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Assessing and Analyzing Markets

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R. F. Corbis

“Think locally, offer value, and be patient. That last one is key: You can make an elephant dance. But it takes time to learn the right tune.”

—Om Malik on marketing to India, *Business 2.0*, July 2004, p. 76

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Grassroots Marketing Research

Entrepreneur Peter Johns, a 30-year veteran in international marketing, had the idea of distributing mail-order catalogs for upscale U.S. firms in Mexico. He felt that because the Mexican economy was expanding, the rich would want to buy foreign-made luxury goods. However, when Johns went to confirm his beliefs with hard data, the market veteran found none to his liking. Government data were of no help.

The other alternative was personal observation, and so Johns visited the affluent neighborhoods and shopping areas to see for himself. The satellite dishes and imported sports cars, along with other information he gathered, led him to the conclusion that his target market was about 300,000 families.

Johns formed a company to distribute the catalogs of 20 American firms, Choices Unlimited, in which Mexican investors owned 60 percent. But now he had a second problem. He needed mailing lists, but he couldn't find what he needed in Mexico. This time Johns went to the Mexican investors in his own company. They gave him memberships in the city's exclusive golf clubs. He also obtained directories of the parents of the students at some of the exclusive private schools. The information he gathered enabled him to make a flashy debut at a fancy members-only nightclub. After a fashion show followed by heavy food and drink, 800 people each put down \$28 in pesos to become charter members. They got catalogs, promotional discounts, and more fashion show invitations. Choices Unlimited pledged to make deliveries from the United States in 15 days and hired Federal Express to do it. Mexican Customs also promised to give its packages fast service.

The entrepreneur rightly predicted that the North American Free Trade Agreement would give his business a big boost because it would eliminate or greatly reduce Mexico's 15 percent import duty on clothing and 20 percent duty on luxury goods. What he didn't count on, however, was Mexico's 40 percent devaluation of the peso, which raised the peso prices of imported products paid for in dollars over 60 percent. An item costing 100 pesos before the devaluation would now cost 160 pesos.

Johns and Mexicans involved in importing were hoping that (1) the \$50 billion rescue package from the IMF, the Bank for International Settlements, and the United States would stabilize the peso and (2) a cheaper peso in terms of the dollar would enable Mexico to export its way out of the financial crisis. By 1998, Mexico had recovered substantially from the 1994 crisis and was displaying strong economic growth. Inflation had dropped, and both unemployment and retail sales were up. It seems that Johns was right after all: Although the peso has continued to slide (it is now hovering at over 11 to the dollar), the devaluation has been gradual, and devaluation has helped make Mexican products cheaper abroad.

Sources: "Macroeconomic Forecasts for 1998," *Review of the Economic Situation in Mexico* (Mexico City: Banco Nacional de Mexico, January 1998), pp. 18–32; Ed Yardeni, "Mexican Business Indicators," *Dr. Ed Yardeni's Online Chart Room*, February 2, 1998, www.yardeni.com/country.htm#Mexico (February 12, 1998); "The Egg on Zedillo's Face," *The Economist*, January 7, 1995, p. 31; "Putting Mexico Together Again," *The Economist*, pp. 65–67; and "Grass-Roots Marketing Yields Clients in Mexico City," *The Wall Street Journal*, October 24, 1991, p. B2.

CONCEPT PREVIEWS

After reading this chapter, you should be able to:

discuss environmental analysis and two types of market screening

explain market indicators and market factors

describe some statistical techniques for estimating market demand and grouping similar markets

appreciate the value to businesspeople of trade missions and trade fairs

discuss some of the problems market researchers encounter in foreign markets

understand the difference between country screening and segment screening

identify the sources of information for the screening process

appreciate the utility of the Internet as a source of market research data

The minicase above illustrates the difficulties experienced marketers have when they do market assessment and analysis in another nation, even one as advanced as Mexico. It also shows that experienced international marketers like Johns will not be stopped by lack of data but will use whatever methods are available to get what they need. Often these methods are quite ingenious. Note how Johns compiled his mailing list at no cost when he could not find what he needed. Later in this chapter, we shall look at other problems marketers have in doing research across cultures.

The market research Johns did is the first step in the market screening process: determining the basic need potential. We shall describe this process fully in the next section. **Market screening** is a modified version of environmental scanning in which the firm identifies markets by using the environmental forces to eliminate the less desirable markets.

Environmental scanning, from which market screening is derived, is a procedure in which a firm scans the world for changes in the environmental forces that might affect it.¹ For some time, environmental scanning has been used by management during the planning process to provide information about world threats and opportunities. Those who do environmental scanning professionally may belong to such organizations as the Society of Competitive Intelligence Professionals (www.scip.org). In addition, private environmental scanning services are available from a number of private firms. Examples of such service providers include Summit Analytical Associates (www.s2a.com) and Stratfor, Inc. (www.stratfor.com).

Market screening assists two different kinds of firms. One is selling exclusively in the domestic market but believes it might increase sales by expanding into overseas markets. The other is already a multinational but wants to be certain changing conditions are not creating markets about which its management is unaware. In both situations, managers require an ordered, relatively fast method of analyzing and assessing the nearly 200 countries to pinpoint the most suitable prospects.

market screening

A version of environmental scanning in which the firm identifies desirable markets by using the environmental forces to eliminate the less desirable markets

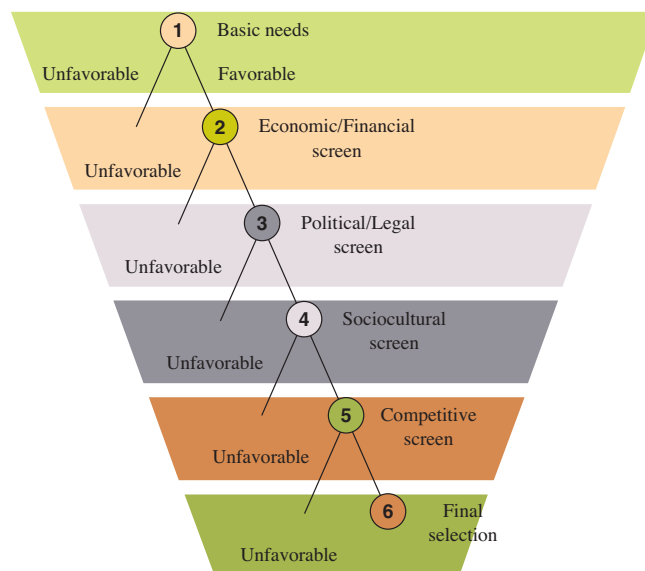
environmental scanning

A procedure in which a firm scans the world for changes in the environmental forces that might affect it

Market Screening

Market screening is a method of market analysis and assessment that permits management to identify a small number of desirable markets by eliminating those judged to be less attractive. This is accomplished by subjecting the markets to a series of screenings based on the environmental forces examined in Section three. Although these forces may be placed in any order, the arrangement suggested in Figure 14.1 is designed to progress from the least to

FIGURE 14.1 Selection of Foreign Markets



the most difficult analysis based on the accessibility and subjectivity of the data. In this way, the smallest number of candidates is left for the final, most difficult screening.

