

Export Marketing Research and the Effect of Export Experience in Industrial SMEs

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Introduction

The importance of marketing information to support business decisions is widely recognized in both domestic and international contexts (Deshpande and Zaltman, 1982; Johanson and Vahlne, 1977; Kohli and Jaworski, 1990; Stoner, 1978). The information is used, not only to reduce risk and uncertainty, but also to monitor changes in demand patterns, supply sources, competitive activities and a host of other factors that impinge on decisions of all kinds. An array of different sets of techniques exists to facilitate the generation of information, including environmental scanning, technology forecasting and marketing research. While it is possible to draw academic divisions between these types of techniques, definitions do vary according to the base discipline of the definer, and it may be less than representative of how information is collected and used by the business community (Douglas and Craig, 1983; Douglas *et al.*, 1982). Indeed, the following definition of marketing research could be applied to just about any business information gathering domain:

The objective gathering, recording and analysing of all facts about problems relating to the transfer and sale of goods and services from the supplier to the consumer or user (American Marketing Association, 1961).

Given the importance of marketing information, it is not surprising that a number of empirical studies have investigated aspects of its implementation in a variety of business environments (Cavusgil, 1984a, 1984b, 1985; Churchman, 1964; Deshpande, 1983; Myers *et al.*, 1979; Ramond, 1974; Schlegelmilch and Therivel, 1988). However, surprisingly few of these studies have examined the collection of marketing information in an international context. Perhaps this could be due to the proposition that international marketing research is merely an application of domestic marketing research, but an examination of key authors would tend to refute this as an explanation.

While it can be argued that international marketing research serves, basically, the same functions as does domestic marketing research, namely, to provide pertinent information concerning markets, customers and competitors,

Adler (1976) says that "...the problems, goals, and methods of research overseas are no different from those in the USA. What differs is the detail and that's crucial because of cultural, social, economic, linguistic and other differences". Terpstra (1967), when discussing international marketing research, suggests that it contains an international dimension concerned with the planning, evaluation and control of operations. He suggests that international marketing research should include "...a previous investigation of whether the firm should enter the market...and suggestions as to how the firm should enter the market". In this domain, there has been abundant research conducted on market entry strategies (Czinkota, 1989; Terpstra, 1967; Young *et al.*, 1989), most of whom advocate market screening as a prerequisite to entering a foreign market. This body of literature suggests that the two main functions of marketing research are to:

- (1) provide an assessment of the suitability of a market for entry; and
- (2) assess the various means of entry.

Additionally, the geographic and "psychic" distance of foreign markets, together with their cultural, economic, political and legal differences may create barriers to entry which may prove impenetrable without sufficient investigation. It is true to say that both theoretically and empirically, these aspects of international research have been covered by both normative and empirical writers. Similarly well researched are the issues associated with the internationalization process, some of which are concerned with the role of information as a decision-making tool (Johanson and Vahlne, 1977; Wiedersheim-Paul *et al.*, 1976). On the other hand, the complexities of marketing research after market entry are documented in what can only be described as a rather fragmented body of literature which contains few empirically-based insights (Cavusgil 1984a, 1984b, 1985; Diamantopoulos *et al.*, 1989). It is into this gap that the current work is placed.

The article is organized into four sections. The first reviews the literature concerned with information for international marketing in general and export marketing research in particular. The second describes the method used for the study in hand and the third presents the analysis. The fourth section discusses the implications for future research and management.

Literature Review

The Role of Information in International Marketing

This study is primarily concerned with the information used by British companies with an export orientation, therefore, this section will first examine the role and importance of such information and will then proceed to examine its use within the international context of industrial marketing.

Bentley (1986) defines information as being data that are meaningful, useful to the user and which, ideally, should be comprehensive, yet concise, accurate, applicable, timely and available. As such information is rarely available in such a readily digestible form, organizations have had to develop either formal or informal methods to collect, analyse and disseminate it. Though there have

undoubtedly been many successful management decisions based on “gut reaction”, the consensus among management/marketing theorists (Deshpande and Zaltman, 1982; Kast and Rosenzweig, 1979; Stoner, 1978), is that objective information is a prerequisite basis on which to found management decisions which will reduce risk and uncertainty. Their work suggests that formal investigations are undertaken by companies because managers expect the resulting information to reduce uncertainty in decision making. On an informal basis too, Johanson and Vahlne (1977) suggest that management decisions themselves are initiated by knowledge of opportunities or threats and that knowledge gives rise to the evaluation of alternative responses. Quoting Carlson (1974) they use the term knowledge as being related “...to present and future demand and supply, to competition and to channels of distribution, to payment conditions and the transferability of money and those things which vary from country to country and from time to time”.

