its success over a period of time, while also assisting the business to develop its future potential in both the domestic and export markets.

When to consider market research:

- *When there is a lack of information to make a decision*
- *When alternatives solutions are being weighed*
- *When there is a need to know which direction to take*
- *When there are symptoms of problems from customer base*
- *When embarking on a new direction for the company*
- *When there is a clear understanding of purpose & objectives*

Questions Addressed by Market Research

Broadly speaking, there is quite a range of questions that can be addressed through market research, which include amongst others:-

- ❑ What do customers think of the company's products/services.
- ❑ What are the customer's needs, priorities and expectations.
- ❑ How satisfied are the customers with the products/services provided by the company.
- ❑ How do the company's products/services compare with competitors.
- ❑ What do the customers know/think/feel about the company's products/services.
- ❑ How likely are the customers to buy the company's products/services rather than the competitors, and why.
- ❑ How are the customer's decisions made and who makes it.
- ❑ How do the customers find out about products/services in the market.
- ❑ What motivates the customer.

- How does the company reach and communicate with the customers.

These and other questions need to be addressed in a systematic and appropriate manner and market research provides the most appropriate way to collect and analyse this information.

Market Research Output

There is a considerable amount of information that can be obtained from market research and the results will vary depending on whether it is orientated towards consumer or industrial based product. The methods and mechanisms used for evaluating consumer and fmcg (fast moving consumer goods) products are totally different to those used for evaluating industrial products. The output from the different types of research, for both the export and domestic markets, is identified below:-

A key benefit of market research is to help businesses better understand their customers

➤ **Market Segmentation Studies**

Provides information about the characteristics shared by the company's customers. This data provides answers to questions such as: Who are my customers? What is the size of their population? What percentage is male? What are their ages, races, income and education levels? What are their occupations, skills, interests and hobbies? How many children do they have? Do they have pets? Where do they live and work?

➤ **Purchasing Power & Buying Habits**

Information uncovers the financial strength and economic attributes shared by the company's target market. Some questions to be answered include: What is the

When not to consider market research:

- *When relevant secondary information already exists*
- *When cost of research exceeds likely profitability*
- *When the purpose and objectives are unclear*

average SR/US\$ amount spent on purchases or products or services that are similar to the exporters products? What are the financing needs of the company's target market? What is the customer's

current usage of the company's product/services? When do the customers purchase? Where do the customers shop? Why do the customers decide to buy particular products/services? How often do the customers buy? How much do the customer buy at a time? Does the customer own or rent their homes? What types of cars do the customers drive? How often do the customers eat out? How do the customers typically spend their disposable income? What methods of payment do the customers use and prefer? How strong is the customer's credit rating?

➤ **Psychological Aspects of the Market**

Information regarding the perceived opinions and values held and shared by consumers in the company's market sector. Questions to be answered: What is the reaction of the market to the company's programmes or services? How does the market compare the company to other businesses? What qualities and characteristics do the company's customers deem important? Who makes the decisions to buy in the family or company? What are the deciding factors in making a purchase? Does the customer only want the best for their family or company? Is the customer looking for convenience and timesaving devices? Is the customer concerned with how they are perceived by others? What are the customer's unmet needs? Does the customer demand intensive customer service? Is the customer concerned with the lowest price? What media (magazines, radio, TV, newspapers, Internet providers, etc.) is the customer exposed to? What aspects cause confusion with the company's customers and prospects?

➤ **Marketplace Competition**

Information relating to other companies (competitors) within the company's area of business operations. Research answers these questions: Who are the exporting company's primary competitors in the market? How do they compete with the company? In what ways do they not compete with the company? What are their strengths and weaknesses? Are there profitable opportunities based upon their weaknesses? What is their market niche? What makes the company's business unique from the others? How do the company's competitors position themselves? How do they communicate their services to the market? Who are their customers? How are they perceived by the market? Who are the industry leaders? What is their sales volume? Where are they located? Are they profitable?