Two Types of Screening

In this chapter we will look at two types of market screening procedures. The first, which could be called **country screening**, takes countries as the relevant unit of analysis. The second, which we might call **segment screening**, is based on a subnational analysis of groups of consumers.

country screening
Using countries as the basis for market selection

Initial Screening

Basic Need Potential An initial screening based on the basic need potential is a logical first step, because if the need is lacking, no reasonable expenditure of effort and money will enable the firm to market its goods or services. For example, the basic need potential of certain goods is dependent on various physical forces, such as climate, topography, and natural resources. If the firm produces air conditioners, the analyst will look for countries with warm climates. Manufacturers of large farm tractors would not consider Switzerland a likely prospect because of its mountainous terrain, and only markets known to possess gold deposits are likely customers for gold-dredging equipment.

segment screening
Using market segments as the basis for market selection

Generally, producers of specialized industrial materials or equipment experience little difficulty in assessing their basic need potential. A builder of cement kilns, for example, can obtain the names and addresses of cement plants worldwide through the Web site of the Portland Cement Association near Chicago. A list of firms in an industry, often on a worldwide basis, is available either from the industry association or from specialized trade journals. This is certainly straightforward, but what about less specialized products that are widely consumed? For example, it is problematic to establish a basic need for chocolate and harder still to do so for puzzles, pet robots, or movies on DVD. In this case we are moving from needs to wants.

Foreign Trade and Investment If the nature of the good or service is such that a definite basic need potential cannot be readily established, analysts can use the United Nations' *International Trade Statistics Yearbook*, Volume II. This yearbook details which countries export and import their firms' products and the dollar quantities. Furthermore, annual dollar values are given for the past five years, enabling analysts to establish trends for projecting future values. Table 14.1 reproduces a page from the *Yearbook* showing the chocolates group, code 073.

Analysts who want to know where American competitors are exporting their products can go to the International Trade Administration's (ITA) site on the Internet, www.ita.doc.gov. The U.S. Department of Commerce also has the report *U.S. Exports of Merchandise* on the National Trade Data Bank (NTDB), which is available online for a subscription fee. This information is especially useful, as it gives both units and dollar value, permitting the analyst to calculate the average price of the unit exported. Commerce compiles and releases foreign trade statistics on a monthly and cumulative basis in its report *U.S. International Trade in Goods and Services*, commonly referred to as the FT900. It is published as a press release.²

For help in their search for markets, analysts can obtain from the nearest Department of Commerce office numerous studies prepared by U.S. embassies. *Annual Worldwide Industry Reviews* and *International Market Research Reports* indicate major markets for many products.

The *Country Market Surveys* indicate products for which there is a good, established market in a given country. We shall discuss these publications in greater detail in Chapter 17. Other countries publish similar data. For example, the data office of the European Community, Eurostat, publishes an annual, *External Trade*, and JETRO, the Japanese External Trade Organization, publishes a wide assortment of trade and industry data, many of which are put on its Internet site.

Imports Don't Completely Measure Market Potential Even when a basic need is clearly indicated, most experienced researchers will still investigate the trade flows to have an idea of the magnitude of present sales. Management is aware, of course, that imports alone

TABLE 14.1 Page from UN *International Trade Statistics Yearbook*

073 Chocolate and Products									
Trade by Commodity in Million U.S. Dollars									
Country or Area	Imports				Country or Area	Exports			
	1998	1999	2000	2001		1998	1999	2000	2001
World	6882.5	6825.0	6667.9	7118.6	World	7357.9	7045.2	6943.0	7461.9
Africa	45.9	35.1	46.8	57.6	Africa	37.5	35.5	31.6	36.9
Americas	1169.0	1168.2	1275.8	1476.4	Americas	917.3	929.2	1115.4	1366.4
– Northern America	870.0	890.4	961.8	1106.2	– Northern America	670.9	694.6	862.0	1064.4
– LAIA	245.4	216.4	243.8	297.9	– LAIA	230.1	215.2	234.9	279.0
– CACM	16.9	20.5	24.7	27.0	– CACM	10.0	13.4	11.8	13.3
– Caribbean	27.6	28.1	33.6	34.1	– Caribbean	6.1	6.0	6.7	9.6
– Rest of America	9.1	12.8	12.0	11.2	– Rest of America	0.1	0.0	0.1	0.1
Asia excluding former USSR	796.2	850.9	941.3	954.4	Asia excluding former USSR	279.0	308.3	328.0	336.0
– Middle East	223.2	226.2	251.9	263.9	– Middle East	97.6	81.8	86.5	96.2
Asia former USSR	26.9	34.6	54.2	58.0	Asia former USSR	0.6	0.6	0.9	0.9
Europe excluding former USSR	4505.3	4506.9	4081.8	4237.6	Europe excluding former USSR	5912.6	5553.3	5181.4	5398.5
– European Union	4053.6	4050.6	3646.0	3739.0	– European Union	5277.5	5017.4	4648.2	4777.1
– Eastern Europe	193.9	186.0	185.0	232.0	– Eastern Europe	255.5	177.2	223.1	253.1
– Rest of Europe	257.8	270.3	258.8	266.7	– Rest of Europe	379.6	358.7	310.1	368.3
Europe former USSR	204.1	104.4	147.6	209.9	Europe former USSR	104.5	79.2	142.2	169.4
Oceania	135.0	124.9	120.3	124.7	Oceania	106.3	139.0	143.4	153.8
France-Monaco	926.2	865.9	808.0	764.2	Germany	1290.1	1079.2	932.9	1059.7
Germany	930.3	832.0	645.8	775.4	France-Monaco	782.1	735.7	632.4	622.1
United States	593.2	612.7	675.7	795.3	Belgium	—	1030.0	1006.4	993.6
United Kingdom	541.8	605.9	584.3	563.4	Netherlands	510.8	596.4	591.4	606.7
Japan	286.7	298.9	317.4	303.1	United Kingdom	579.2	500.1	482.4	435.0
Canada	274.7	275.8	284.4	309.0	United States	325.3	349.0	471.3	602.9
Netherlands	257.1	287.8	280.6	250.9	Belgium-Luxembourg	959.5	—	—	—
Italy-San Marino-Holy See	184.5	209.3	187.2	188.0	Canada	345.6	345.6	390.6	461.5
Austria	186.9	189.6	158.9	177.8	Italy-San Marino-Holy See	351.1	323.9	300.5	326.1
Spain	166.9	173.1	153.2	169.9	Switzerland-Liechtenstein	315.6	291.6	254.8	308.2
Belgium	—	242.3	217.5	247.2	Ireland	196.0	200.4	201.1	197.1
Denmark	142.5	136.9	141.1	134.9	Austria	210.4	183.9	153.6	173.5
Ireland	141.2	138.9	126.4	123.7	Poland	146.3	99.0	138.7	147.5
Sweden	111.7	115.1	113.5	125.3	Sweden	122.4	133.6	123.9	131.6
Russian Federation	109.6	52.8	88.6	136.0	Spain	125.9	88.9	90.5	94.8
Belgium-Luxembourg	261.1	—	—	—	Australia	76.7	102.3	110.5	103.4
Mexico	75.1	96.6	123.1	154.9	Argentina	109.5	79.0	79.4	84.0
Portugal	94.4	112.2	95.0	e90.2	Turkey	71.3	59.2	32.1	68.8
Australia	91.8	84.5	83.3	72.1	Denmark	66.4	76.2	68.4	77.4
China, Hong-Kong SAR	73.5	69.9	75.8	75.0	Singapore	53.9	67.6	78.5	81.1
Norway	76.2	73.7	66.6	70.1	Finland	68.6	54.5	51.4	43.5
Switzerland-Liechtenstein	66.8	70.1	61.4	68.4	Brazil	53.6	50.5	62.4	79.9
Korea, Republic of	46.0	54.9	71.9	76.1	Russian Federation	35.7	30.6	50.4	60.4
Greece	63.1	72.5	66.9	56.2	China, Hong-Kong SAR	37.0	38.5	45.3	33.5
Czech Republic	57.7	64.6	62.7	73.4	Ukraine	e22.0	e21.4	e	e68.7
Saudi Arabia	51.9	56.2	66.8	65.9	Czech Republic	41.9	29.0	33.3	38.5
Brazil	82.8	39.3	29.6	28.2	New Zealand	29.2	36.3	32.5	50.1
Singapore	39.2	47.3	56.0	55.6	Mexico	23.6	37.2	47.4	45.9
Poland	44.7	41.3	44.6	64.1	Norway	35.0	41.5	30.1	29.0
Kuwait	42.8	48.1	e47.1	e48.8	Hungary	34.8	25.8	27.0	31.9