Companies may gain knowledge, or generate market intelligence (Kohli and Jaworski, 1990) through the use of marketing research. The latter authors include research concerned with not only the market, sales, products, pricing, promotion and customers, but also environmental scanning.

Thus the scope of marketing research in the international context, as derived from the literature in marketing, marketing research and international business domains, is a good deal wider than country screening.

A large number of studies have investigated the implementation of marketing research activities in domestic markets and several authors have made cross-cultural and cross-sectional studies of various aspects of marketing research. In contrast, little research has been conducted into the process of marketing research for international business, in general, and for export marketing in particular. Though many international marketing texts discuss the range of marketing research activities suitable for international markets, and recommend various types and decisions, very little empirical evidence has been presented as to the types of information export-oriented firms actually collect, the sources that are consulted, how the information is disseminated throughout the firm, how it is used and its impact on export marketing decisions. What little research has been carried out into these issues is the subject of the next section.

Export Marketing Research: The Evidence

The types of marketing research information used by companies have been covered by Luck and Rubin (1987), Kinnear and Taylor (1991) and Churchill (1987) among others. Whilst these authors willingly prescribe the types of information which should be sought, they are not so forthcoming when discussing the types of information that companies actually collect. Similarly the international marketing research textbook by Douglas and Craig (1983) takes more of a prescriptive, rather than a descriptive, view of the information required to be collected.

An exporter's perspective may be more readily seen if it is considered that a move into export markets is a way of widening the boundaries of their activities,

but by so doing, they increase the levels of risk and inherent uncertainty of the decision-making process. It is not unreasonable to suggest, therefore, that increased levels of risk and uncertainty should be accompanied by an expansion of the firm's knowledge and an increased readiness to initiate and respond to market intelligence – whether generated formally or gathered informally.

A preliminary study by Hart *et al.* (1990) examined the frequency with which various information types were used by British exporters. As an exploratory study it did not seek to distinguish between the types and sources of information consulted, but it did note that domestic agents were rarely used as an information source – a view consistent with Johanson and Vahlne (1977) that in the early stage of the internationalization process, a company may require little in the way of marketing research information.

Similarly, Cavusgil (1985) found that export marketing research was more subjective and less precise than for domestic marketing research – a paradox because the general understanding is that foreign markets are seen as more complex than are domestic markets, requiring more objective information to reduce risk and uncertainty. The firm's executives attributed this difference to a lack of experience in carrying out export marketing research and the difficulty in collecting the appropriate information. This gives rise to a conundrum in that lack of experience in research leads to a lack of knowledge of export markets, thus failing to alleviate “psychic distance” and maintaining obstacles to international development.

Johanson and Vahlne (1977) contend that a lack of market knowledge is an important obstacle to the development of international operations, but that the necessary knowledge can be acquired, mainly, through operations overseas. Thus a firm's export decisions may be affected by this ability to develop experiential knowledge and that international competitive success may depend on the types of knowledge or information collected and the use to which it is put. The authors demonstrate the interdependence of market knowledge with international decisions and stress that each may influence and/or change the other.

Specifically, on the topic of the types and sources of information used by exporters, Bodur and Cavusgil (1985) investigated Turkish firms exporting to OECD countries and to North Africa/Middle East countries, and compared the two groups with respect to organizational and resource characteristics, information use, behaviour, criteria used to assess export markets and the level of involvement in export marketing research. They found no significant differences between the two groups in the individual sources consulted, but did find differences in the amounts of information utilized depending on the export destination.

The authors' most important contention was that export activities of firms tended to differ according to their export destinations; this, by implication, suggests that the information needs and preferences of firms are also likely to vary as a function of export destination.

Wood and Goolsby (1987) also investigated the types of information used by exporting firms: inter-sectionally they examined the information preferences of

organizational decision makers responsible for the evaluation of foreign markets. They found that US exporters tended to consult six broad types of information source: for political issues, economic trends, market potential, macro-economic accomplishment, barriers to exporting and legal issues. The individual importance of each data source was found to vary from industry to industry.

