

Topic:
B2B Research

International B2B Research – How Far will your Budget Stretch?

iCAD is produced by Business Advantage, a B2B research, business development and marketing consulting practice operating in the global IT, Digital and Telecommunication sectors.

In an increasingly global market and with research budgets having to cover more and more countries it can be difficult to find cost effective solutions to researching new and/or niche B2B markets across multiple borders. For consumer studies or main stream B2B there are more international options as contact rates are typically higher and hence costs lower. There are also other options such as 'off the shelf' reports, syndicated reports or omnibus studies, all of which help limit budgets.

However if the EMEA research or marketing manager wants to understand a niche market, such as large format printers (machines printing A1 or larger copies, typically found within architects, engineering and graphics companies) or highly specialised software solutions such as for digital content creation or mobile device management in Europe and has a limited budget – what can he do?

Sometimes as researchers we feel that a purist approach with large samples and producing statistically significant results is the only way to go, however in these niche markets this is often not practical and even if it were, it would be prohibitively expensive. Therefore using traditional market research techniques and standards and adapting them for these 'difficult' markets can produce usable and actionable insights at an affordable price.

Niche Market Requirements

In a niche international market that might be new or one where data to support marketing and distribution decisions and strategies is limited or totally lacking, the following information is often required:

- Size the market in EMEA
- Understand the trends in the market
- Establish who the key players are
- Take a view on what the best routes to market are
- Understand the key differences by individual country
- Investigate what marketing strategies are being used
- Understand who the end users are
- Examine their decision making processes
- Investigate their purchasing behavior
- Etc

Phased Approach

One approach is to break the research into a number of studies, all designed to link together. This can be achieved with the following

- Desk Research
- Competitor Analysis
- Channel Study
- End User Study

Desk Research

Ideally this wants to cover the whole of the market, in this example, EMEA. However one needs to be flexible – desk research is a relatively inexpensive way to gain an effective feel for a market, but it is not an exact science.

Data may be obtained on individual countries, EMEA, the USA or globally. The skill is in then taking various market estimates and producing an overview based on mathematical calculation – and it has to be said – common sense. A full scale quantitative study that sizes the market within agreed statistical confidence limits might be more accurate, but in a multi-national study for a niche product it is often just too expensive and impractical. At the end of the day what most managers need is a feel for the market size and trends. Desk research, coupled with interviews with industry bodies, journalists and analysts can provide this.

By speaking to industry experts one can gain different estimates of market sizes and as more conversations take place these estimates become more and more refined. In most markets those that study and observe it such as journalists, analysts and industry bodies have a good overview of it and these individual views can be pooled and modified to produce estimates. The skill is in knowing who to talk to and to be able to gauge good information from rogue or misleading information.

Competitor Analysis

One of the objectives of desk research is often to identify the key competitors. This may be very easy in the case of major software suppliers, but can be much more difficult for something such as compatible inkjet and toner cartridges in South America. Understanding competitors in APAC, South America and Africa can require extensive research just to find out who they are!

However assuming you establish this, how will you research competitors in multiple countries, with multiple offices and not break the budget? Interviewing regional headquarters is often the key to limiting the budget. Those with regional responsibilities (e.g. EMEA) have a good overview of their territory and can provide insightful information. However do not be lulled into a false sense of security. Whilst regional headquarters, or global ones for that matter, might set the strategy, what happens in the local countries can be very different.

You might be told that there is one pricing policy and that discounts are based on set parameters, however when you speak to a local office you may find somewhat different practices. So when covering numerous markets focus on regional headquarters, but allow some budget for talking to the grass roots.

Channel Study

Researching the channel internationally requires good planning. You need to establish in each country what the distribution channel looks like.

- To what extent is it direct or indirect?
- How many tiers are there in the channel – distributors, resellers, retailers?
- How important is the Internet and other direct sales operations?

And remember this can be different by vendor by country. Even global corporates, whom you might assume would have a European strategy, might handle the channel differently in different countries.

Also bear in mind that some players, whilst strong in Europe overall may have a very weak presence in some countries or no presence at all. In terms of the channel some countries may be handled by neighbouring countries, so Germany may cover distribution for Austria for example. Understanding the broad model is important in defining the sample. It is no use deciding to interview resellers in a certain country to discover vendor A does not have any resellers in that country. Again flexibility is the key.

Once the sample structure is decided sourcing data can be the next difficulty. In selecting channel members for interview one needs to think of the 80/20 rule, where 20% of resellers may be responsible for 80% of sales in a market. Surveys need to reflect this and also need to reflect the importance of the smaller number of distributors compared to resellers in general.

The vendor may be global but the channel is usually country centric, although there are exceptions and some channel players, particularly distributors will cross borders. A growing issue now is the 'gray market', where products priced lower in one country are sold into other countries, where theoretically the price is higher. Most corporates try to standardise this with Euro-pricing policies, but with a more global market and the effect of the Internet this is difficult to manage.

End User

When we get to the end users most of us are now in more familiar territory. However in niche B2B markets, or even not so niche ones, finding the end users is not always so easy. Finding the specifier of a large format printer used for in-house graphics in a large corporate can be tricky. With more and more companies opting for global IT solutions such as CRM systems and other enterprise wide applications looking for the decision makers of these solutions can be like looking for a needle in a haystack. Your search may need to cross borders or continents to locate the correct person.

But they can be found and telephone studies are typically the easiest way of contacting them. Having identified the end user multi-lingual studies work well by telephone or web or a combination of both. When a respondent is difficult to find, offering them alternative methods of survey will help increase the completion rate.

Language

Wherever possible cover as many languages from one central location. This improves quality of data and allows for versatility. If you need to hop between countries you want a wide range of language resource at your finger tips. Tri-lingual/multi-lingual interviewers are even better. They can cover large parts of the world seamlessly, without having to pass work to another person. This saves time, improves quality and reduced costs.

Having said this, do not underestimate how much research can be carried out in English. Certain countries such as the Netherlands and Sweden can easily be researched in English, especially if the respondents are senior. Even focus groups can be in English in some markets. The more senior the respondent the less languages you need. For most global companies the common language is English, making multi-national studies more cost effective.

However there are times when it is wise to look to the local country. Japan is an example, where local culture and custom are such that most studies are best handled locally.

And remember no survey is of any value if respondents have not understood your questions. Translation is not always the issue. Sometimes the word itself is used differently. In Germany distributors are called wholesalers, whereas in England wholesalers are understood to be different from distributors. In Japan Kenchikushi Law governs architects, but actually means licensed architects and/or building engineers, there is no equivalent word to architects as we understand it.

Whilst very specific these two examples show how important a total understanding of a market is, not just a literal translation.



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Summary

B2B international research is exciting and challenging, and it does not always have to be prohibitively expensive. Understanding the markets and using traditional research methods combined with desk research and competitor analysis can add insight and value at an affordable price.

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