Note: e = estimate.

Source: Compiled from *International Trade Statistics Yearbook, 2001* (New York: United Nations, 2002).

are rarely a measure of the full market potential. Myriad reasons are responsible, among which are lack of foreign exchange, high prices (duties and markups), and poor marketing. Nor can imports give much indication of the potential demand for a really new product.

Moreover, import data indicate only that a market has been buying certain products from abroad and are no guarantee that it will continue to do so. A competitor may decide to produce locally, which in many markets will cause imports to cease. Change in a country's political structure also may stop imports, as we saw in the case of Iran after the revolution there, where orders worth billions of dollars were suddenly canceled. Nevertheless, import data do enable the firm to know how much is currently being purchased and provide management with a conservative estimate of the immediate market potential at the going price. If local production is being considered and calculations show that goods produced in the country could be sold at a lower price, the firm can reasonably expect to sell more than the quantity being imported.

Second Screening—Financial and Economic Forces

After the initial screening, the analyst will have a much smaller list of prospects. This list may be further reduced by a second screening based on the financial and economic forces. Trends in inflation, exchange, and interest rates are among the major financial points of concern. The analyst should consider other financial factors, such as credit availability, paying habits of customers, and rates of return on similar investments. It should be noted that this screening is not a complete financial analysis. That will come later if the market analysis and assessment disclose that a country has sufficient potential for capital investment.

Economic data may be employed in a number of ways, but two measures of market demand based on them are especially useful. These are *market indicators* and *market factors*. Other methods for estimating demand depending on economic data are *trend analysis* and *cluster analysis*.

Market Indicators **Market indicators** are economic data that serve as yardsticks for measuring the relative market strengths of various geographic areas. A well-known American example is the Buying Power Index published in the annual “Survey of Buying Power” by *Sales and Marketing Management*. The purpose of this index is to enable marketers to compare the relative buying power of counties and cities in the United States.

Somewhat similarly, we attempted to develop an index of e-commerce potential for Latin America so that the countries in the region could be compared. The results appear in Table 14.2. In this methodology, we assembled data on 20 Latin American countries and then ranked the countries against each other. We wanted to include indicators of the strength and growth rate of the overall economy, as well as factors related more specifically to e-commerce or to communications that would aid the growth of e-commerce. We developed three indexes. Each indicator is given equal weight in each index.

$$\text{Market size} = \text{Size of the urban population} + \text{Electricity consumption}$$

$$\text{Market growth rate} = \text{Average growth rate in commercial energy use} + \text{Real growth rate in GDP}$$

$$\text{E-commerce readiness} = \text{Mobile phones per 1,000} + \text{Number of PCs per 1,000} + \text{Internet hosts per million people}$$

The rankings on these three indexes were then utilized to form a composite ranking. We called this composite ranking e-commerce potential. As you can see in Table 14.2, utilizing our methodology the countries with the most e-commerce potential appear to be Chile, Argentina, Brazil, and Mexico, while Haiti and Nicaragua appear to have the least potential.

Market Factors **Market factors** are similar to market indicators except that they tend to correlate highly with the market demand for a given product. If the analyst of a foreign market has no factor for that market, he or she usually can use one from the domestic market to get an approximation. Moreover, an analyst who works for a multinational firm may be able

market indicators

Economic data used to measure relative market strengths of countries or geographic areas

market factors

Economic data that correlate highly with market demand for a product

TABLE 14.2 E-Commerce Potential: Rankings for Latin America

Countries	Market Size	Market Growth Rate	E-Commerce Readiness	Overall E-Commerce Potential
South America				
Argentina	3	9	2	2
Bolivia	14	17	15	19
Brazil	1	11	7	3
Chile	5	4	1	1
Colombia	6	18	9	13
Ecuador	9	17	15	16
Paraguay	12	14	12	15
Peru	8	5	11	8
Uruguay	7	11	4	4
Venezuela	2	18	3	6
Caribbean				
Dominican Republic	9	2	14	10
Haiti	20	15	17	19
Jamaica	9	8	8	10
Central America				
Costa Rica	13	5	5	6
El Salvador	14	3	13	12
Guatemala	14	10	18	17
Honduras	14	16	19	18
Mexico	3	13	6	4
Nicaragua	19	20	20	20
Panama	14	1	9	8

Source: Michael S. Minor and Alexandra Brandt, "A Possible Index of E-Commerce Potential for Latin America," Working Paper, January 8, 2002. Reprinted with permission of the authors.

to obtain market factors developed by comparable subsidiaries. To be able to transfer these relationships to the country under study, the analyst must assume that the underlying conditions affecting demand are similar in the market.