The study, which was US-based, found that information concerned with market potential and export restrictions was ranked first and second in importance by all industries, but from then on, all other rankings of information preference were industry-specific; information preferences are thus seen to vary from industry to industry. Wood and Goolsby (1987) reported that executives complained of being overwhelmed by the quantity of information available on foreign markets. Thus both a dearth and a plethora of export-related information may do nothing, or little, to reduce a firm's perception of risk and uncertainty when faced with export decisions.

Whitelock (1989) talks of the role of international exhibitions in gathering competitive information in export marketing. She found that managers tended to regard exhibitions as an extension of the personal selling function rather than as an opportunity to gather competitive information. Her data suggests that, though the gathering of information is recognized, it does not assume a position of major importance in the context of international exhibitions. Also looking at international trade exhibitions, Bello and Barksdale (1986) found that a firm's ability to overcome obstacles in the selling process was dependent on the exhibitor staff's knowledge; knowledge being defined in two ways – factual and experiential.

Diamantopoulos *et al.* (1989) investigated whether there were any differences between users and non-users of export marketing research. Most firms in their sample reported that they began to export proactively with "growth" being the prime factor of motivation. While the authors found that users of export marketing research served more export markets than non-users, they did not find any significant differences in the perceptions of their respective managements of the obstacles to exporting. Most surprising, Diamantopoulos *et al.* found that 50 per cent of their sample managed to achieve the same proportion of sales and profitability from their export activities without using any export marketing research information, as did firms which did use export marketing research. Significantly, users tended to be larger than non-users and saw themselves as being more competitive.

A good number of research studies have focused, not only on whether exporting firms carry out marketing research, but also on what factors appear to influence the extent of its use. For example, the above study found that, not only did larger companies use more marketing research than smaller ones but those exporting to a larger number of countries used more marketing research than those exporting to a smaller number. However, they did not examine whether the types of research information or activities were different. Cavusgil (1985) described the scope of international research as being dependent on the company's stage of internationalisation, its product lines, dependence on

overseas markets for profits, the size of the firm, and also by the firm's motivation for entry to and commitment to staying in international markets. In an earlier study, Cavusgil (1984a) attributed the lack of sophistication in international marketing research, compared with domestic research, to:

- the gradual way in which companies gain international knowledge and experience – this is consistent with Sood's (1981) concept of experiential knowledge;
- the amount at stake being less in international marketing research than in domestic research; and
- firms tending to find "useful" data on export markets unavailable or relatively costly.

He suggested that increased amounts of information reduces risk and allows a firm to decide whether to increase its involvement in a market or not; with increased involvement comes increased levels of experiential knowledge. Sood supposed that smaller firms, with less revenue committed to foreign markets than their larger counterparts, will gain less experiential knowledge and, therefore, will be less willing to commit more resources to market development. He concluded his paper by suggesting that a lack of experiential knowledge may result in small firms having to rely on indirect methods of exporting, which are less risky and which require less market information.

Cavusgil and Godiwalla (1982), in a review of the literature on aspects of decision making pertinent to international marketing, noted Weidersheim-Paul *et al.*'s (1976) findings, that the geographical spread of firms' export-activities was related to knowledge of foreign markets and that a lack of knowledge appeared, in their sample, to be the main obstacle to international ventures. This led them to the concept of "psychic" distance, i.e. the perceived or real differences/similarities between cultures/countries. Thus, it may be surmised that data collection (and types/sources of information used) may be affected by managerial perceptions of "psychic" distance – supporting Bodur and Cavusgil's (1985) findings that the types of information collected vary according to the export destination. This leads to the suggestion that market intelligence gathering will alter in nature as the "psychic" distance between the firm's host country and the export market varies.

Cavusgil (1984b) found that firms use a wider variety of data sources as their degree of internationalization increases. His results showed that a firm's marketing research processes became more complex as the commitment to exporting increases, as did the range of the information sources which are consulted. Cavusgil (1984b) does not, however, offer a specific definition of information type.

Thus, the collection of information types can be seen to be dependent on firm size, its perceptions of risk in international marketing and experience.

A final theme in the literature on international marketing research information concerns its "use" within the company.