Market research can help in the development of new products and services.. Product development research is widespread and enables business to identify the most lucrative areas for a new product or service

➤ **Environmental Factors**

Information uncovers economical and political circumstances that can influence the company's productivity and operations. Questions to be answered include: What are the current and future population trends? What are the current and future socio-economic trends? What effects do economic and political policies have on the company's target market or the company's industrial sector? What are the growth expectations for the company's market? What outside factors

influence the industry's performance? What are the trends for this market and for the economy? Is the industry growing, at a plateau, or declining?

Having collected, dissected and analysed all this information, a plan can be formed and decisions made on the future direction of the company operations, both in the domestic and export markets. Ultimately the fundamentals of a true marketing mindset dictate the company take pragmatic decisions, based on the market research carried out, and on the following:-



- ❖ ***Producing what the customer wants*** - this should be the focus of the corporate business operations and planning.
- ❖ ***Creating profitable sales volume*** - not just sales volume, but profitable sales volume is an immensely necessary corporate goal.
- ❖ ***Focused co-ordination*** - between marketing activities and all other corporate functions within the business that affect marketing efforts.

Research Process

To sum up, in the 'information age', there is one great certainty - the exporter will need access to reliable and accurate market research data. To instigate a market research report, the exporter first needs to determine the specific information that is being sought. Market research should always be tied to a specific goal, so that the exporter can evaluate its effectiveness. After determining need, the exporter needs to place appropriate limitations on the project - e.g. (a) how much time should be made available for the research, (b) setting the target expenditure for the market research, (c) what is the terms of the market research brief, and (d) what are the report parameters in terms of geography, technology or product type to be researched.

Through 'usage' and 'attitude' studies, businesses are able to assess a range of intangibles such as the level of contentment among customers or individual preferences, thereby, helping to secure customer loyalty

The exporter also needs to determine what kind of market studies are to be conducted and the questions that need to be discussed with the exporter's market research provider - either an in-house research specialist or the external market research company. Points for discussion and finalisation are:-

- ❑ Will the exporting company need all primary research - e.g. interviews of industry participants.
- ❑ Will secondary research, such as annual reports, brochures and feature lists be sufficient for the exporter.

- ❑ Will the exporter need to undertake research from specialised databases, libraries or internal sources.
- ❑ Will the exporting company require inputs of raw data for corporate analysis, or does it need to be digested and analysed by an external market research company.
- ❑ Will the exporter require statistical analysis.

Whether the exporting company chooses to do all its own research or if it commissions an external researcher, gathering readily available information and data is one of the first steps in the market research process

If the exporter does not have internal skills or time to undertake market research in-house, commissioning a market research company may be



useful as the research company can be an important strategic ally. Research companies have available a wide range of investigative techniques, including telephone interviews, site visits, web and database (secondary) research, and the ability for co-ordination of research projects. They can provide an outside perspective on the exporters business, which is invaluable for gaining an unbiased view of exporters market position. The research company might also have specialist skills in writing, analysis and report presentation, or have special strengths in fields such as fmcg, telecommunications and IT. Different research firms have different specialities in both topic area and technique, so the exporting company can review the offerings of several MR companies before deciding upon a particular research company to undertake the work.

Finally, the exporter needs to ascertain an appropriate delivery method, in terms of the following:-

- ❑ Does the exporter need a report for simple in-house use?
- ❑ Does the exporter need a published or publishable market research report, so that it can be distributed within the organisation?
- ❑ Is it necessary for the collected market research data to be entered into spreadsheets or an internal database system?
- ❑ Is an on-line version of the research needed for the exporters internal intranet system?

The purpose of market research is to check the feasibility and viability of a company's product development plans and business ideas.

Management must be ready and willing to accept the results of the market research undertaken and use it to make corporate decisions, otherwise the research has no value.