We can illustrate this process, which is called **estimation by analogy**, by using the following example. If a supplier of personal computers knows that one-fifth of all home computers are replaced every year in the United States, he or she might use the same relationship to estimate demand for replacement computers in a new overseas market. If there are 3 million existing home computers in the new market, the analyst might forecast that 3 million \times 0.20, or 600,000, replacement home computers will be sold annually. The constant in the country under study may be somewhat different (it usually is), but with this approach, the estimates will be in the right ballpark. Many such factors exist, and generally research personnel, either in the domestic operation or in foreign subsidiaries, are familiar with them.

Trend Analysis When the historical growth rates of either the pertinent economic variables or imports of a product are known, future growth can be forecast by means of **trend analysis**. A time series may be constructed similarly to the way a regression model is made, or the arithmetic mean of past growth rates may be applied to historical data. Caution is advised when using this second method because if the average annual growth rate is applied mechanically, in just a few years the dependent variable may reach an incredible size. For example, a 5 percent growth rate compounded annually will result in a doubling of the original value in only 15 years. Because trend analysis is based on the assumption that past conditions affecting the dependent variable will remain constant, the analyst will generally mod-

estimation by analogy

Using a market factor that is successful in one market to estimate demand in a similar market

trend analysis

Statistical technique by which successive observations of a variable at regular time intervals are analyzed to establish regular patterns that are used for establishing future values

ify the outcome to take into account any changes that can be foreseen. Often there are obvious constraints that will limit upward growth. One of these constraints is the near certainty that competitors will enter the market if large increases in demand continue for very long.

Cluster Analysis and Other Techniques As multinationals extend their presence to more markets, managers in all functional areas are searching for ways to group countries and geographic regions by common characteristics to simplify their control. **Cluster analysis**, for which various computer programs are available, divides objects (market areas, individuals, customers, and other variables) into groups so that the variables within each group are similar. Marketers, for example, use cluster analysis to identify a group of markets where a single promotional approach can be employed, attorneys can use it to group nations according to similarities in certain types of laws, and so forth. Multidimensional scaling, factor analysis, and conjoint analysis are other techniques for examining differences and similarities among markets.

cluster analysis
 Statistical technique that divides objects into groups so that the objects within each group are similar

Periodic Updating If the estimates are altered appreciably in the periodic updatings that all long-term forecasts undergo, management may change the extent of the firm’s involvement to be in line with the new estimates. Fortunately, the alternative forms of participation in a market permit the firm to become progressively more involved, with corresponding increases in investment. Most companies can enter a market in stages, perhaps in this sequence: exporting, establishment of a foreign sales company, local assembly, and, finally, manufacturing.

Even when the decision is whether to produce overseas, management may plan to assemble a combination of imported and domestically produced parts initially and then progressively to manufacture more components locally as demand rises. Automobile manufacturers have begun a number of foreign operations employing this strategy.

Third Screening—Political and Legal Forces

The elements of the political and legal forces that can eliminate a market from further consideration (or make it more attractive) are numerous.

Entry Barriers Import restrictions can be positive or negative, depending on whether management is considering exporting (can the firm’s products enter the country?) or setting up a foreign plant (will competitive imports be kept out?). If one of management’s objectives is 100 percent ownership, will the nation’s laws permit it, or is some local participation required? Will the government accept a minority local ownership, or must a minimum of 51 percent of the subsidiary be in the hands of nationals? Are there laws that reserve certain industries for either the government or its citizens?³ Is the host government demanding that the foreign owner turn over technology to its proposed affiliate that it wishes to keep at the home plant? Perhaps the host government has local content restrictions that the prospective investor considers excessive. There may be a government-owned company that would compete with the proposed plant. Depending on the circumstances and how strongly management wishes to enter the market, any one of these conditions may be sufficient cause to eliminate a nation from further consideration.

Profit Remittance Barriers When there are no objectionable requisites for entry, a nation may still be excluded if there are what management believes to be undue restrictions on the repatriation of earnings. Limits linked to the amount of foreign investment or other criteria may be set, or the nation may have a history of inability to provide foreign exchange for profit remittances.

Policy Stability Another factor of importance to management in studying the possibilities of investing in a country is the stability of government policy. Is there continuity in policy when a new leader takes office, for example? What is the political climate? Is the government stable, or is there infighting among government leaders? How about the public? Is there visible unrest? Do the armed forces have a history of intervention when there are public disturbances? Business can adapt to the form of government and thrive as long as the conditions are stable. But instability creates uncertainty, and this complicates planning. An often-heard complaint is, “They’ve changed the rules again.”

It is important to make a distinction here between political stability and policy stability. Rulers may come and go, but if the policies that affect businesses don't change very much, these political changes really may not be important. Indeed, if one measures political stability in terms of changes in leadership at the top, the United States is politically unstable compared to many countries!

Sources of analysis on political and policy stability are numerous. Some, such as Stratfor, have already been mentioned. In addition, Business Environment Risk Intelligence S.A. (www.beri.com) and Political Risk Services (www.prsgroup.com) publish rankings comparing countries on the issue of political risk. You may also want to review the discussion of country risk assessment in Chapter 9.

Fourth Screening—Sociocultural Forces

A screening of the remaining candidates on the basis of sociocultural factors is arduous. First, sociocultural factors are fairly subjective. Second, data are difficult to assemble, particularly from a distance. The analyst, unless he or she is a specialist in the country, must rely on the opinions of others. It is possible to hire consultants, who typically are “old hands” with experience in the country or region. Also, U.S. Department of Commerce specialists can provide some limited assistance, and professional organizations and universities frequently hold seminars to explain the sociocultural aspects of doing business in a particular area or country.

Reading *Overseas Business Reports* (U.S. Department of Commerce), international business publications (*Business International*, *Financial Times*, *The Economist*), and specialized books will augment the analyst's sociocultural knowledge. The use of a checklist of the principal sociocultural components as explained in Chapter 6 will serve as a reminder of the many factors the analyst must consider in this screening.

Although there are many difficulties, it is possible that recent immigrants or students from foreign countries may be used to shed light on potential sociocultural issues.

One of the authors took a visiting speaker who was originally from Japan to visit a local firm. This business, which manufactured dessert items such as individual cherry pies, wanted to break into the Japanese market but had not been successful. The Japanese speaker tasted the product and told them firmly that their cherry pie was too sweet for Japanese palates. We found that this company had never actually asked a Japanese person for a reaction to its products! Although the firm needed to confirm this single opinion by using other methods, the taster nonetheless offered insight into an issue about which the firm was unaware.

The biggest danger, of course, is that immigrants and students have been affected by their residence abroad. Therefore, they are not necessarily reliable indicators of the reaction your product might receive from an audience “back home.”