In the organizational context, Piercy (1983,1985) contends that the organizational setting influences both the search for information and the use to which it is put. Marketing information, he claims, is a power resource which may be used in “political” alignments for control and influence. Deshpande and Zaltman (1982) when investigating the use of marketing research information, examined such factors as life-cycle, maturity, research purpose and report attributes, found that the use of market research is affected by the organization’s structure and the interaction between researcher and manager. Their most interesting finding was that more decentralized firms, where lower-level managers are actively involved in research activities, are those firms which tend to make greater use of new information. This leads to the supposition that the organizational structure of international firms may have an even greater influence on research activities. Deshpande and Zaltman (1982) also found evidence to support the hypothesis that those who produce or generate information belong to a different “culture” from the users of knowledge. They noted that, whereas managers often wanted research for confirmation, researchers tended to provide exploratory research which could produce unexpected results.

A more narrowly focused study, by Mansfield *et al.* (1987), on the use of information by Scottish-based export firms providing construction services found that:

- most export information was discarded by company directors as being irrelevant;
- although several organizations provided market screening and other intelligence services, the costs were, for small companies, prohibitively high, which thus tended to favour larger firms; and
- there was a tendency for firms within the industry to share market intelligence and that they often established informal networks with subsidiaries, agents etc. both domestically and overseas.

From these studies, it can be seen that the type of information collected is not only affected by the size of the firm, but also by the extent of its resources and the extent of its experience in international markets. Similarly, the types of market research activities carried out and the use to which information is put will vary in relation to the same issues. With these issues in mind, the following conceptual framework was developed, to guide the collection and analysis of data (see Figure 1).

Thus, the specific objectives of the article are to:

- (1) identify the amounts and types of marketing research information gathered and the methods by which that information is collected;
- (2) identify the uses to which the resultant marketing information is put;
- (3) explore the relationship(s) between this information and the amount of export experience possessed by the firm.

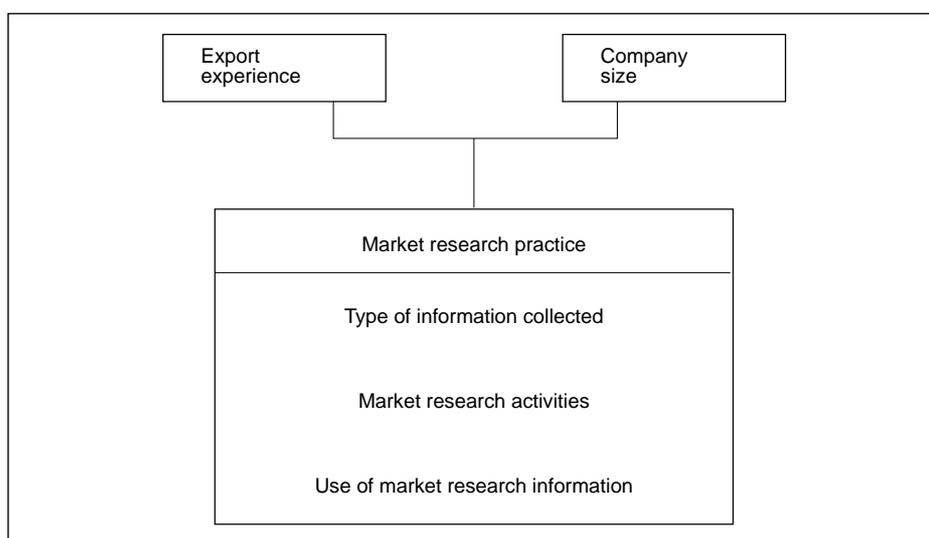


Figure 1.
Scope of the Study

Research Method

Sample

The data for the investigation described above were gathered by means of a mail questionnaire, sent to 150 SMEs listed in the *Kompass British Exporters 1990 Directory*. The industries selected were involved in business-to-business marketing, specifically: facilitating goods, original equipment and capital goods manufacturers. The total sample comprised 150 companies, 50 in each of the industries. Of the 150, six were returned “address unknown” and eight companies refused to respond due to “company policy”. A further two companies declined to respond as they used indirect methods of exporting and felt unable to supply the information requested. Of the remaining questionnaires, 52 were returned, of which 50 were usable, yielding a response rate of 30 per cent. Table I shows the sample and response.