Chapter 2

A STEP-BY-STEP GUIDE TO EXPORT MARKET RESEARCH

It is quite possible that some potential KSA exporting company may wish to conduct market research on an in-house basis, as they may have staff who may have some familiarity with how to undertake export market research. They may also wish to initially undertake in-house research to identify parameters for a later in-depth market study - whether this study is to be undertaken in-house or it may require external researchers to be commissioned at a more appropriate later date. Whatever the case, the following guide on undertaking market research may prove useful to the exporting company:-

➤ Screening potential export markets

□ *Step 1.*

- Obtain export statistics that indicate product exports to various countries.
- Obtain country profiles and economic reports.
- Identify the international credit rating of countries to ascertain their ability to pay.
- Identify target country risk assessment rating.



□ *Step 2.*

- Identify five to ten large and fast-expanding export markets for the exporting company's range of products.
- Look at the historic data from these countries over the past three to five years and answer the following questions:-
 - Has the target country's market growth been consistent year to year.
 - Did import growth occur, in these target countries, even during periods of economic recession.
 - If not, did growth resume with economic recovery in these countries.

□ *Step 3.*

- Identify some smaller but fast-emerging markets that may provide ground-floor niche opportunities for the exporter.

- If the market is just beginning to open up, there may be fewer competitors than in established markets, making it easier for the exporting company to establish itself in the target country.
- Growth rates should be substantially higher in these target countries to qualify as up-and-coming emerging markets, given the lower starting point.



□ *Step 4.*

- Target three to five of the most statistically promising markets for further assessment.
- Consult with Chambers of Commerce, industry/product associations, business associates, freight forwarders, and others to get a better grasp of the target market as it will help to refine the market demand needs.

➤ **Assess the specifically targeted markets**

□ *Step 5.*

- Examine trends for company products as well as related products that could influence demand.
- Calculate overall consumption of the product and the amount accounted for by imports.
- Examine industry sector analyses (country reports, and country marketing plans) that are issued by Chambers of Commerce and various government authorities - which provide economic backgrounds and market trends for each country.
- Examine demographic information (population, age, etc.) - which can be obtained from World Population (Census), Statistical Yearbook (United Nations) and various other sources.



□ *Step 6.*

- Ascertain the sources of local competition in target countries, including the extent of domestic industry production.
- Identify the major foreign companies that are likely to be the exporters competitors in the target market.
- Look at each competitor's market share in each of the target markets.

□ *Step 7.*

- Analyse factors affecting marketing and selling in target markets.

- Identify competitive products and end-user sectors in each target market.
 - Identify channels of distribution in each market.
 - Identify local cultural idiosyncrasies
 - Identify local business practices.
- *Step 8.*
- Identify any foreign tariff or trade barriers for the exporting company's product being imported into the target country.
 - Identify any local KSA barriers affecting exports to the target country (e.g. any KSA export controls, or
 - technology or product agreements which might limit/prohibit exports).
- *Step 9.*
- Identify the availability of any KSA or foreign government or international incentives to promote exporting of particular products and/or services to particular target countries (such as exhibitions).
 - Identify the availability of any international grant or loan facilities for selected target countries - including any from the Saudi Development Fund (SDF).
 - Seek information on insurance cover for country risk, and loan/credit guarantees.
- **Draw conclusions**
- After analysing the data, the exporting company may conclude that its marketing resources would be applied more effectively to a few countries.
 - In general, efforts should be directed to fewer than 10 country markets if the company is new to exporting.
 - Initially, to start with, one or two target countries may be enough.
 - The exporting company's internal resources should be the gauge to determine its level of export effort.



Chapter 3

MARKET RESEARCH METHODOLOGIES

There are various methodologies that can be used when undertaking market research. Exporters can research a market by using either primary (field research) and/or secondary data (desk research) resources. Secondary research is normally carried out initially as it can be undertaken locally without the need to travel overseas and can provide information, which can later be used to identify the parameters for undertaking any in-territory primary research at a later date.

