

# Globalization and trends in international marketing research in Asia

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## Abstract

Several factors account for globalization trends including the mass liberalization of markets, the impact of technology, and the rapidly changing methods of communication and distribution worldwide. Foreign markets are becoming increasingly important to multinational companies, and this has led to a shift in the organization and philosophy of the international marketing research companies. The benefits of an international approach to research buying include better control and coordination of the research in many countries, comparability of the research findings, and better understanding of the marketing functions on a transnational basis. Both clients and research agencies recognize that it is far more important to possess a holistic understanding of the total operating environment (including political and economic issues) and have better appreciation of the competitors' plans and activities than conventional marketing research data. If international marketing research can adhere to the clients' needs, it will continue to be relevant and will prosper in the new millennium. © 2002 Elsevier Science Inc. All rights reserved.

*Keywords:* Globalization; International marketing research; Asian marketing research; Consumer behaviour

## 1. Introduction

The past two decades have seen the fast globalization of business in the world, particularly in the Asia Pacific region, with the booming of the Asian economies such as Japan, South Korea, Taiwan, and Singapore. Recently, the economic crises have hit home and affected the growth of these economies, as well as the lesser-known economies of Thailand, Malaysia, and Indonesia. Globalization and recession, though happening sequentially and are unrelated to each other, have far-reaching and important effects on marketing research companies and their activities in Asia. This article will examine some of these implications and consequences, including a review of marketing research activities in Asia, an overview of the globalization trend, and the recent recession in Asia.

## 2. A review of marketing research activities in Asia

Many multinational companies in Asia carried out ad hoc marketing research, the most prominent ones being Citibank (for many of its products including current and saving

accounts, private banking, and revolving credit lines), DHL, Motorola, and Fuji Xerox. Fuji Xerox, for example, conducted research in which purchasers of its photocopiers were surveyed within 3 months after installation of the machines. The company regularly conduct at least one other research covering users of competitors' brands such as Canon, Panasonic, and Ricoh. Motorola administered a number of new product tests for its pagers and mobile phones, and process periodic surveys of its distributors and retailers. Telecommunications infrastructure companies like Singapore Telecoms, Mobile One, and Cable and Wireless also conducted various types of research of specific target groups, for example, potential and actual users of IDD, International Calling Cards (ICC), pagers, and mobile phones. The issues covered in these researches include network quality and coverage, billing charges, assessment of delivery services, and other customer satisfaction indicators. Consumer product companies that advertise regularly are also commissioning more advertising research in recent times as consumer spending escalates.

A variant of mainstream marketing research is the tracking and continuous type of research. This form of research includes longitudinal studies, mystery shopping, and panel research; all of which are generally less popular in Asia than ad hoc marketing research. Tracking studies range from simple self-administrated questionnaires filled out in hotels, restaurants, or airlines to more sophisticated computer-based

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systems such as Marketmind and the Stochastic Reaction Monitor (SRM) operated by the Market Behavior group of companies in Asia. Both systems, though different in their marketing philosophy and orientation, use fairly consistent methodology based on weekly quota interviews and rolling samples. These systems aim to provide information on brand and mind shares, product imagery, advertisement recall and effectiveness, predisposition profiles of respondents and operational coverage, etc.

Another form of continuous research is the mystery shopping survey, which uses evaluators to assess an organization's outlets and operations in an unbiased and factual way. Mystery shopping survey assesses service quality, product knowledge of staff, and efficiency of operations in shops, outlets, and branches of both the competitors and the client. Businesses that have lots of direct service contacts with customers typically use mystery shopping surveys as a means of obtaining consumer feedback. Examples of such businesses include Shell and British Petroleum (BP), fast food outlets such as McDonald's and Long John Silver, banks such as The Hong Kong and Shanghai Bank (HKSB) and Overseas Chinese Banking Corporation (OCBC), and major airlines such as Singapore Airlines and British Airways. The mystery shopper survey's performance score is often integrated with results from conventional research with customers to provide clients with an overall customer satisfaction index for itself, as well as for their competitors.

