# QUIRK'S

Marketing Research Review

NOVEMBER 2004

# International research issue

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> Learn globally, learn locally

> Cross-culture calibration

> Spotlight on China

Quirk's Marketing Research Review
Volume XVIII Number 10

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## The world weighs in on air travel

Anyone who has flown commercially in the past few years can attest that the glamour of air travel has long since dissipated. Today, cost-conscious airlines - especially in North America and

Europe - have created a hodgepodge of budget airlines with long lines, self-service shortcuts and decreasing legroom and amenities. But who are their budget travelers? And how much more are they willing to suffer in order to fly for pennies?

Research firm Synovate asked over 5,000 respondents across the United States, Canada, France, Germany, Hong Kong, Malaysia, Singapore and Thailand a range of questions regarding air travel. Overall, 59 percent said they had flown before, but the net percentage of travel was highest in Hong Kong (80 percent) and Singapore (82 percent). The French appear to like air travel the least: only 35 percent have soared through the air.

Travelers were then asked if the majority of their flights were for leisure or for business. Over 20 percent of people in Malaysia and Thailand cited business as their main reason for air travel, whereas their European counterparts were more leisure-oriented when it comes to plane trips, with only 6 percent of Germans and 7 percent of the French mentioning business travel as their primary reason for flying.

With airlines under a number of economic pressures in the post-9/11 world, and with the price of fuel on the rise, "budget air travel" has become the new buzz phrase for the industry. The study gauged perceptions of budget air travel by asking respondents how often they flew for less.

Budget airlines offer tickets at around half the current market prices on one-to-two-hour short-haul flights. But to do this, they have reduced in-flight meals and entertainment, as well as legroom. How interested were respondents in traveling with these stripped down air companies? With the budget phenomenon just hitting Asia, people in Malaysia and Singapore, not surprisingly, hardly ever travel on budget airlines, with 56 percent and 83 percent of air travelers in these countries saying they never fly a budget airline. In the U.S. and Canada, however, approximately 50 percent of respondents admitted to flying budget airlines at least some of the time. Europeans seem to fall in between these two extremes, with over 32 percent of air travelers in France and Germany choosing budget airlines for at least some of their flights.

Seventy-five percent of respondents agreed that an airline trip was just like a bus trip, saying, they "wanted to get there fast and cheap," with 64 percent of the respondents adding they would always choose a budget airline over bigger or national carriers if the budget airline ticket price was lower. This despite an overall 32 percent feeling that budget airlines treated passengers like a commodity and that there was no personal service.

Malaysians seem to be most fond of perks and amenities with 50 percent saying they would avoid budget airlines at all costs if it meant giving up the comfort provided by larger national airlines.

Despite complaints about budget airline service, frugal Americans, Canadians, the French and Germans still cite ticket price as the single most important factor when choosing an airline. Yet in Hong Kong, airline reputation still ruled the roost, with 30 percent of travelers saying it was the most important factor for them - only 15 percent cited ticket price. In Singapore and Thailand, over 23 percent of respondents reported seat comfort and legroom as their top consideration. Following close behind this factor, in-flight perks and amenities were the second-most important factor for Thai respondents, with 22 percent, while only 1 percent of respondents in Singapore cited in-flight perks as their main concern. Americans agree with Singaporeans, with only 1 percent saying the same. Canadians were also less concerned with perks and amenities with a mere 1.9 percent claiming it was a factor in ticket purchases.

And what about the lure of a good-looking cabin crew? The study asked men from each country if it was more important to have a pretty female cabin crew or good food or movies. French males seem to feel that food and movies were important, as only 16 percent were willing to trade these perks for attractive female flight attendants. On the contrary, over 30 percent of Hong Kong men sided with pretty cabin crew over food and movies - American men were a close second at 29 percent.