The correct timing of a market research study can be critical to the value of the results obtained

Secondary Market Research

When conducting secondary market research, a company collects data from compiled sources, such as trade statistics for a country or a product. Working with secondary sources is less expensive and helps the company focus its marketing efforts. Although secondary data sources are critical to market research, they do have limitations. The availability of most recent statistics for some countries may be more than two years old. Product breakdowns may be too

Clearly define the marketing objectives the research should address

broad to be of much value to the exporting company. Statistics on services are often not readily available. Finally, statistics may be distorted by incomplete data-gathering techniques. Yet, even with these limitations,

secondary research is a valuable tool and a relatively easy first step for an exporting company to take. It may be the only step needed if the company decides to export indirectly through an intermediary, since the other firm may have advanced research capabilities. Because it is less costly and quicker than primary market research, it is often used by smaller companies, especially those who plan to sell their products through export sales representatives within the foreign market.

Details of some secondary sources of information are identified in Chapter 5. However, it should be stressed that there are many other sources of secondary information available and those listed in Chapter 4 are only a representative selection provided as direction indicators to the KSA's potential exporters.

Primary Market Research

Primary research is conducted in the foreign marketplace through personal interviews, surveys, and other methods of direct contact with potential customers and representatives. A major advantage of primary research is that questions can be tailored to meet the specific needs of the exporter. For this reason, it is often used by suppliers who intend to sell their products directly to local customers without using export sales representatives. However, collecting, compiling and interpreting the data can be time consuming and expensive.

Surveys are normally conducted through personal interviews, via mail, e-mail, phone or fax. Surveys comprise the development, testing and use of questionnaires with a sample of the potential clients and/or experts in order to identify needs or further characterise target markets. This kind of research is often handed over to specialised market research firms (although it can sometimes be undertaken in-house) who have the methodological know-how and the organisational capabilities, e.g. call centres, mailing administration teams, team of students doing personal interviews, etc. Market surveys will deliver precise and relevant information regarding the need and market for the exporter's products in target countries.

Develop a specific research purpose and list of research objectives

There are two main market research methods for collecting primary data, namely quantitative and qualitative research. The two methodologies can be described as follows:-

Prioritise the research objectives and determine possible management actions based on different data results

- **Quantitative** *aims to measure or count how many people do or say something*
 - Quantitative research is used to establish a picture of purchasing or consumption behaviour.
 - It is appropriate when a company want to answer questions that require precise and quantifiable numbers like - How many? How much? When? Where? By whom?
 - Quantitative research incorporates the statistical ('how many?') element, designed to quantify the extent to which a target group are aware of - i.e. thinks this, believes that or are inclined to behave in a certain way.
 - Quantitative data collection involves conducting surveys among a scientifically selected group of people. This group, or sample,

statistically represents the target population so that results can be generalised to predict behaviours of a whole target population.

- Most quantitative research is based on surveys, and information is collected by interviewing people:- (a) face to face, (b) on the telephone, or (c) through a postal survey.
- **Qualitative** aims to obtain more detailed information than quantitative research
 - Qualitative research is usually undertaken using in-depth interviews or discussion groups (focus groups) among a relative small number of people.
 - Its purpose is to provide exploratory, explanatory and diagnostic information - the how and the why - in depth. It needs to be conducted by experts, preferably face-to-face, although telephone and on-line methodologies are also used.
 - Qualitative studies explore people's views and feelings in greater depth.
 - They offer valuable insights to people's behaviour and motivations (without claiming the statistical validity of a large-scale sample survey).
 - It provides in-depth information on people's attitudes and reasons why they think or behave as they do.
 - Qualitative research typically involves a series of group discussions or individual in-depth interviews, or both.
 - It is often used to identify issues to be addressed in quantitative research.
 - Because of its exploratory and diagnostic nature, qualitative research results should never be generalised, the sample is not selected in the proper fashion, nor are sample sizes robust enough to be statistically representative of a whole target population.