Another way of conducting planned primary data in Asia is through the use of consumer panels. Consumer panel is a longitudinal survey of the same samples of individuals or households to record their attitudes, behavior, or purchasing habits over time. Panels are especially useful for tracking repeat-purchase behavior and purchasing habits along with changes in price, special promotions, or other aspects of marketing strategy. In Asia as in the West, packaged-goods companies using their own resources or the services of marketing research agencies usually conduct panel research on continuous basis.

### 3. Globalization and international marketing research

The major and more profitable companies operating in Asia are the big six marketing research agencies. These agencies are Market Behavior (parent company: NFO Worldwide based in the United States), Asia Marketing Intelligence (AMI), Sofres Frank Small (Sofres FSA), Research International (RI), Nielsen-SRG, and Acorn, (a Singapore-based company that has seen expansion in the region mainly through strategic alliances with other agencies).

Multinational companies would want to use agencies with a regional, if not a global, presence given the commitment and spread of their investments and markets. Foreign markets are becoming increasingly important to multinational companies, and this has led to a shift in the organ-

ization and philosophy of these companies. The benefits of an international approach to research buying include better control and coordination of the research in many countries, comparability of the research findings, and better understanding of the marketing functions on a transnational basis. According to Banks, (1997, p. 5), there were also strong economic reasons for standardization and rationalization of research methods and international coordination. By careful design and updating of methods, companies avoided the cost of reinventing the wheel. Through standard presentation of conclusions, researchers avoided information overload, and this enabled managers to assimilate results in a quicker and actionable manner. Research fees were usually more economical if the research was commissioned to one international agency across many countries than to many small, independent companies.

The demand of companies for quick, actionable, and comparable results has put tremendous pressure on agencies to review their organization and working philosophy. Traditional research agencies run fairly independently with regular reporting to the parent company only in financial and revenue matters. Research techniques or sector knowledge are usually not shared, and there is very little transfer of skill, expertise, or management information between the different local country management staff.

Research agencies in Asia are now more reflexive and proactive in their management style as international coordination research work grew. Out of the estimated US\$211-million research revenues among the big six, fully US\$49 million (24%) was accounted for by research in which there is an international dimension (Banks, 1997, p. 5). In Singapore, where one of the authors worked in Market Behavior Singapore for many years, he saw the international research work component grew from a low percentage of 10% in 1988 to over 50% in 1998.

In response to clients' needs, marketing research agencies are now more mindful of the minefields and barriers in multi-country research programs. These barriers could include translation problems, cultural and lifestyle nuances, response biases in certain countries, different stages of market development for a product or brand, and even political and legislative background that may affect the gathering of public opinions. Agencies have responded to these challenges by various measures such as holding international seminars and training sessions, encouraging staff mobility between different country offices, and seeing that local research agencies have a major say in matters such as sample structure, questionnaire design, and report writing.

### 4. Global research techniques/products and specialist sector knowledge

The marketing research agencies have also responded to the increasing client demand for more accurate and

relevant research information in market sectors of interest to them. This has fuelled the development of research techniques or products both in qualitative and quantitative research.

Qualitative research has seen great improvements in the implementation aspects of research over the straightforward discussion techniques. These improvements include development in projective and psychological tools such as brand personification and mapping. Focus group participants are also getting smarter and more articulate. Some agencies are getting focus group participants to play a bigger role by giving them complex tasks to perform before the commencing of the group discussions. Such tasks include getting participants to use disposable cameras to capture aspects about their life, thinking about a prototype product or service in a brochure send to their home, depriving themselves of a particular product or service before the discussion, or bringing along a symbol of their lifestyle (like their favourite snack) to the discussion group. Technology is also being harnessed directly in the state-of-the-art videotaping and e-mailing of reports, as well as the videoconferencing involving participants from many locations.

The Internet has opened up tremendous possibility for research. Already, researchers could post questions on the Internet and receives feedback immediately. Some research agencies regularly conduct cyber-research using on-line focus groups and one-on-one interviews, and sending of e-polls on behalf of their clients. While there are certain limitations about doing research among self-selected samples, the opportunity to receive immediate feedback and communicate directly with panel members through bulletin boards and chat lines are enormous.