After the fourth screening, the analyst should have a list of countries for which an industry demand appears to exist. However, what management really wants to know is which of these markets seem to be the best prospects for the *firm's* products. A fifth screening based on the competitive forces will help provide this information.



relevance
for managers

Fifth Screening—Competitive Forces

In this screening, the analyst examines markets on the basis of such elements of the competitive forces as

1. The number, size, and financial strength of the competitors.
2. Their market shares.
3. Their marketing strategies.
4. The apparent effectiveness of their promotional programs.
5. The quality levels of their product lines.
6. The source of their products—imported or locally produced.
7. Their pricing policies.

8. The levels of their after-sales service.
9. Their distribution channels.
10. Their coverage of the market. (Could market segmentation produce niches that are currently poorly served?)

Concerning item 10, it may be important to examine regional or ethnic subcultures in a particular foreign market. These regional or ethnic subcultures may be natural or at least identifiable segments for which specific marketing programs may be successful. This is analogous to the fact that there are sufficient Hispanic, Chinese, and other subcultures in the United States to merit the importation of Chinese and Latin American products into the United States.

Perhaps other countries have significant immigrant or subcultural populations whose needs you already understand and can serve. As an example, Japan has a small but growing population of immigrants from Latin America whose parents emigrated from Japan to Latin America in earlier times. These returnees tend to preserve their Latin heritage in Japan and might provide a market niche for firms whose strength is marketing to Latin Americans rather than to the Japanese.

Countries in which management believes strong competitors make a profitable operation difficult to attain are eliminated unless management (1) is following a strategy of being present wherever its global competitors are or (2) believes entering a competitor’s home market will distract the competitor’s attention from its home market, a reason for foreign investment we discussed in Chapter 3.

Final Selection of New Markets

While much can be accomplished through analysis, there is no substitute for personal visits to markets that appear to have the best potential. An executive of the firm should visit those countries that still appear to be good prospects. Before leaving, this person will review the data from the various screenings along with any new information that the researcher can supply.

On the basis of this review and experience in making similar domestic decisions, the executive will prepare a list of points on which information must be obtained on arrival. Management will want the facts uncovered by the desk study (the five screenings) to be corroborated and will expect a firsthand report on the market, which will include information on competitive activity and an appraisal of the suitability of the firm’s present marketing mix and the availability of ancillary facilities (warehousing, service agencies, media, credit, and so forth).



relevance
for managers

Field Trip The field trip should not be hurried; as much time should be allotted to this part of the study as would be spent on a similar domestic field trip. The point is to try to develop a “feel” for what is going on, and this can’t be accomplished quickly. For example, while Japanese youths model themselves after American basketball stars by wearing Nike sneakers, it appears that they change into off-brand sneakers when they actually play basketball. As another example, it is relatively common for men to shop in grocery stores in Chile, as compared to elsewhere in Latin America. This type of insight is not likely to develop without actual visits to the market.

Government-Sponsored Trade Missions and Trade Fairs When government trade specialists perceive an overseas market opportunity for an industry, they may organize a **trade mission**. The purpose is to send a group of executives from firms in the industry to a country or group of countries to learn firsthand about the market, meet important customers face to face, and make contacts with people interested in representing their products. Because of discounted air fares, hotels, and so forth, the cost to the firm may be less than it would pay if it went on its own.

trade mission

A group of business-people and/or government officials (state or federal) that visits a market in search of business opportunities

Moreover, the impact of a group visit is greater than that of an individual visit. Before the mission’s arrival, consulate or embassy officials will have publicized the visit and made contact with local companies they believe are interested. For example, in 2002 the prime minister of Canada led a group of Canadian businesses on a trade mission to Germany and Russia, resulting in agreements representing \$584 million in business for Canadian firms.⁴ State governments, trade associations, chambers of commerce, and other export-oriented organizations also organize trade missions.

trade fair

A large exhibition, generally held at the same place and same time periodically, at which companies maintain booths to promote the sale of their products

Probably every nation in the world holds a **trade fair** periodically. Usually each nation has a specifically marked area (Chinese pavilion, Argentine pavilion, etc.) at the fairgrounds where its exhibitors have their own booths staffed by company sales representatives. Trade fairs are open to the public, but during certain hours (generally mornings), entrance is limited to businesspeople interested in doing business with the exhibitors.

While most fairs in developing countries are general, with displays of many kinds of products, those in Europe are specialized. A famous example is the annual CeBIT computer and telecommunications trade fair—the largest computer-related trade fair in the world—held annually in Hannover, Germany. Over 510,000 people made the trip to this show in 2004 alone to see exhibits from 6,411 exhibitors.⁵

Besides making contact with prospective buyers and agents (direct sales are often concluded), most exhibitors use these fairs to learn more about the market and gather competitive intelligence. They not only receive feedback from visitors to their exhibits but also have the opportunity to observe their competitors in action.



A visitor takes a closer look at a bottle of olives from Europe at the SIAL Foodtech Exhibition in Shanghai, China in March 2004. As Chinese consumers become increasingly sophisticated and diverse in their tastes, companies around the world are vying to tap into the country's large potential market.
AP/World Wide Photos

Sometimes Local Research Is Required For many situations, the manager's field report will be the final input to the information on which the decision is based. Occasionally, however, the proposed human and financial resource commitments are so great that management will insist on gathering data in the potential market rather than depending solely on the desk and field reports.⁶ This would undoubtedly be the position of a consumer products manufacturer that envisions entering a large competitive market of an industrialized country. It might also be the recommendation of the manager making the field trip if he or she discovered that market conditions were substantially different from

those to which the firm was accustomed. Often, in face-to-face interviews, information is revealed that would never be written. In these situations, research in the local market not only will supply information on market definition and projection but also will assist in the formulation of an effective marketing mix.



Research in the Local Market When a firm's research personnel have had no experience in the country, management should hire a local research group to do the work unless there is a subsidiary in a neighboring country from which a research team may be borrowed. Generally, home country research techniques may be used, though they may need to be adapted to local conditions. It is imperative, therefore, that the person in charge of the project have experience either in that country or in one that is culturally similar and preferably in the same geographic area.



If secondary data are unavailable, the researchers must collect primary data, and here they face other complications caused by *cultural problems* and *technical difficulties*.

Cultural Problems If the researchers are from one culture and are working in another, they may encounter some cultural problems. When they are not proficient in the local language or dialect, the research instrument or the respondents' answers must be translated. As we learned in the chapter on sociocultural forces, a number of languages may be spoken in a country, and even in countries where only one language is used, a word's meaning may change from one region to another.

Other cultural problems plague researchers as they try to collect data. Low levels of literacy may make the use of mail questionnaires virtually impossible. If a husband is interviewed in a market where the wife usually makes the buying decisions, the data obtained from him are worthless. Nor is it always clear who should be interviewed. Respondents sometimes refuse to answer questions because of their general distrust of strangers. In other instances, the custom of politeness toward everyone will cause respondents to give answers calculated to please the interviewer: This is known as *social desirability bias*.

mini M N E

>>Some Tips on Market Research

Wonder how to begin to get that elusive “feel” for a country from survey data? As we mentioned, one way is to do it yourself via surveys and personal visits. Two other methods involve the use of an outside firm. Under one scenario, you can hire an outside firm to do customized research for your firm’s needs. The second involves using surveys that are administered only partially, or not at all, with your specific firm in mind.