Set measurable objectives that relate to a specific marketing objective

A more detailed overview of the various market research methodologies is provided in the following sections.

Specify methodology, sampling procedures, and quotas

Quantitative Research

The following chart summaries the value, in terms of the strengths and weaknesses, of each of the various quantitative methods of undertaking market research:-

INFORMATION REQUIRED	METHOD of COLLECTING MARKET RESEARCH DATA			
	Face-to-Face	Telephone	E-mail	Mail
Parameter for time required	Excellent	Fair	Poor	Poor
Probable rate of response	Good	Fair	Fair	Poor
Cost - in terms of value for money	Good	Poor	Good	Fair
Ability to ensure accurate questionnaire completion	Excellent	Good	Good	Fair
Ability to handle complex questions	Excellent	Good	Poor	Poor
Ability to collect large amounts of data per respondent	Good	Good	Fair	Poor
Accuracy on sensitive questions	Fair	Fair	Fair	Fair
Control of interviewer effects	Good	Poor	Poor	Poor
Degree of sample control	Good	Good	Fair	Fair

Obviously, the particular nature of the research objectives will determine and dictate the optimum methodology to be used in gathering the relevant information. The advantages and disadvantages of the various methods of collecting market research data are provided below:-

METHOD of RESEARCH	ADVANTAGES	DISADVANTAGES
Face-to-Face	Visuals can be used	Each interview cost expensive
	Permits deeper probes of questions	Interview bias due to personal appearance or other interviewer effects
	More flexibility as interview time allows greater flexibility	Cannot reach everyone - out of the way locations can be cost prohibitive
	Sample is more controllable	
	Seeing the respondent face to face, allowing for a more interactive interview	
Telephone	Fast way of obtaining data	Questions must be shorter and less complex than in a personal interview
	Ability to control sample size and establish quota groups of respondents	Interviews must be short - less than 30 minutes
	Easier to monitor and control interviewers	No visuals can be used
	Interviewer can probe for and clarify responses of complex or ambiguous areas	
	Callbacks are easy to make	
	No large off-site staff required	
E-mail	Visuals may be used	Addressee may not be the one who actually responds
	Very low cost	Cannot probe for and clarify responses of complex or ambiguous areas
	No interviewer bias	Only those interested likely to reply
	Less respondent "prestige bias"	Cannot reach everyone, only those with E-mail access

	Very little time required to administer	E-mail filters could prohibit respondents from receiving questionnaire
	Excellent ability to monitor and ensure completed questionnaires	
Mail	Wider sample distribution possible (can send to thousands)	List may be outdated and/or inaccurate, resulting in high sample error
	Visuals may be used	Addressee may not be the one who actually responds, so cannot control who is interviewed
	No interviewer bias	Slowest method of all, taking up to three months
	Less respondent "prestige bias"	No probing of complex questions
	Equal cost per interview as telephone research	Bias due to non-response difficult to measure
	More frankness likely on personal issues	

It is hoped that this Bulletin will assist the potential exporter to understand the basic concept of marketing research and the varying ways that it could be conducted. As can be seen, selecting the right methodology is related to the type of information required. At the end of the day, *a survey is only as good as its sample.*

For reliable conclusions to be drawn from the market research conducted, samples for quantitative research must be representative of the target group. There are a variety of ways of achieving this, in varying degrees - random samples being the most 'pure and mathematically correct' (and the most costly), quota samples (selecting respondents to match certain criteria, e.g. socio-demographic) the more cost-effective, yet still reliable. While it may seem to be the most cost

- *Design questionnaires based on the objectives of the market research.*
- *Review for biasing and leading questions*
- *Pre-test the draft questionnaire with random sample of respondents from target market*
- *Review the pre-test results to ensure questions are clearly understood and proper types of responses are being gathered*

effective to buy in a mailing list (which may be sold as a "sample"), it is highly likely that the poor quality of the list, and the resultant low response rate will produce highly misleading and unreliable results. A professional market research company could be able to advise on the best

way to obtain the best balance between cost, quality and quantity in sampling to produce reliable findings.