Variables

The questionnaire, based on the extant literature in marketing research and international business, was designed mainly to elicit information on the extent

	Industry			Total
	Facilitating goods	Original equipment	Capital equipment	
Contact sample	50	50	50	150
Response sample	19	16	15	50
Response rate (%)	38	32	30	30

Table I.
Sample and Response

and nature of marketing research activities carried out by the respondent firms. The variables pertinent to the present analysis were operationalized as follows:

- *Company size* was measured by the number of employees.
- *Export experience* was assessed in a number of ways. First, respondents were asked to indicate the number of years they had been exporting, on a multiple-choice format. Second, the number of export destinations was assessed using the percentage of export sales to each of eight regional destinations.
- The types of market research information collected were measured on a five-point scale, indicating the *importance*, where 1 = not at all important and 5 = extremely important. Seventeen types of information were assessed.
- The *market research activities* used were assessed using a five-point scale where 1 = used to a great extent and 5 = not at all used. Ten types of market research activity were included.
- The *use of market research* was investigated on a five-point Likert-type scale.

Analysis

Sample Demographics

Table II shows the characteristics of the sample in terms of firm size and export experience. Although the total range of firm size is wide, 70 per cent of the sample companies employed fewer than 250 people, the median size was 150 employees.

Most companies had been exporting for more than 12 years, which was surprising, given the size of most firms. In fact, the question was constructed in the form of a multiple-choice one which anticipated less experience in the light of previous studies such as Craig and Beamish (1989), which showed an average number of years for SMEs as approximately 15. However, the question has clearly not captured the full extent of variation in the sample, a limitation resulting in the unsuitability of the results for further analysis in their present form.

In order to facilitate further analysis, the categories were collapsed into two categories, describing companies that had been exporting for less than 12 years ($n = 15$) and more than 12 years ($n = 35$).

The regions covered by the question were: EC, North America, Central and South America, Africa, the Middle East, Eastern Europe, the Far East and China. To these regions the Republic of Ireland was added separately, due to the phenomenon of "psychic distance". One company is active in all these regions, while one exported to only one country. The average number of export markets was 4.3.

Given this general pattern of company demographics, the extent to which the issues might be interrelated was examined. For variables that were intervally measured, bivariate correlations were computed; this includes size, number of regions and the measures of export dependence. As the remaining variable

<i>Firm size (No. of employees)</i>	
Minimum	5
Maximum	3,000
Average	331
<i>Number of regions covered by exports</i>	
Minimum	1
Maximum	8
Average	4.3
<i>Number of years exporting</i>	
Years	No. of companies
1-3	4
4-6	3
7-9	2
10-12	8
More than 12	35

Table II.
Firm Size and Export
Experience

describing the numbers of years exporting was nominally measured, the Mann-Whitney U-test was appropriate to examine differences between those companies with fewer than 12 years' export experience and those with more than 12 years. The results are given in Table III.

As might be expected, there is an association between firm size and export experience, both in terms of the spread of export operations and the number of years exporting.

Market Research Activities of the Companies

From the literature it was found that the actual types of information needed by companies in support of their export operations, the market research activities undertaken and the use to which information is put, presented important gaps. This study seeks to provide insights into these gaps, and each is dealt with in turn.

	Correlations size	Means		Mann- Whitney U-test
		Firms < 12 years	Firms > 12 years	
Size (no. of employees)		99	431	156*
Number of regions	0.49**	3.9	4.5	214.0
*	Significant at the 5 per cent level (two-tailed)			
**	Significant at the 1per cent level (two-tailed)			

Table III.
Firm Size, Export
Experience:
The Interrelationships

A total of 67 types of information were investigated with regards to their importance for the export operations of companies. In order to facilitate interpretation and further analysis, a data reduction exercise was undertaken using principal components analysis. This resulted in three factors which explained 63.5 per cent of the variance, indicating three information dimensions important to British exporters. The results of this analysis are given in Table IV.

The suitability of the data for this analysis was assessed using the Bartlett test of sphericity ($p = 0.000$) and the Kaiser-Meyer-Olkin measure of sampling adequacy ($KMO = 0.80$).

The three factors were extracted using the scree test and reliability, although using the criterion of eigenvalues greater than one, four factors would have been chosen. However, the fourth factor featured lower loadings of individual variables, its interpretation was unclear, and reliability was low ($= 0.58$).