Customized Research

Many firms that can do multicountry surveys on behalf of clients belong to ESOMAR (www.esomar.nl), the acronym for the European Society of Opinion and Marketing Research. Originally member-firms were European, but there are now 4,000 members in over 100 countries.

Consumer products firms often utilize ethnographic research techniques, sometimes referred to as “corporate anthropology,” to develop detailed understanding. A number of firms specialize in this type of research. These firms do extensive “on-the-ground” research, watching consumers actually use products, rather than relying on surveys or focus groups. An example of these specialist firms is Point Forward (www.pointforward.com). In one project the firm helped Lipton examine Japanese tea drinking, leading to new offerings designed to appeal to younger Japanese who aren’t drinking tea at the rate of their elders. Another firm is EnviroSell (www.envirosell.com), which specializes in research on shopping.

General Surveys

General surveys are not done with a specific firm in mind. There are three types of general survey. The first is the *omnibus survey*. Omnibus surveys are regularly scheduled surveys conducted by research agencies with questions from different clients (that is, they are wholly or partially “syndicated”). Since several firms contribute questions, the cost is spread across several users and the surveys are relatively fast. However, these surveys can ask only a limited number of questions that are directly relevant to a particular client, and the sample may not be representative of a particular firm’s potential target market. As an indication, the ESOMAR directory lists 12 firms in Argentina and 23 firms in Japan that do omnibus surveys.

One example of a firm involved in administering omnibus surveys is A. C. Nielsen (www.acnielsen.com). Although we may know Nielsen best from the “Nielsen ratings,” its TV-watching media measurement service, the

firm offers services in over 100 countries. Nielsen does an omnibus survey in China, among other countries. Another familiar firm—the Gallup Organization (www.gallup.com)—is involved in this type of research in a variety of countries.

In the second type of noncustomized general survey, market research firms do surveys of their own devising whose results they then market to a variety of firms. An example is the recent Asian Pacific Consumer Confidence Poll in 13 Asian Pacific markets, a Nielsen survey. Nielsen can even track TV-watching habits in China and India. Another firm that does industry-level surveys spanning a number of countries for general sale is Frost & Sullivan (www.frost.com). Frost & Sullivan recently published a report on the world voice over Internet protocol (VOIP) market.

Nonprofit Surveys

The third type of survey is administered by a government or a nongovernmental agency, generally not for profit. The Eurobarometer surveys (http://europa.eu.int/comm/public_opinion) are administered several times a year to thousands of respondents in European countries, under the auspices of the European Commission. Recent reports of Eurobarometer results with implications for consumer behavior include reports on attitudes toward vacations, food product safety, the young, and the family. A separate Candidate Countries Eurobarometer is administered for many Central and Eastern European countries. Although these surveys are not specifically directed toward consumption issues, they are free and may be useful. Since 1996 a barómetro has been conducted in Latin America (<http://www.latinobarometro.org>).

The Internet

The number of firms which do surveys on or about the Internet is increasing. Nielsen has a subsidiary devoted to research in Internet marketing called Nielsen NetRatings (www.nielsen-netratings.com). Another such firm is Forrester Research (www.forrester.com). In a recent report, Forrester forecast that European online trade, which represented less than 1 percent of total business trade in 2001, will skyrocket to 22 percent of trade by 2006. At some point in the future, the technology of Internet surveys may offer any firm the opportunity to do its own surveys anywhere in the world. At the present, however, the penetration of the Internet is limited to well-to-do persons in most countries. It is not currently possible to rely on the Internet to provide access to all target markets in all countries.

Often, people have practical reasons for not wanting to be interviewed. In some countries, income taxes are based on the apparent worth of individuals as measured by their tangible assets. In such countries, when asked if there is a stereo or TV in the household, the respondent may suspect the interviewer of being a tax assessor and refuse to answer. To overcome such a problem, experienced researchers often hire college stu-

dents as interviewers because their manner of speech and their dress correctly identify them as what they are.

Technical Difficulties As if the cultural problems were not enough, researchers may also encounter technical difficulties. First, up-to-date maps are often unavailable. The streets chosen to be sampled may have three or four different names along their length, and the houses may not be numbered. In Japan, it is said, only cab drivers can find street addresses. Telephone surveys can be a formidable undertaking, because in some markets only the wealthy have telephones. Although China is the largest mobile phone market in the world, over three-fourths of these users are in just three cities—Beijing, Shanghai, and Guangzhou.⁷

Mail surveys can be troublesome too, as mail deliveries within a city may take weeks or are sometimes not made at all. For instance, the postal service in Italy has been so slow (two weeks for a letter to go from Rome to Milan) that Italian firms have used private couriers to go to Switzerland to dispatch their foreign mail. The response to a mail survey is often low if the respondent must go to the post office to mail a letter. To increase returns, firms often offer such premiums as lottery tickets or product samples to persons who complete a mail questionnaire.

In some nations, researchers may have to obtain government permission to conduct interviews and, in some cases, submit questionnaires for prior approval. Some countries prohibit certain kinds of questions. For example, you cannot ask Egyptians about the ownership of consumer durables, and in Saudi Arabia you are not permitted to ask questions about nationality.⁸

Research as Practiced The existence of hindrances to marketing research does not mean it is not carried out in foreign markets. As you might surmise from the discussion of the availability of secondary data, marketing research is highly developed in wealthier areas, where markets are large and incorrect decisions are costly. Problems like those we have mentioned are prevalent in the developing nations, but they are well known to those who live there. It does not take long for the newcomer to become aware of them either, because longtime residents are quick to point them out.

Analysts tend to do less research and use simpler techniques in these nations because often the firm is in a seller's market, which means everything produced can be sold with a minimum of effort. Moreover, competition is frequently less intense in developing nations because (1) there are fewer competitors and (2) managements are struggling with problems other than marketing, which keep them from devoting more time to marketing issues. Even in Mexico, an important market for American firms, marketing research is less popular.⁹ Although the situation is changing, the most common technique continues to be a combination of trend analysis and the querying of knowledgeable persons such as salespeople, channel members, and customers. Researchers then adjust the findings on the basis of subjective considerations.