In quantitative research, the development of research tools is even faster. Great strides have been made in customer satisfaction research as witnessed by the many proprietary systems such as the Walker Customer Satisfaction Monitor (CSM) and the SMART system developed and internally supported by RI on a global basis. In the area of continuous tracking, the most prominent must be SRM and Marketmind (formerly franchised to Sofres FSA) now purchased and brought under the NFO group of companies. In Asia, users of continuous tracking research include telecommunication giants like Singapore Telecoms, fast food companies like McDonald, and FCMG clients like Nestle and San Miguel beer. In advertising and brand research, there are systems such as ADD-Impact and RI's Equity Engine, a brand equity product designed in the United Kingdom.

Another development in recent years has been in specialist sector knowledge. Some examples of this are in the areas of automobile, financial, or food and beverage research. Sector specialists have jurisdiction over a certain geographical area or region and have responsibility to market, coordinate, and carry out research projects with the cooperation of country managers in countries

involved in such research. Like the research techniques or product specialists, market sector specialists could be based in one country, but his or her arena of work would cover many countries.

As pointed out by Banks (1997, p. 9), such a setup is already in place in RI, where the International Account Directors (IAD) responsible for managing the principal client partnerships on a global basis are afforded the same status within the organization as country managers, International Specialist Directors, and International Brand Directors. Such is the setup presently being build by MBL in Asia, where the research techniques/product specialists are called product champions and the specialist sector people are known as market sector champions. The sector market champions report to a regional market sector champion and a regional market sector champion, who in turn report to a global market sector champion. This is not to say that the traditional, geographically defined, legally constituted research agencies are no longer relevant. However, there now exists an overlaying of "virtual research companies, defined by the various skills and services that are being demanded by the multinational clients." (Banks, 1997, p. 10) In such a scenario, one would expect that the country managers would end up having less power, which may be good thing in alleviating the "protect and build up the turf" tendency in management. The benefits to the clients and the research agencies are many with this arrangement and could include the following:

#### 4.1. Benefits to clients

- Better coordination of research program, especially cross-learning from multi-country projects.
- Greater understanding of the client's business by the agency enables the latter better to target the design and provide more actionable findings.
- The potential to reduce cost of research.

#### 4.2. Benefits to marketing research agencies

- The opportunity to develop closer relationships with clients.
- Increased volumes of business.
- Predictable, guaranteed work.

The ability to understand the client business must bring with it insights and values for the client business of which the primary research findings are but a part of the total picture. The Internet represents a new data collection tool for which market researchers cannot afford to ignore. The modern researcher should be experienced in searching multiple databases, analysing secondary and primary data based on a variety of resources and offering sound solutions based on the client's strategic interests.

## 5. Economic recession and international marketing research

How has the recent crisis in Asia affected the demand and use of marketing research? The consensus among researchers and marketers at the Asia-Pacific Marketing Research Conference was one of cautious optimism, with many seeing the drop in the economy as a cyclical blip and looking forward to the future with confidence (Esomar NewsBrief, 1999, p. 4). During the worst part of the crisis sometime in late 1998 and early 1999 with a huge output and revenue slump and low consumer confidence, there were cutbacks in advertising and research, especially among local and smaller companies. The bigger research agencies tend to fare better and attract more business because of their links to the MNCs for whom business goes on as usual.

This attitude of the MNCs is best reflected in the comment of Kushi Khanna, Marketing Director, Pepsi Cola, Hong Kong SAR when he pointed out that Pepsi has taken an aggressive stance and actually upped its marketing activity in the region during the economic crisis. "First we believe that this will make us stand out at a time when other brands are cutting back — this will help business now and also we will, hopefully come out stronger once the crisis is over. Secondly, given the drop in local currency value, versus the US Dollar and the fact that many companies are cutting back, the cost of services, such as in media etc. is actually lower now. We can up the activity, without a huge increase in spending." (Esomar NewsBrief, 1999, p. 5) Much of this attitude is reflected in the words of Bernadette Altavas, Director of Regional Market Research, Johnson and Johnson when she remarked that the company was a victim of a short-term economic crisis, but "we are here in the long-term and brand equity protection is essential." (Esomar NewsBrief, 1999 p. 6)

Smaller marketing research agencies may have been affected by the crisis. The effect was mainly concentrated in the badly hit countries such as Indonesia and Thailand, where there were slowdown and erratic pricing cutting by marketing research agencies. On the whole, the marketing research business was solvent in countries such as China, Taiwan, Malaysia, and Singapore.