Although French women overwhelmingly thought, much like their male counterparts, that food and movies were more important than handsome young men, 19 percent of these women were still willing to make

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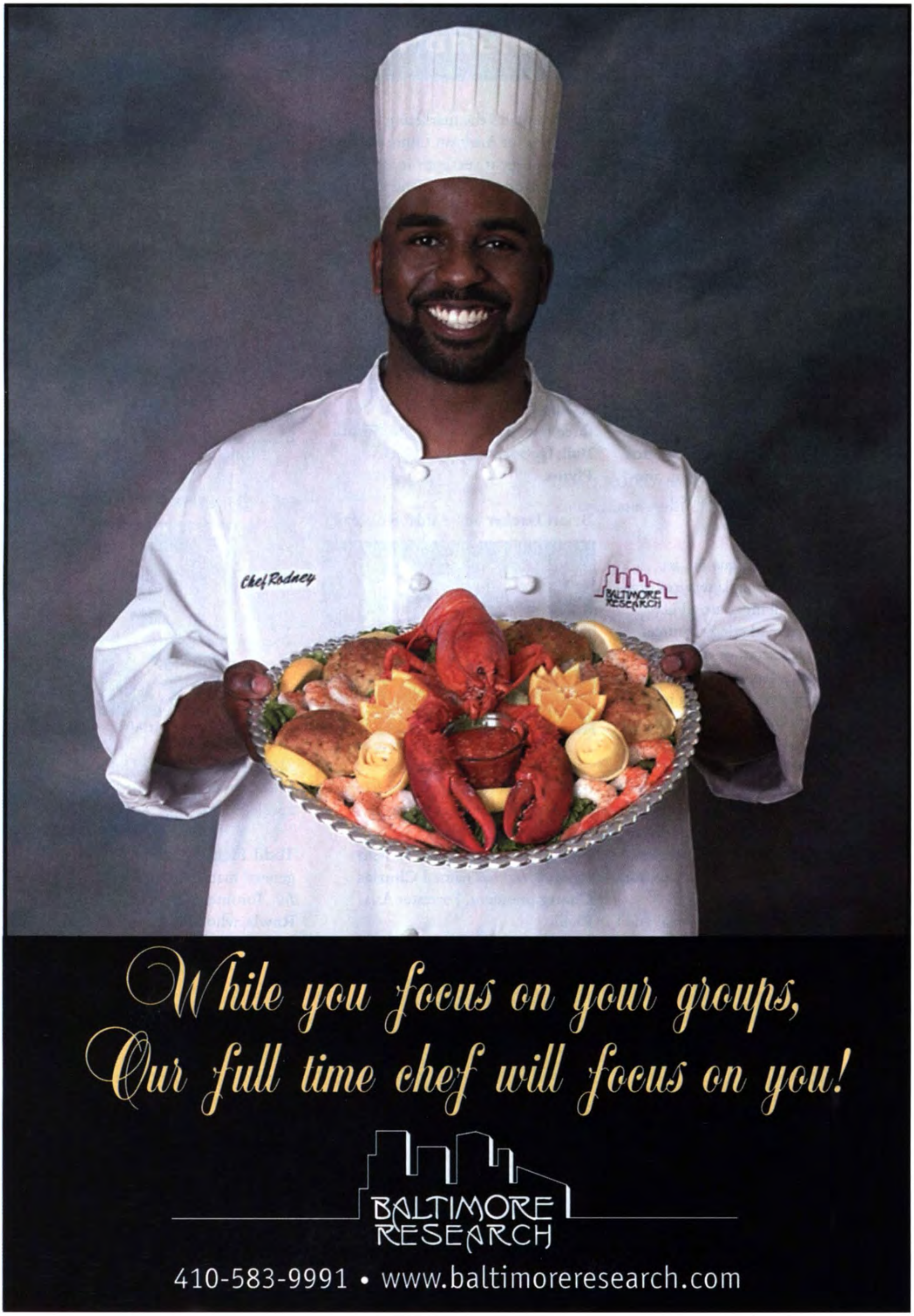
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# names of note

*MORPACE International, Inc.*, a Farmington Hills, Mich., research firm, has named **William G. Pendry**


**Pendry** **Sabanos**

to vice president. At the MORPACE Irvine, Calif., office, **Susan Sabanos** has been named vice president. She will lead the Irvine Diversified Research Team.

