

IZVEDBA TRŽNE RAZISKAVE

POVZETEK

Če razmišljate o vstopu na nov tuj trg, je prvi korak izvedba tržne raziskave. Na ta način boste zmanjšali tveganja in povečali možnosti uspeha na novem trgu.

Informacije o trgu lahko pridobite sami preko spleta, vendar je morda najboljša pot izvedba raziskave s pomočjo tržno raziskovalne ustanove.

Načine, kako poiskati ustrezno agencijo za raziskavo trgov, prednosti izbire takšnega načina ter nasvete, kako se na izvedbo tržne raziskave pripraviti, najdete v nadaljevanju.

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APPOINTING A MARKET RESEARCH AGENCY

1. SO YOU WANT TO EXPORT!

Whether you are exporting for the first time or you have decided to expand your foreign sales, one step along the way is to undertake market research on your chosen market.

Of course many companies enter new markets without first undertaking a market evaluation, but the reality is that doing an initial 'look see' can reduce the exposure to risk and improve the chances of success.

It is common today to simply go online and use 'Google' to find out whatever we want to know. But there are shortcomings to this (see Section 2) and certainly alternative ways to obtain a more tailored solution.

While SPIRIT Slovenia is here to help, sometimes there is a need to commission a specific piece of research to answer your questions about the target market(s).

Finding a suitable provider such as a Research Agency can be a challenge. Questions you may have include:

Why not do it myself?

What are the benefits of using an external agency?

How do I find one?

How do I select the right one?

How much should it cost?

How long will it take?

What is the first step?

How do I know if they've done a good job?

So read on to discover how best to move forward with your plans for export.



2. WHY GOOGLING HAS ITS SHORTCOMINGS



Well of course there is a great deal of information available and often for free – not only online but also elsewhere – already published.

This is often termed desk research – because it is mainly undertaken from your own desk. It is also sometimes called secondary information. Secondary means not directly prepared for you but probably for some other purpose. This means it may not answer exactly what you want to know. But it may usefully set the scene.

Doing desk research in a systematic and structured manner can provide useful context for market profiling. Of course Izvozno okno is a great place to begin to look for information about foreign countries.

But existing information does have some shortcomings:

- **It can be out of date.**

Sometimes it may not even be clear when the information was prepared.

- **The sources are not always revealed.**

So you may not know if the information is valid or true.

- **The purpose of the information may not be in keeping with your needs.**

The writer of the report, document or article may have a vested interest in putting across a particular point of view.

- **It may be costly to obtain.**

Not all resources you find will be freely available. Some can cost thousands of dollars and yet still not meet your needs.

- **It may not answer your specific queries.**

After all it was not prepared directly for you.

Having said all that – yes, desk research can be a good place to start – and it can help provide a hypothesis to be confirmed via primary research. For some suggested website to begin, see the Appendix.

The questions that remain are – do you know where to start? Can you be efficient in locating the information you need? Or could you use some help?

3. WHY NOT DO IT YOURSELF?

You know the old saying – if you want a job done, do it yourself. And yes there are some good reasons to just get on and do some market research yourself. This means picking the right target companies to contact, deciding the right questions to ask and then having some conversations either by phone or in person. Most importantly, then you need an objective evaluation of the information you have collected.

Doing it yourself means:

- **You can probably get started more quickly.**
- **You know your own business well and what is important to find out.**
- **It may cost less than paying for an external provider (if you ignore your salary and the opportunity costs).**
- **You make some first-hand contacts that could be useful later for business development.**
- **But experienced exporters can give you many reasons why it is not such a good idea to DIY (do it yourself). The most important is the fact that you are probably busy doing other things ... so:**
- **You keep getting diverted away from the project.**
- **Confirmation bias creeps in (that means you find the information that confirms your preferred decisions).**
- **Respondents may not be honest with you (they may wish to be polite and not want to say 'no').**
- **You may not speak the language of the target market.**
- **You may not understand local customs and practices.**

So it may be wise sometimes to gather a little outside help.



4. THE BENEFITS OF USING A PROFESSIONAL AGENCY



Benefits of calling on outside help include:

- As a professional agency they will have the correct skills to gather the information you need.
- They will have resources in terms of both time and people to dedicate to the project.
- They can offer the appropriate languages for speaking to targets in the chosen market.
- They will have knowledge & experience of the target country.
- They can draw from their experience in other markets.
- The target clients will respect you for undertaking a professional evaluation and not presuming on their goodwill.
- They are likely to be more objective in assessing what they are hearing.
- The agency can interview your competitors.
- All of this means they are more likely to obtain the information required from the right people and importantly:
- **They are more likely to get the job done on time.**

Placing a contract with a professional market research provider costs money. So there are good reasons to think twice before you commit. But this need to find the budget is the principal drawback.

It's true they won't know your business as well as you do yourself. But after all, you can brief them and being an outsider may offer a useful independent perspective.

But the obvious next question is – how to find the right agency?