Segment Screening

As was mentioned earlier, when a company intends to do business in several countries, managers can choose two broad market screening approaches: country segments or market segments. In the first approach, “Brazil” may be viewed as a target market segment. Using the second approach, while Brazil is the physical location of a large group of consumers, the important variables for segmentation are commonalities in needs and wants among consumers *across nationalities*. These consumers may reside in different countries and speak different languages, but they have similar needs for a product or service. From this perspective, age, income, and psychographics (lifestyles) are the essential means of identifying market segments. The relevant marketing question is not where they reside but whether they share similar wants and needs. The targeted consumers may be global teens, middle-class executives, or young families with small children: Each of these segments may share wants and needs across borders. An example comes from “phone surfers”—young Japanese who actively use their mobile phones to surf the Internet. The small phone screen and tiny keys may be a big turnoff for older computer users in the West who have frequent access to desktop or laptop PCs. But youngsters in the West have grown up with television games, Game Boys, and iPod minis, and they readily adapt to the small screens and tiny buttons that are a part of using cell phones as an Internet device.

WORLDVIEW



A Role for “Infomediaries”?

It is somewhat possible that Internet infomediaries could, in the future, provide a new avenue for global market research. Infomediaries are the “factories” of new digital information production. A rudimentary version of an infomediary is an online bookseller that uses the information consumers provide to make suggestions on further book purchases or priceline.com, which organizes markets for those willing to sell, say, airline tickets



and consumers wanting to travel. Another rudimentary example is AskJeeves™. True infomediaries don’t exist today but might develop along the following lines. Say you’re a consumer in any country and you buy things on the Web regularly. You sign up for a membership with an infomediary. The infomediary provides software for your computer which tracks everything you do on the Web—which sites you visit, which pages you view, what products you look at, and what you buy. The infomediary collects this information and adds it to thousands or millions of other consumer profiles. The program processes all these data in ways that are meaningful to consumer product vendors, who use it to do a better job of offering you products and services that you actually want. This would provide a new avenue for market research and a way for firms to get their hands on data about consumers in any country.

Infomediaries may work best in markets that are the most fragmented—that is, where buyers and sellers know each other the least—and a firm marketing in a foreign market certainly represents a situation in which neither party knows the other very well.

Sources: The ideas expressed here were influenced by “B2BCommerce: The Next Frontier,” *Business 2.0*, <http://www.business2.com/articles/mag/0,1640,13121,FF.html>; Bill Whelan, “Infomediaries Help Consumers Rule Online,” www.sunworld.com/sunworldonline/swol-07-1999/swol-07-bookshelf_p.html (July 1999); and www.ask.com (October 18, 2004).

Because we usually organize the world mentally in terms of countries, we naturally tend to want to analyze markets as country segments. It is much more difficult to think of ourselves as market segments that extend across borders. Also, as was mentioned in the discussion of sociocultural differences, these data can be difficult to secure. Nonetheless, it is important to do this because this approach is the logical outgrowth of the marketing concept. And the fact that certain types of data are difficult to gather doesn’t mean that the data can be ignored. There is an old saying about research: “If you can count it, that ain’t it.” In our context, the easy-to-generate data are not necessarily the important data.

Among the criteria for these segments are that they should be

1. *Definable*. We should be able to identify and measure segments. The more we rely not on socioeconomic indicators but on lifestyle differences, the more difficult this becomes, but the more accurate the resulting analysis is likely to be.
2. *Large*. Segments should be large enough to be worth the effort needed to serve a segment. Of course, as we get closer to flexible manufacturing, the need to find large segments is beginning to recede. Further, the segments should have the potential for growth in the future.
3. *Accessible*. If we literally cannot reach our target segment for either promotional or distribution purposes, we will be unsuccessful.
4. *Actionable*. If we cannot bring components of marketing programs (the 4 Ps of product, promotion, place, and price) to bear, we may not be successful. For example, in Mexico, the price of tortillas was formerly controlled by the government. Therefore, competition on the price variable was impossible. We could not penetrate the Mexican market for the standard tortilla by offering a lower price.

5. *Capturable*. Although we would love to discover market segments whose needs are completely unmet, in many cases these market segments are already being served. Nonetheless, we may still be able to compete. Where segments are completely “captured” by the competition, however, our task is much more difficult.¹⁰

Two Screening Methods, Reconsidered

In the final analysis, our view of the rest of the world is organized along national lines. However, it may be useful to attempt to leave that viewpoint behind when examining international markets.

With the increasing recognition of the existence of subcultures *within* nations and similarities between subcultures *across* nations, the international businessperson may wish to expand his or her horizon beyond the conventional view of the nation as the relevant “unit of analysis.”

The next chapter takes up a series of related questions. Are our needs and desires becoming more and more alike, or are the differences in consumption preferences between us more relevant than the similarities?

Summary

Discuss environmental analysis and two types of market screening.

A complete market analysis and assessment as described in this chapter would be made by a firm that either is contemplating entering the foreign market for the first time or is already a multinational but wants to monitor world markets systematically to avoid overlooking marketing opportunities and threats. Many of the data requirements for a foreign decision are the same as those for a similar domestic decision, though it is likely that additional information about some of the international and foreign environmental forces will be needed. Essentially, the screening process consists of examining the various forces in succession and eliminating countries at each step. The sequence of screening based on (1) basic need potential, (2) financial and economic forces, (3) political and legal forces, (4) sociocultural forces, (5) competitive forces, and (6) personal visits is ordered so as to have a successively smaller number of prospects to consider at each of the succeeding more difficult and expensive stages.

Explain market indicators and market factors.

Market indicators are economic data used to measure relative market strengths of countries or geographic areas. Market factors are economic data that correlate highly with the market demand for a product.

Describe some statistical techniques for estimating market demand and grouping similar markets.

Some statistical techniques for estimating market demand and grouping similar markets are trend analysis and cluster analysis.

Appreciate the value to businesspeople of trade missions and trade fairs.

Trade missions and trade fairs enable businesspeople to visit a market inexpensively, make sales, obtain overseas representation, and observe competitors’ activities.

Discuss some of the problems market researchers encounter in foreign markets.

Cultural problems, such as a low level of literacy and distrust of strangers, complicate the data-gathering process, as do technical difficulties, such as a lack of maps, telephone directories, and adequate mail service. These hindrances to marketing research do not prevent the work from being done. There is a tendency in some markets, however, to do less research and use simpler techniques.

Understand the difference between country screening and segment screening.

If we utilize country screening, we assume that countries are homogeneous units (that is, “everyone living in Mexico or Chad is essentially the same”). In segment screening, we focus our attention not on the nation as a homogeneous unit but on groups of people with similar wants and desires (market segments) across as well as within countries.

Identify the sources of information for the screening process.

The sources of information for the screening process are the environmental forces.

Appreciate the utility of the Internet as a source of market research data.

Both the mini-MNE box and the Worldview box in this chapter offer insights into how the Internet is used—or may be used—to generate information. In some countries, however, the Internet is used only by relatively well-to-do and well-educated persons. What are the implications for our ability to do market research directly with potential consumers on the Internet?