In these countries, multinational companies were waking up to the trend that consumption patterns and attitudes towards local and international brands have changed. These changes needed to be tracked continuously for the brands in the different markets. Regarding the nature of research projects in recessionary times, there were more tactical and qualitative research and continued tracking and monitoring work such as consumers' reactions to promotion, packaging, and pricing and to cheaper variants of brands. (Esomar NewsBrief, 1999 p. 9)

An article at the Asia Pacific Conference from AC Nielsen covering Indonesia, Malaysia, and the Philippines showed how consumers cope in times of recession (Esomar NewsBrief, 1999, pp. 6–7).

Products such as personal care and baby products were the most resilient to changes in demand. For generic household products such as detergents and toilet papers, these items were more susceptible to substitution strategy. Products such as chocolates, snacks, and carbonated soft drinks were considered frills during hard times. People tended to reduce expenses by eating out less often and taking fewer weekend trips. This usually affects the lower socio-economic classes more than the middle and upper class consumers. An article by Speece (1998) showed that for the vast majority of Asian middle class consumers, few were purely price-orientated when they choose products. Brand building was a key issue for manufacturers and retailers, and brands needed to be repositioned from a purely strong quality image to one that included the good value concept, what Speece called value-orientated buying behavior.

In an interesting interview in Esomar NewsBrief (1999), Tang K.N., Regional Chairman, AC Nielsen Asia Pacific looked at some emerging consumer trends during the economic turmoil. He mentioned various coping strategies used by consumers derived from Nielsen's continuous retail indices and region-wide consumer surveys. Ironically, these coping strategies were creating growth of their own, driven by consumer demand for value. These coping strategies include:

- Downscaling on luxury items and recreational activities and less often buying of luxurious products or services.
- Using cheaper substitutes for expensive specialised products — e.g., from full-cream to cheaper filled milk brands.
- Using multipurpose products, e.g., laundry detergents used to wash clothes and clean cookware, tableware, and even cars.
- Switching from imported to local brands, particularly in categories such as clothes and fashion items.
- Buying products in smaller sizes so that people can manage their cash flow better especially in the detergent and shampoo categories.
- Using products for a longer time, to make them go further, e.g., shoes, clothes, and toothbrushes.
- Using some products only for special occasions such as air fresheners, wines, and liquors.
- Giving up products entirely — however, there are only a handful of products that are given up entirely.

A full-fledged economic recovery appears to be underway in Asia. Singapore economic growth this year is poised to hit 4% according to a study by the Development Bank of Singapore (DBS) (Straits Times, 2 July 1999, p. 73). Even Indonesia is coming to some measure of political stability with the election of a new President, Abdurrahman Wahid and Megawati Sukarnoputri of the Indonesia Democratic

Party-Perjuangan (Struggle) as Vice-President. According to a report in the Straits Times (2 July 1999, p. 72), the growth projection is 6–7% in the next 3 years, and this is from a decrease of 13.7% in 1998. Barring any more big shocks to the world's financial system, there is clear evidence that the region's harrowing economic free fall is nearing bottom for the first time since mid-1997. The region stock markets are again riding high, and property prices in countries such as Singapore and Hong Kong have improved markedly.

## 6. The future of international marketing research

The globalization trend of multinational companies has underlined the importance and use of marketing research, especially if the research is set out in an integrated and systematic program. Global or, at the very least, regional marketing agencies are more often sought after rather than single country and independent agencies. The MNC and research agency relationship has in fact progress beyond the client and consultant level to one of long-term, mutually beneficial partnership. This has contributed to the growth of the bigger and better established marketing research agencies. The onset of the Asian economic crisis has resulted in many companies realizing and appreciating the fragile and tenuous nature of their market share and presence in international markets. Even for established brands, there is a lot of work to be done in brand building, protection, and equity, especially in bad times.