Very distinct skills are required to undertake qualitative and quantitative research effectively. Questionnaires have to be designed in such a manner that the questions are clear, consistently interpreted, widely understood, unambiguous, objective, meaningful, relevant and tightly defined. In addition, the person

undertaking this market research must be capable of extracting relevant information which will enable the client company to make more effective decisions. The questionnaire used in quantitative research, and topic guide used in qualitative research, are actually sophisticated documents that need to be compiled by experienced market researchers working closely with the client company. Applying the correct sampling technique and methodology is also highly skilled. Each research method has its advantages and disadvantages in different situations and need to be applied with strict adherence to sound principles of sampling to ensure acceptable quality.

There are advantages and disadvantages for each of the above types of surveying

- e.g. there is often a low response to written questionnaires, whereas person to person interviews provide little anonymity and can be expensive because of the time required. It is important to

Typical areas of interest for market research include collecting information on:

- *Existing market needs for products/services*
- *Development of the market needs*
- *Competition*
- *Characteristics and size of potential target market/group*
- *Regional resources*

carefully consider the objectives of the market research and the logistics of each method before deciding which one is the most appropriate one to use.

Qualitative Research

As stated earlier, qualitative research is usually undertaken with a relative small number of people, using in-depth interviews or discussion groups - focus groups. A focus group is a group discussion among eight to twelve individuals, typically lasting one to two hours. Focus groups are designed to uncover the "why" of customer behavior through the candid discussion of opinions, attitudes, and perceptions. Properly designed and conducted focus groups can generate a wealth of ideas, hypotheses, and information on the topic at hand.

Groups generally contain a homogeneous selection of participants, screened to have one or more characteristics in common, such as job description, education level, product purchase patterns, age category, or type of buying behavior. Participants usually receive a co-operation fee to compensate for their time and mileage, as well as to increase their likelihood of attendance.

Analyse the data collected and identify its meaning.

Typically, focus groups are conducted in facilities equipped with a one-way mirror or video equipment allowing clients (the exporting company) direct observation of the group. Clients then have the opportunity to send in questions on the spot as the discussion

progresses. Clients can also gain better insight into issues by directly observing non-verbal behavior such as nodding heads, smiles, or frowns.

Qualitative research, including focus groups, can be used wisely or unwisely. As mentioned earlier, focus groups are designed to get at the "why" of customer behavior. In a focus group, probing questions could be asked, such as "Why would you vote for a particular product?" "How does brand A differ from brand B?", and "What changes would have to be made to brand B for the consumer to prefer it?" These probing questions should lead to obtaining useful data that could provide information in relation to:-

- ❑ Assess a company's existing image and position in the marketplace.
- ❑ Evaluate new product concepts and features.
- ❑ Examining and testing the company's communication's effectiveness, clarity, and perceived message.
- ❑ Enabling the generation of hypotheses, new product concepts or service ideas.

Focus groups are especially valuable for the evaluation of a product's visual effects, such as product packaging or advertising layouts, or of products requiring sensory feedback, as in taste testing or new product demonstrations.

Develop recommendations and action plans based on research findings

Generally speaking, focus groups are normally used in the following situations and circumstances:-

- ❑ When a company is unfamiliar with the decision-makers' opinions and wants to get a broad idea about them quickly.
- ❑ Where products/services need fresh ideas and revitalisation.
- ❑ Where a company want to raise awareness and begin brainstorming process for new solutions to particular problems.
- ❑ Where the company needs to check a communications concept to determine if anything is confusing, misleading, or could be viewed negatively.
- ❑ Where there is a need to diagnose, to add dimension to data and/or to design quantitative research.
- ❑ When a company needs to listen to customer language in describing their uses or misuses of the company's products.