New York-based *Arbitron Inc.* is realigning its U.S. media services organization and will integrate all U.S. media services marketing resources under a single executive and all U.S. media services sales organizations under a single executive, both reporting to **Owen Charlebois**, president, U.S. media services. As a result, **Scott Musgrave** has assumed the role of senior vice president, marketing, U.S. media services. And **Carol Hanley** has been named senior vice president, sales, U.S. media services. Musgrave will continue to be based in New York and Hanley in Chicago.
Separately, Arbitron Inc. has realigned its outdoor division. The new structure integrates the marketing and sales functions for Arbitron Outdoor under separate executives, both reporting to **Pierre Bouvard**, president, new ventures. **Jacqueline Noel** has been named vice president, marketing and out-of-home advertising agencies. **Joan Gerberding**, who recently assumed the role of vice president, sales for Arbitron outdoor, will lead the overall sales effort for the division. Both Noel and Gerberding will continue to be based in New York. Arbitron Outdoor also announced three new account managers: **Frank Ball**, **Debora Stein** and **Kelly Flynn**.

**Brian Backer** and **Andy Roberts**


**Backer** **Roberts**

have joined *Polaris Marketing Research, Inc.*, Atlanta, as project manager.

Cambridge, Mass.-based *Forrester Research, Inc.* has named **Charles Chang** president, Forrester Asia Pacific.

**Stephanie Cohen** has joined *G & S Research*, Carmel, Ind., as senior consultant in the analytics division.

*Bellomy Research, Inc.*, Winston-Salem, N.C., has added **Robin Craven** as


**Craven** **Lefler**

research associate, **Karen Lefler** as


**MacDonald**

account director, and **David MacDonald** as director of business development.

**Todd Fleischhauer** has been named general manager, *R. L. Polk Canada, Inc.*, Toronto. He replaces **Kendra Rawls**, who has become vice president, Northern Europe at Polk's location in St. Albans, U.K.

*The Dallas Morning News* has named **Laura Bloom Gordon** senior vice president/marketing. Marketing research will be among her new responsibilities.

**David Lauth** has been named managing director of the new Munich office of *J.D. Power and Associates*, Westlake Village, Calif.

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## Measure loyalty with new Maritz product

Maritz Research, St. Louis, has introduced Maritz LoyaltyMaximizer, a new product which applies a proprietary Maritz Research model, along with fact-based marketing research and analytics to help clients understand consumer attitudes and behavior. Maritz's Multidimensional Loyalty Model deconstructs attitudinal loyalty into distinct psychological components: thoughts about a product or service based on features, facts and evaluation; feelings toward a product or service primarily based on individual emotions; and perceptions of what consumers should do as a result of social compulsion, expectation or coercion. It measures these attitudinal loyalty factors along with market and individual factors to predict intentional or "conative" loyalty. By considering these dimensions along with market factors such as price, availability and individual psychographic differences, the goal is to predict intended customer behaviors better than with traditional methods. For more information visit www.maritzresearch.com.

## New bi-weekly omnibus reaches black women

NiaOnline Quick Response is a bi-weekly omnibus survey service allowing access to a national research panel of African-American women. The service is offered by Nia Enterprises, LLC, a Chicago research firm.

The NiaOnline Quick Response omnibus is offered twice a month, on the second and fourth Mondays. Questions must be received and approved by the end of the day on Monday, and then they will be submitted to NiaOnline.com's opt-in, permission-based Consumer Advisory Panel. Sample sizes are no less than 250, and project turnaround is generally three to five days.

All reports include a basic description of the responses to the Quick Response question plus key demographic data. For more information contact Heather Davis at 312-222-0943 or visit www.niaenterprises.com.

## Get the skinny on diet trends

Ipsos-Insight, New York, has launched Ipsos DietTrends, a syndicated service to track consumer purchase behavior of diet-related products and services. Ipsos DietTrends tracks purchase behavior of nutritional supplements, meal replacements, weight control products and diet and exercise plans.

Ipsos DietTrends captures purchase data through the America Shoppers' Panel: a longitudinal consumer panel of 16,000 households, representative of the U.S. population. Each month, panelists record all diet-related product and services purchases made by all household members during that month regardless of where the purchase was made, revealing the importance of all outlets including health food stores, mail order and online. Monthly reporting quantifies brand loyalty and compliance. Ipsos DietTrends began collecting data in January 2004 and is offered on a syndicated basis. For more information visit www.ipsos-insight.com.