5. FINDING A RESEARCH AGENCY

There are 2 separate questions – how to find an agency and how to find the right agency. First things first.

In trying to locate an agency to undertake your project, it is helpful to understand the kinds of agencies that exist.

The industry is typically divided into **major research groups** and **small(er) consultancies**. There are not many medium sized market research agencies. Big international groups typically will have offices or associates in a number of countries around the world. There are probably about 10 such groups including for example Kantar, Ipsos Mori, GFK and Nielsen. Others, such as Euromonitor, Mintel Group and Frost and Sullivan, specialise in published research but also undertake ad hoc studies. And in certain industries there are international companies such as Gartner or Forrester Research in technology.

Besides those international companies, other individual research companies may have offices or associates across a range of countries.

It is also useful to distinguish between **Business to Business** (B2B) agencies and those that specialise in **consumer markets**. Some service providers may do both but it is common to specialise in one or the other.

The kind of research you need may be:

- **either relatively small in scale, to build an *understanding* of the market (Qualitative Research), or**
- **a larger scale exercise that looks at hundreds or thousands of respondents (Quantitative Research).**

Agencies typically specialise in one or the other.

To find the names of possible providers you could use a mix of the following:

Ask Spirit Slovenia whether other companies have used a market research company in your target country. Talk to the Slovenian company about their experience.

Some countries have a professional association of **market research companies**. At a European level this is ESOMAR and they publish a list of companies and associations (<https://directory.esomar.org/>).

It is also helpful to ask other companies in **your network** whether they have some experience of research providers.

If there is a marketing or **market research conference** in your target country, then a number of service providers may be listed in the participant list.



6. SELECTING THE RIGHT AGENCY



As mentioned above, there are different types of agencies that may suit according to your needs. Then, having found some names, it is useful to invite 2 or 3 to pitch for the project so that you have some points of comparison.

How to decide? First, check out the website of the agency to see:

- **Where are they based?**
- **Are they part of a group or independent?**
- **What types of projects have they done in the last couple of years?**
- **What experience do they have in your sector or in the target market?**
- **What are the credentials of the staff they employ?**
- **Do they have testimonials from past clients? (Be sure to follow up.)**

But even having shortlisted some prospects, it is good then to arrange a telephone call with them (if a visit is

not practical). A lot may depend on the 'chemistry' or your sense of how well you can get along and how good the communication will be.

Finally, when you have shortlisted 2 or 3 agencies to invite to respond to your brief, it may be useful to develop a list of 5 or 10 factors that you consider to be important and then to rate the agencies you are considering, against each of those criteria.

Key considerations at that stage include:

- **How well they appear to have understood your company and your specific needs.**
- **What ideas they bring to the table in terms of how best to build the picture for you.**
- **The quoted costs for the project.**

It is not always wise to go for the lowest cost solution. At the same time it is important not to pay more than is necessary. Read on to understand how costs are calculated.

7. HOW MUCH WILL IT COST?

Most agencies calculate the cost of a project based on 3 main elements. It is not unreasonable as a client for you to ask to be provided with a breakdown of these costs.

Firstly, the number of **man-days** they expect to put into the project. Most agencies have a certain 'cost per diem' according to the seniority and experience of the staff member involved. This could range from Euro 100 per day (extremely low) to Euro 1000 per day (for a senior manager).

Secondly, there will be **expenses** associated with undertaking the project. This could include travel, subsistence, communications costs, facility rental or other related expenses.

Thirdly, there will be **overheads and/or margins**. This figure may or may not be built into the per diem rate.

A typical project, if there is such a thing, could vary from 5 days to 20+ days and the cost could range from Euro 5000 to Euro 25,000+. Of course there are often larger projects, but it is wise to consider breaking a larger project into a series of smaller projects or stages. Learnings from an

early part of the research can then inform the approach taken in subsequent stages.

You don't have to tell the agency how much you can plan to spend, but it may be helpful so that they can then tailor the project to what you can afford to spend.



8. HOW LONG WILL IT TAKE?



You can see above that a project may take from 5 to over 20 days. But this does not normally reflect the elapsed time from beginning to end of a project.

You must allow time to arrange interviews, to wait for the targets to be available, and to accumulate the sought after information.

The ideal is if you can plan ahead and allow **10–12 weeks** to undertake a review of prospects in a new country. Even 8–10 weeks is manageable.

Some agencies can deliver within 6–8 weeks but this can be difficult, depending on the culture of the target market.

Allowing just a month or less places a lot of pressure on the agency and you may not get the best results. It could be that they cannot arrange to talk to some of the key targets or they may rush the whole process to get it completed on time.

Of course sometimes delays can arise at your end, in arranging meetings or if you have promised contact information that takes longer than expected or if you are waiting for a colleague to review something the agency has sent through to you.

9. TAKING THE FIRST STEP



The most important step in commissioning someone else to do some market research on your behalf is toot of time and trouble to think carefully about what you really need to know. This is not just a list of things it would be interesting to find out but information that will assist in your decision.