Based on loadings of greater than 0.5, the factors were interpreted as follows. Factor 1 represents *Market Feasibility Information*, loading highly on items describing the market competition, buyers' preferences and price trends. Factor 2 is named *Adaptation Information*, loading highly on the need for product adaptation and other highly specific issues which might also impinge on the need to adapt the product or its marketing, like legal requirements, barriers to export and exchange rate fluctuation. The third factor is termed *Background Information*, and is comprised of information describing general conditions in

Type of information	Mean	Factor 1	Factor 2	Factor 3
Competitive products available in export market	4.1	0.87		
International competition in export market	3.9	0.85		
Buyers' preferences in export market	3.9	0.79		
Price trends in export market	3.7	0.67	0.52	
Local competitors in export market	3.9	0.65		
Buyers' key purchase criteria	3.7	0.58		
Market size	3.2	0.59		
Ways to adapt current product for export	3.1		0.85	
Legal requirements in export market entry	3.2		0.64	
Exchange rate fluctuations	3.6	0.55	0.60	
Potential barriers to exporting	3.9		0.57	
Government aid to exporters	2.4			0.75
Social/political background of export market	2.7			0.76
Economic background of export market country	3.6			0.62
Transport infrastructure	2.6			0.71
Market growth	3.1			0.60
Eigenvalue		7.8	1.8	1.2
Percentage of variance explained		45.8	10.7	0.7
Alpha		0.91	0.79	0.70

Table IV.
Factor Matrix of
Marketing Research
Information Types

the export market, such as its social, political and economic background, its transport infrastructure and government aid.

Having described the types of information considered important for exporters, attention is now turned to the ways in which the necessary information is gathered. Actual market research activities carried out were focused on specifically, examining to what extent they were used. A total of ten activities were examined, and were subject to a principal components analysis in order to reduce the data to a smaller number of underlying dimensions, describing market research activity. Again, based on the scree test and reliability, two factors were extracted, explaining 54 per cent of the variance in the original variables. A third factor also produced an eigenvalue of greater than one, but was not acceptable due to its low interpretability and reliability.

Results of the principal components analysis are detailed in Table V.

Based on loadings of greater than 0.5, Factor 1 was interpreted as Informal Market Research and Factor 2 as Formal Market Research. Factor 1 comprises high loadings of variables describing market research in terms of activities whose primary function is not, formally, market research; for example customer visits, visits to agents or distributors or attendance at exhibitions. However, in the sense that all of these activities are undertaken to improve export performance by keeping in touch with markets and competition, they are, nonetheless, market research activities. Factor 2 comprises high loadings of variables describing formal market research activities. Interestingly, two variables in the original data did not load on either factor, namely, omnibus surveys and interviews with individual buyers. While the former is hardly used at all ($\bar{X} = 1.2$), the latter is used more ($\bar{X} = 3.4$).

Before examining the influence of experience on the information needs and market research activities, the issue of the use to which information is put in the companies is examined.

Marketing research activity	Mean	Factor 1	Factor 2
Customer visits	4.0	0.87	
Distributor/agent visits	3.9	0.86	
Exhibitions	3.3	0.78	
Competitor visits	2.1	0.43	
Interview with individual buyers	3.4	–	–
Omnibus surveys	1.2	–	–
Test marketing	1.4		0.84
Mail surveys	2.0		0.75
Information seminars	2.1		0.71
Telephone interviews	1.7		0.66
Eigenvalue		3.8	1.6
Percentage of variance explained		38.1	15.8
Alpha		0.79	0.76

Table V.
Factor Matrix of
Marketing Research
Activities

The respondents were asked to say how “useful” the information collected was to their export operations, by agreeing or disagreeing with certain statements. The statements, and the mean scores are shown in Table VI.

According to these results, there is a lack of consensus regarding the use of market research for export decisions. On the one hand, the sample tends towards agreeing that export decisions would be modified in the light of market research, and tends towards disagreeing with the proposition that key decision makers might not use market research. Both of these stances suggest that market research information is put to a positive use. However, in both cases, the scores are rather neutral ($\bar{X} = 3.4$; $\bar{X} = 2.3$). On the other hand, the sample agrees that research is used to back up hunches and disagrees that decisions would not be taken without market research ($\bar{X} = 3.3$; $\bar{X} = 2.6$), both stances which suggest that the use of market research is rather marginal. This apparent contradiction, however slight, can be viewed in a number of different ways. It may reflect a genuine equivocation towards how market research is used. Another interpretation may revolve around the political nature of the area under study. Simply put, the purchase, use and power of information in companies is well documented, but unlikely to be truly revealed by this type of enquiry. Third, although the statements used were deliberately keyed both positively and negatively, to avoid systematic checking error by the respondent, there is little doubt as to the confusion that may arise from double negatives. Clearly this implies that there is a need to find out what type of research is required for decision making in order to curb expenditure where it is unlikely to be used. However, the organizational culture and politics that surround dissemination and use of information require a more qualitative research approach.