Key Words

market screening (p. 412)
environmental scanning (p. 412)
country screening (p. 413)
segment screening (p. 413)
market indicators (p. 415)
market factors (p. 415)

estimation by analogy (p. 416)
trend analysis (p. 416)
cluster analysis (p. 417)
trade mission (p. 419)
trade fair (p. 420)

Questions

1. Select a country and a product that you believe your firm can market there. Make a list of the sources of information you will use for each screening.
2. What is the basis for the order of screenings presented in the text?
3. A firm's export manager finds, by examining the UN's *International Trade Statistics Yearbook*, that the company's competitors are exporting. Is there a way the manager can learn to which countries the U.S. competitors are exporting?
4. Do a country's imports completely measure the market potential for a product? Why or why not?
5. What are some barriers related to the political and legal forces that may eliminate a country from further consideration?
6. Why should a firm's management consider going on a trade mission or exhibiting in a trade fair?
7. What are the two principal kinds of complications that researchers face when they collect primary data in a foreign market? Give examples.
8. What do the market size index and the market intensity index tell you?
9. Consider the market segment screening method. Take a lifestyle segment—say, people who like do-it-yourself home decorating. How would the segment screening method suggest that you go about identifying potential foreign markets?
10. You are a consultant to the developers of the Spiderman computer game. You will tell the CEO where the likely overseas markets are. What do you do?
11. Assume that your academic unit (probably a college of business) wants to open a campus in a foreign country, and the dean has asked you to prepare a list of possible countries. How would you go about fulfilling the dean's requirement?

 globaledge.msu.edu

Research Task

Use the globalEDGE™ site to complete the following exercises:

1. Market Potential Indicators (MPI) is an indexing study conducted by the Michigan State University Center for International Business Education and Research (MSU-CIBER) to compare emerging markets on a variety of dimensions. Provide a description of the indicators used in the indexing procedure. Which of the indicators would have greater importance for a company that markets laptop computers? Considering the MPI rankings, which developing countries would you advise this company to enter first?
2. The National Retail Federation's *Stores* magazine provides the top 200 global retailers ranked by annual sales. This ranking provides economic, demographic, and industry insights on the global marketplace. Locate this ranking and provide a list of the top 10 companies for the current year. What is the percentage of Japanese companies in the global retailers list?

Minicase 14.1

The Sugar Daddy Chocolate Company

Jack Carlson started the Sugar Daddy Chocolate Company five years ago and is now selling about \$1 million annually. Carlson would like to expand sales, but the U.S. market is very competitive. He has a friend with a small business who is now making 20 percent of his sales overseas. He wonders if any chocolates are exported.

To find out, he calls a friend of his who is a professor of international business at the university and tells him that he wants to find out if chocolate is being exported. He asks the professor to research the following questions:

1. Is chocolate being exported?
2. Which are the six largest importing nations?
3. Which of these are growing markets?
4. Carlson's export competition would probably come from which countries?

His friend tells him to meet him in the reference section of the university library. When Carlson arrives, the professor has the UN's *International Trade Statistics Yearbook* open to the page showing the international trade in chocolate (Table 14.1 in this chapter).

Appendix

Sources of Information Used in Screenings

I–II. First and second screenings (basic need potential, economic and financial forces).

- A. WTO, www.wto.org.
- B. IMF, www.imf.org.
 1. *Direction of Trade Statistics*.
 2. *International Financial Statistics*.
 3. *World Economic Outlook*.
- C. OECD, <http://www.oecd.org>.
- D. UN.
 1. *International Trade Statistics Yearbook*.
 2. *Statistical Yearbook, Demographic Yearbook*.
 3. *World Investment Report*, <http://www.unctad.org/>.
 4. *UNCTAD Trade and Development Report*, <http://www.unctad.org/>.
 5. *Social Indicators*, [www/unstats.un.org/unsd/demographic/](http://www.unstats.un.org/unsd/demographic/).
- E. EU.
 1. *Eurostat*, www.europa.eu.int.
- F. World Bank, www.worldbank.org.
 1. *World Development Indicators* (also on CD).
 2. *Atlas*.
 3. *World Development Report*, <http://econ.worldbank.org/wdr/wdr2003/>.
- G. Development banks.
 1. African Development Bank, www.afdb.org.
 2. Asian Development Bank, www.adb.org.
 - (a) Other information on Asia is available at the APEC site, <http://www.apecsec.org.sg/>, and Pacific Basin Economic Council, www.pbec.org.
 3. Inter-American Development Bank, <http://www.iadb.org/>.

- H. *CIA Country Factbook*, www.cia.gov/cia/publications/factbook/.
 - I. Heritage Foundation Index of Economic Freedom, <http://index.heritage.org>.
 - J. Small Business Administration, Office of International Trade, www.sba.gov/oit/.
 - K. U.S. Department of Commerce.
 - 1. *International Trade Administration*, www.ita.doc.gov.
 - 2. *Export Today*, www.exporttoday.com.
 - 3. *National Trade Data Bank (NTDB)*, CD-ROM or www.stat-usa.gov.
 - L. Monitor, London, England.
 - 1. *Europe Marketing Data & Statistics* (annual).
 - 2. *International Marketing Data & Statistics* (annual), <http://www.euromonitor.com/reference.asp>.
 - M. Commercial officers of foreign embassies in Washington, DC.
 - N. Trade associations.
 - O. Banks with international departments.
 - P. Chambers of commerce, such as the German-American Chamber of Commerce in New York City and the Mexican-American Chamber of Commerce in Mexico City.
 - Q. The Economist Intelligence Unit, www.eiu.com.
 - R. Many state governments have trade offices with market specialists and good libraries.
 - S. American embassies produce *Country Commercial Guides*.
 - T. Your company's suppliers and customers have data they might share.
- III. Political and legal forces.
- A. Business Environment Risk Index, www.beri.com.
 - B. Political Risk Group: *Political Risk Country Reports*, www.prsgroup.com.
 - C. European Union: http://europa.eu.int/index_en.htm.
 - D. International Chamber of Commerce, various publications.
 - E. Association newsletters.
 - F. Major city newspapers.
 - 1. *The Financial Times*, www.ft.com.
 - G. Business magazines.
 - 1. *BusinessWeek*, www.businessweek.com.
 - 2. *The Economist*, www.economist.com.
 - 3. *Far Eastern Economic Review*, www.feer.com.
 - 4. *Forbes*, www.forbes.com.
 - H. International legal publications, www.oceanalaw.com.
 - I. International economic law Web sources, www.internationaleconomic-law.org/.
 - J. Corruption perception and bribery indexes, <http://www.transparency.org/>.
- IV. Cultural forces.
- A. Brigham Young University: *Culturegrams*, www.culturegrams.com.
 - B. Business magazines.
 - C. Major city newspapers.
 - D. Consider direct market research via the Internet provided that your products are directed toward the more affluent/younger customers who currently use the Internet.
- V. Competitive forces.
- A. Most of the sources listed in section I above are useful here as well.
 - B. Talk with knowledgeable people, but be careful. You may be given misinformation on purpose.