So the first thing to be clear on is: **What decision am I trying to make?** Are you trying to decide on a partner or a distributor? Or are you trying to decide whether to enter that market? Or maybe – what is the best way for us to enter that market? Or perhaps some fundamental decisions on which products? At what price? Who should I target? Or maybe all of the above!

Then put together a Research Brief outlining your needs. This can be a short or a long document, but ideally should include the following information.

- 1. The company background (not enough to say 'see the website'). This section should outline the context that has brought the company to this point of needing some research.**
- 2. Business decision. As mentioned above, why is this research needed? To assist with what decision?**
- 3. Research objectives. What is the purpose of the research? To understand what? To analyse what? To describe what?**

- 4. Information required. List out all the information you would like to have about the target market.**
- 5. Scope of the research. Which products are to be included? Which countries? Which sectors?**
- 6. Possible respondents. Your expectation of the types of organisation/people to be interviewed.**
- 7. Existing information. An indication of what information (if any) is already held about the target market.**
- 8. Timing. When the results are needed, what for and why then?**
- 9. Budget. An indication of how much you have to spend.**
- 10. Expectations. What you are expecting back – a report, a meeting, a presentation, a summary, copies of interviews, contact list, articles, etc.**

All this can be included with an 'invitation to tender' to invite proposals from the agencies to indicate their suggested methodologies and approach to meeting your information needs.

10. HOW DO I KNOW IF THE AGENCY HAS DONE A GOOD JOB?

Once the research has been completed and the report has been sent through to you – how can you be confident in what has been delivered.

Some part of this comes down to your initial confidence in selecting the agency.

A part will be influenced by the relationship while the research was under way. Did they keep you informed of progress? Did they refer back to you with sensible queries? Did they interview the organisations they said they would? Were the planned questions appropriate to the information that was required?

Much of the onus is on you having been quite clear in the brief to begin with. The best judge of a job well done is: Did they do what was asked for in that brief?

So go down the list of “information specified” (Section 4 of the brief), tick off the information provided.

But most importantly – does the report help your company to make whatever decision you highlighted in Section 2: “Business Decision”?



APPENDIX: SOME HINTS AND TIPS OF DOING DESK RESEARCH

1. Do not always use Google! There are lots of search engines that find material that may appear only on page 3 of Google. Consider also Bing, Yahoo, Baidu (China), Yandex (Russia). Use the local version of Google, e.g. Google.de (Germany), Google.fr (France), etc. Consider also Google Scholar, which finds academic articles and reports (<https://scholar.google.si/>).
2. Start off by finding a profile of your target country. As mentioned, you could begin with <http://www.izvoznookno.si/> or look at <https://www.cia.gov/library/publications/the-world-factbook/> or <http://www.eiu.com/home.aspx> or look at the portal for the “invest in ...” office of the government. For example, for Poland: <http://www.paiz.gov.pl/en>. Normally, central banks also provide useful economic information: <http://www.bsi.si>.
3. Use a directory to find published market research reports. For example, www.marketresearch.com or www.researchandmarkets.com. It is unlikely that it will be worthwhile to buy these reports, but looking at the summary and table of contents can be useful and it can be helpful for you to identify which companies have done past work in your chosen field. Maybe they are good ones to pitch for your project.
4. Get the statistics on production, imports and exports of your products/services. Look at the National Statistics office both for Slovenia <http://www.stat.si/statweb> and for your target market, e.g. Statistisches Bundesamt in Germany <https://www.destatis.de>.
5. Find the local and international magazine for your target sectors. Try websites like <http://www.allyoucanread.com/top-10-trade-magazines/> or you may find a library with access to Ulrichs: <http://www.ulrichsweb.com/ulrichsweb/faqs.asp>.
6. Most sectors have trade or professional associations. Again, look locally and also in your target country. For example this is a listing for the UK: <http://www.taforum.org/> or here is one for Germany: <https://www.deutschland.de/en/topic/business/globalization-world-trade/chambers-and-associations>.
7. Identifying a trade fair or conference in the target market can be useful to find a listing of companies in specific sectors (and their contact details). There are many international directories of these events. For example www.auma.de, <http://www.expodatabase.com/>, or <http://www.exhibitions.co.uk/find-an-event>.
8. Most industries have a trade directory-listing suppliers. Better to find one specific to your industry but otherwise there are general ones like www.kompass.com or www.hoovers.com.
9. Identify the websites that act as portals for specific industries. So in technology there are ones like www.Forrester.com or <http://www.gartner.com>; in food there is <http://www.just-food.com/>; in trade there is <http://www.globaltrade.net/>.
10. Find a business library like the Central Economics Library at the University of Ljubljana (<http://www.ef.uni-lj.si/cel>). This is a European Documentation centre for official documents, publications, and other materials from EU institutions which means you should be able to gain access to those. Also look for a library in your target market – in the UK it would be the British Library (www.bl.uk).

If you have further questions about having some market research done for your company, contact Izvozno okno or Jean Sutton: jfsutton@actionlineresearch.co.uk, who was responsible for compiling this document