Having described the information needs, the research activities and use of market information in the sample companies, attention is now turned to the factors which might be expected to influence these: firm size and export experience.

The Influence of Firm Size and Export Experience on Market Research Activities

Table VII shows the bivariate correlations concerning firm size, the number of regions of export operation, export intensity and market research activities.

Statement	Mean*
The information is used to back-up managerial hunches	3.3
Our export decisions would be modified substantially according to market research	3.4
Our market research goes largely unused by key decision makers	2.3
Export decisions would not be taken without market research	2.6

* Measured on a five-point scale where 1 = strongly disagree and 5 = strongly agree

Table VI.
The Use of Market
Research Information
by Exporters

	Firm size	No. of geographic regions
<i>Type of information</i>		
Feasibility information	0.07	-0.07
Adaptation information	-0.02	0.01
Background information	0.12	0.31***
<i>Market research activities</i>		
Informal market research	0.33**	0.23**
Formal market research	-0.03	0.10
<i>Use of market research</i>		
To back hunches	-0.26*	0.07
To modify export decision	-0.15	-0.07
Not used by decision makers	0.03	0.29***
Export decisions would not be taken without market research	0.05	0.34***
***	Significant at the 10 per cent level (two-tailed)	
**	Significant at the 5 per cent level (two-tailed)	
*	Significant at the 1 per cent level (two-tailed)	

Table VII.
Firm Size, Areas of
Export Operation and
Market Research
Activities

Table VIII shows the difference in market research activities between companies that have been exporting for less than 12 years and those that have been exporting for more than 12 years.

	Firms exporting for less than 12 years (means)	Firms exporting for more than 12 years	Mann- Whitney
<i>Type of information</i>			
Feasibility information	-0.09	0.04	199.0
Adaptation information	0.23	-0.12	181.0
Background information	-0.17	0.09	176.0
<i>Market research activities</i>			
Informal market research	0.03	-0.01	186.0
Formal market research	0.09	-0.03	170.0
<i>Use of market research</i>			
To back hunches	3.3	3.3	208.5
To modify export decision	3.5	3.4	106.0
Not used by decision-makers	2.1	2.4	184.5
Export decisions would not be taken without market research	2.6	2.7	21.5

Table VIII.
Differences between
More and Less
Experienced Exporters
in Market Research
Activities

Overall, a striking influence appears to be related to the number of geographic regions currently forming part of the export operation. As more geographic regions are covered by exports, there is an increase in the background information collected, and the incidence of informal market research activities.

However, there are contradictory findings regarding the use of market research information and its relationship with the spread of export activities. As the number of geographic markets served increases, so is there a tendency to agree that export decisions would not be taken without market research. This finding is consistent with the theory which postulates that greater experience results in greater involvement and thus knowledge, and echoes the findings of Diamantopoulos *et al.* (1989). In contrast, as the number of geographic markets served increases, so does agreement with the proposition that market research goes largely unused by decision makers. Again, these findings highlight the need for a focused study of the use of market research information by exporters.

Size of firm seems to be related to the use of informal market research. In addition, the negative correlation between size and market research being used to back hunches suggests that the larger companies may use market research data in a more objective fashion. However, when it comes to the length of time a company has been involved in exporting no differences were observed. Although interesting as a preliminary finding, it should be remembered that the measurement of this element of experience was limited, in that it failed to capture the possible variation in the sample. It could be, therefore, that 12 years' export experience is not enough to discriminate marketing research activities.