Many multinational companies are aware that consumption patterns and attitudes towards local and international brands have changed and that these changes need to be tracked continuously in the different markets. Most of the research work carried out by agencies in the past year or two was more tactical in nature. Emphasis has been marked on qualitative research and continued tracking and monitoring work such as consumers' reactions to promotion, packaging, and pricing.

At the very senior level of MNC management, there is also growing realization that it is not enough to monitor shifts in brand perception or market share. It is, in fact, far more important to possess a holistic understanding of the total operating environment (including political and economic issues) and have better appreciation of the competitors' plans and activities. This understanding results in the clients' increasing dissatisfaction with traditional marketing research as being too narrowly focused on marketing issues: research techniques and an overriding concern with data rather than analysed information. They can derive only limited value from the conduct of such research. They provide only snapshot views of reality from the marketing perspective and have some relevance and value only in the aspects of the marketing mix and for the assessment and short-term prediction of customers' attitudes and behavior. Moreover, all these analyses are

conducted in isolation without reference to the competitive and wider economic and technological environment. Marketing research should therefore not just be conducted in response to one apparent market threat or opportunity, but rather on an ongoing basis in order to achieve a sustainable advantage. Information from such marketing research can form part of the market intelligence input but is otherwise rather restrictive from the strategic and long-term decision-making perspective.

Marketing research needs to be conducted in a more integrated, analytical, and systematic manner by research agencies for their clients, especially in a highly competitive and turbulent economic environment, as is currently the case in Asia. If this is not forthcoming, we envisage that more and more companies may view marketing research as mere mindless data gathering and processing and may instead turn to market intelligence system as an alternative for strategic decision making. Management should ensure that the thrust of the information search is geared towards obtaining information that will, at a minimum, enable the performance of the following analyses of competitors (Caudron, 1994 p. 38).

- Analysis of ownership structure — to determine the structure of ownership, costs, asset composition, financial ratios, financing sources, cash flow, etc. of competitors.
- Analysis of key indicators — to identify the competitors' industry, revenues, sales, customers, products, and services.
- Analysis of competitors' position — to identify competitors' prices, production costs, costs to sell their products and services compared to their own system for similar products and services.
- Analysis of current strategies — to identify and analyse the competitors' current strategies and tactics, why they pursue these strategies and tactics and the opportunities and threats presented to the company as a result of the company's own current strategies and tactics.
- Analysis of future strategies — to develop possible scenarios of what one believe may be the competitors' future strategies and tactics and the possible opportunities and threats these strategies and tactics may present to the company.

To the marketing research professionals' credit, the industry has heeded its wake-up call. The key theme for the 1999 ESOMAR congress in Berlin was "The Power of Knowledge: From Research Finding to Marketing Intelligence." As pointed out by its outgoing president, in the past, the onus on marketing research agencies was to provide information. At present, the situation appears to be that the information aspect itself was found wanting, as more and more companies demand knowledge. Knowledge management may be an elusive concept to grasp, but it was also the philosophy that underpins global businesses of the future (Research, October 1998, pp. 12–14).

A separate session in the conference was devoted to marketing intelligence, and its importance was underlined

by the session chairman when he spoke about the purpose of marketing intelligence as providing management with the facts, information, and insights it needs to make the best, most efficient business decisions. He went on to say that market intelligence was dependent on the company's strategy, but it also shaped the strategy of companies. In this way, marketing intelligence was, in the end, a responsibility of top management (Esomar NewsBrief, 1998a, p. 18).

The theme of knowledge in marketing research was further carried on in the Australian Market Research Association (MRSA)'s 1998 conference entitled "The Wisdom of Foresight" held in Melbourne in October 1998, where the many articles presented highlighted the role of accumulated wisdom and foresight in providing the key value in marketing research. If international marketing research can adhere to the clients' needs, it will definitely be relevant and will continue to prosper into the new millennium.

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