Specialised Forms of Market Research

There is a range of specific types of market research that is available to companies, to assist them to gauge public attitudes in niche sectors. Information

for these niche sectors has to be collected in a specialised format. What these formats are and how they can be utilised, is identified in the following listings:-

- ❑ **Corporate & Brand Image** - research explores what different audiences think of specific brands, companies and sectors, and why. It monitors the health and power of brands and their likely sustainability over time.
- ❑ **Employee Attitude** - research explores what employees think of their employer and working environment, links this to customer satisfaction measures and evaluates the implications this has for corporate success.
- ❑ **Investor Relations** - research helps companies understand how the financial market regards the company, its shares and its sector, enabling better communications and management of investor relations.
- ❑ **Opinion leader** - research explores company reputations among the 'movers and shakers' of society, providing key performance indicators to measure over time and against competitors.
- ❑ **Socio-cultural** - research explores underlying social and economic trends and how these are likely to impact on different market sectors.
- ❑ **Survey** - research can provide comparative, statistical, trend and/or diagnostic data.
- ❑ **Ad-hoc Surveys** - designed exclusively for a client's specific needs and objectives. Syndicated surveys offer a number of clients a common data set with customised questions and reporting.
- ❑ **Omnibus Surveys** - are run regularly by market research companies, (usually nationally among all adults) enabling various clients to insert questions and save on the costs of conducting their own survey.
- ❑ **Awareness Surveys** - usage and attitude studies enable clients to understand how consumers relate to their brand, compared with competing brands.
- ❑ **Segmentation Studies** - to identify target markets and understand which groups are most interested in a company's product/service.



Market research utilises all relevant methodologies to ascertain which foreign markets provide the best opportunities for an exporting company's product range

Chapter 4

SOURCES FOR SECONDARY MARKET RESEARCH

There are many domestic, foreign, and international sources of information concerning foreign markets. Available information ranges from simple trade statistics to in-depth market surveys. A representative selection of secondary market research sources are outlined below:-

- ❑ Trade statistics indicate total exports or imports by country and by product and allow an exporter to compare the size of the market for a product among various countries. Some statistics can be used also to reflect the KSA's share of the total country market in order to gauge the overall competitiveness of KSA producers. By looking at statistics over several years, an exporter can determine which markets are growing and which are shrinking. As an example, the WTO website is www.wto.org/english/res_e/statistics_e/stat_toc_e.htm
- ❑ Market surveys provide a narrative description and assessment of particular markets along with relevant statistics. The reports are often based on original research conducted in the countries studied and may include specific information on both buyers and competitors. There are many websites - some of which are www.fxiresearch.com, www.burkhardtresearch.com, www.marketsearch-dir.com
- ❑ International Financial Statistics (IFS). Published by the International Monetary Fund, IFS presents statistics on exchange rates, money and banking, production, government finance, interest rates, and other subjects. This is a fee paying service and their website can be viewed at <http://ifs.apdi.net/imf>.
- ❑ The UN Statistical Yearbook is published by the United Nations (UN). This yearbook is one of the most complete statistical reference books available. It provides international trade information on products, including information on importing countries useful in assessing import competition. The yearbook contains data on many countries and territories on economic and social subjects including population, agriculture, manufacturing, commodity, export-import trade, and many other areas. Details can be viewed on website <http://unstats.un.org/unsd>.
- ❑ World Bank Atlas. The World Bank Atlas provides demographics, gross domestic product, and average growth rates for every country. Website detail on <http://nebula.worldbank.org/Website>.
- ❑ World Factbook. Produced annually by the CIA, this publication provides country-by-country data on demographics, economy, communications, and defence. This can be viewed on website www.cia.gov/cia/publications/factbook/.