Limitations of the Current Study

This article has examined the market research activities in a sample of industrial exporters, comparing those activities in the light of company size and export experience, two issues the extant literature deems to be important. It has thrown some light on the dynamics of market research for exporting, but is limited in a number of ways, giving potential for future research. First, a number of other determinants of export behaviour have not been included; for example, ownership of the firm, method and organization of exporting, motivation for exporting and "psychic" distance of export markets. Second, the analysis is limited to a descriptive comparison, giving no insights into what type of information, from what sources, put to what use actually improves export performance. Third, the question concerning export experience has failed fully to capture the total spectrum of sample variability. Fourth, the sample is restricted to industrial firms and omits those companies involved in consumer goods. Further research is being carried out to address specifically the first two limitations.

Managerial Implications

It is now generally accepted that when a company has to face those new situations which are associated with heightened levels of risk, then the various techniques of marketing research should be used as a way of combating the

inherent possibilities of failure. The results of the sample questioned for this article suggest that while the majority of respondents agree with the above statement, few actually back their reported behaviour with the appropriate marketing research actions. Although a majority of information types were said to be important for exporting by the respondents (with mean scores greater than 3) the information is collected from a fairly restricted number of sources, including: current customers, distributors and agents and exhibitions. Though, in fairness, it should be pointed out that while such activities are said to be carried out, they may not be viewed as constituting formal marketing research, they do deliver market awareness, understanding and knowledge. Both the extent of market research activity and the spread of export operations are positively related to the size of the firm.

Combining these two findings, which again must be stressed are not totally conclusive, leads to the implication that one of the most practical ways in which smaller firms may reduce risk when engaged in export operations (and hence help them become more profitable and offer opportunities for growth) is to make use of a wider range of information sources and to be more rigorous in the means by which their data are collected.

By the continuous use of a restricted number of data sources, common sense, if nothing else, suggests that the companies' horizons will be blinkered to what is already known. Such a viewpoint implies that the companies are using data merely as a prop to shore up marketing decisions that have already been taken, i.e. the data and the sources from which they are being derived are not being used for their full marketing content. It is probable that many more marketing opportunities can be identified only by breaking out of their current, small range of data sources. Finally, these results suggest that the information collected and its use are enhanced in companies with a greater spread of export operations. Perhaps the lesson to be learned from this observation is that experience of exporting encourages the search for and use of information. This is a finding from which less experienced exporters may benefit.

Although the results of this research are highly tentative, they suggest that for companies to have any chance of increasing their success rate in export activities, a constant process of evaluation needs to be undertaken to ensure that the widest and most appropriate range of data sources are consulted, that the methods of collection are congruent both with the type(s) of information it is intended to gather and with the use to which it is to be put. And, finally, that those responsible for the management of organizations involved in export activities must determine that data, once within the boundaries of their company, are organized and disseminated to the optimal effect.

Summary and Conclusions

This article is based on research which has three basic objectives. The first was to identify the amount and types of marketing research information gathered and the methods by which that information was collected. The second was to identify the uses to which the resultant information is put. The third was to explore the

relationship(s) between these marketing research activities and the amount of export experience possessed by the firm. Seventeen types of information were examined and three sets of data-types were identified by means of principle component analysis:

- (1) Market feasibility information.
- (2) Adaptation information.
- (3) Country background information.

The use of ten market research activities was examined, resulting in the identification of two major types of activity: formal marketing research (surveys, seminars etc.), and informal marketing research (customer/distributor visits etc.).

The use for which market research is employed was examined via four agree/disagree statements which aimed to assess the extent to which export decisions would be modified in the light of the information collected; results were somewhat contradictory. The results reveal that the sample of companies does put information to a positive use, and that information is also used to back up hunches, with some decisions still proceeding without marketing research. As postulated previously, the complexity and political implications of the use of marketing research information suggests, however, that a more qualitative approach to researching these issues is in order.

Export experience was measured in terms of the number of years the companies had been exporting, and the number of regions covered by exports. It was found that the spread of export activity, in terms of the number of geographic regions covered is associated with the importance of background information and the use of informal market research.

The point of departure of this article was to begin to address the gap in empirical knowledge concerning what kind(s) of marketing research activities were carried out by exporting companies. The findings suggest that companies, once embarked on export activity, rely on personal contact with distributors, agents, customers and competitors to gather information concerning the markets they serve. This information is used somewhat equivocally, both to modify decisions at the same time as being used to back-up hunches. Clearly while some insights have been provided by the work in hand the questions raised will continue to provide a fertile and fertile set of topics for future research.

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Further Reading

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