- Various international websites provide a range of country data/information to help their respective exporters and this same information can be utilised by the KSA exporters wishing to gain some insight into specific export territories. The most informative websites are from the UK, Canada, USA and Australia - these should be accessed by the local exporters for information gathering purposes. The website addresses are www.tradepartners.gov.uk, www.exportsource.ca, www.tradeport.org, and www.austrade.gov.au respectively.



- World Population. The U.S. Bureau of the Census collects and analyses worldwide demographic data that could help exporters identify potential markets for their products. Information on each country is updated every two years - total population, fertility, mortality, urban population, growth rate, and life expectancy. It also contains detailed demographic profiles of individual countries, including analysis of labour force structure, infant mortality, and so on. Details can be found on website <http://www.census.gov>.
- National Trade Data Bank. The NTDB contains export promotion and international trade data collected by 15 U.S. government agencies. Updated each month and released on CD-ROM, the data bank enables access to more than 100,000 documents. The NTDB contains the latest census data on U.S. imports and exports by commodity and country; the complete Central Intelligence Agency (CIA) World Factbook; current market research reports compiled by various US organisations, and many other data sources. The website for NTDB is www.stat-usa.gov.
- Corporate Evaluation Services. To assess the background and financial basis of companies (distributors, agents, representatives, etc.), two fee-paying services are available which could assist. Their website addresses are www.dnb.com.sg / www.dnb.com (Dunn & Bradstreet - D&B) and www.cofacerating.com (Coface Group).
- Worldcasts. This eight-volume annual series presents 60,000 abstracted forecasts for products and markets outside the United States. Forecasts are arranged by modified standard industrial classification (SIC) codes and are typically one-line entries providing short- and long-range projections for consumption, employment, production, and capacity. A product volume and a regional volume are published each quarter. For information contact Predicasts, 11001 Cedar Avenue, Cleveland, OH 44106, USA; telephone 800-321-6388 or 216-795-3000.
- Exporters Encyclopedia. This extensive handbook on exporting is updated annually and contains exhaustive, in-depth shipping and marketing information. More than 220 world markets are covered country by country. Topics include country profile, communications, trade regulations, documentation, marketing data, health and safety regulations, transportation, and business travel. For information contact Dun's Marketing Services, 3 Sylvan Way, Parsippany, NJ 07054-3896, USA; telephone 800-526-0651 or 201-605-6749.
- Organization for Economic Cooperation and Development (OECD) surveys. These economic development surveys produced by OECD cover each of the 24-member OECD countries individually. Each survey presents a detailed analysis of recent

developments in market demand, production, employment, and prices and wages. Short-term forecasts and analyses of medium-term problems relevant to economic policies are provided. For information contact Organization for Economic Cooperation and Development, Publications and Information Center, 2001 'L' Street, Suite 700, Washington, DC 20036, USA; telephone 202-785-6323.

- ❑ OECD publications. OECD publishes widely on a broad range of social and economic issues, concerns, and developments, including reports on international market information country by country, such as import data useful in assessing competition. For information contact Organization of Economic Cooperation and Development, Publications and Information Center, 2001 'L' Street, Suite 700, Washington, DC 20036, USA; telephone 202-785-6323.
- ❑ FINDEX - The Directory of Market Research Reports, Studies and Surveys. This reference guide to commercially available market and business research, including international market research, contains more than 10,000 listings of reports, studies, and surveys. For information contact Cambridge Information Group, 7200 Wisconsin Avenue, Bethesda, MD 20814, USA; telephone 800-227-3052 or 301-961-6750.
- ❑ Electronic databases. A number of private sector databases are available to provide specific marketing information for firms interested in doing business internationally, such as the PIER service of the Journal of Commerce and DIALOG. Many of these databases are accessible directly by PC.

Apart from the above, there are a substantial number of other Internet and non-internet sources of secondary information, which are too numerous to mention. The local exporters are encouraged to search out, identify and secure available information, relevant to their business and export plans.