## New health economics services from IMS

Fairfield, Conn., research firm IMS Health has launched new consulting capabilities in the field of health economics and outcomes research. IMS will provide pharmaceutical companies, government agencies and other decision makers with evidence-based insights into the cost, value and anticipated consequences of therapies and treatment options, initially through health economics model evaluations, cost-of-illness studies, disease management models and budget impact analyses. These new capabilities come about via two recently acquired companies: France-based GYD Institute and HEDM (Health Economics and Disease Management), Belgium. For more information visit www.imshealth.com.

## ArcGIS extension debuts

ArcGIS Data Interoperability is now available from Redlands, Calif.-based ESRI. This new ArcGIS extension eliminates barriers to data sharing by direct data access, complex data transformation and import/export capabilities. Jointly developed by ESRI and Safe Software, an ESRI Corporate Alliance, ArcGIS Data Interoperability is built on Safe Software's Feature Manipulation Engine technology.

ArcGIS Data Interoperability allows GIS professionals to use any standard GIS data within the ArcGIS Desktop environment, regardless of the format. This means that users can directly read, display and analyze this data using all the tools available within ArcGIS Desktop.

ArcGIS Data Interoperability features data support for a range of formats including Geography Markup Language, XML, Autodesk DWG/DXF, MicroStation Design, MapInfo MID/MIF and TAB, Oracle and Oracle Spatial, and Intergraph GeoMedia Warehouse.

It provides a new toolbox with Quick Import and Quick Export tools that enable ArcGIS users to translate between data formats with default format settings.

And users can manipulate and translate default formats to create custom formats using the

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## News notes

**The Marketing Research Institute International**, Rocky Hill, Conn., in partnership with the **University of Georgia Center for Continuing Education**, has launched an updated and expanded Principles of Marketing Research online certificate course. The launch unveils the latest development in the Principles program, the 12th Module, International Research, as well as content revisions of Modules 1-11.

The International Research Module, authored by Colin McDonald of the U.K., will be featured as a bonus module and will highlight specific challenges in marketing research that arise from the international context. McDonald has been a market researcher since 1961, both on the client side (Reckitt and Sons Ltd.) and with research agencies BMRB and Communication Research Ltd. He currently runs his own consultancy, McDonald Research and is co-editor of the *ESOMAR Handbook of Market and Opinion Research* (4th edition). A panel of industry reviewers also participated in the development of the module, including, William Douglas of The Coca-Cola Company; Gunilla Broadbent of Synovate; Adam Phillips of Real Research; and Julie Williams of Maritz Marketing Research.

The vision for the international research module was driven by ESOMAR. Its overall objective is to provide additional training on international themes. ESOMAR is a sponsoring organization of MRII, along with the Marketing Research Association.

Also included in the expanded Principles of Marketing Research is the 2003 addition of the Web-based course in Module 11, Web Survey Research and Data Delivery Methods. An added advantage of the curriculum is the online glossary of terms and phrases unique to marketing research conducted via the Internet.

Modules 1-10 were revamped, under the direction of Julie Williams, MRII board member and curriculum chair. The updated modules reflect the new editions of the two required course textbooks: *Marketing Research: An Applied Orientation* (4th edition) by Naresh Malhotra and *A Preface to Marketing Management* (9th edition) by J. Paul Peter and James H. Donnelly, Jr. The expanded certificate program was released via the Internet in early September 2004.

The Principles of Marketing Research is self-paced, self-study, online certificate program. Enrolling more than 2,800 students since 1996, The Principles course has reached students from over 60 countries. The goal of the program is to provide the student with a common basis of knowledge among researchers currently in the marketing and opinion research industry. The course also provides basic training for individuals entering the industry.

The University of Georgia is responsible for all aspects of the administration and management of the training program. Successful graduates earn a Certificate of Completion from ESOMAR, MRII and the University as well as 20 University of Georgia Continuing Education Units (CEUs). For more information visit www.principlesofmarketingresearch.org.

Effort, Pa.-based telecom industry analyst firm **Technology Research Institute** will merge into telecom consulting and research firm **Dittberner Associates, Inc.**, Bethesda, Md.

The board of directors of **Arbitron Inc.**, New York, has authorized a stock repurchase pro-

## Calendar of Events November-February

The Marketing Research Association will hold its annual fall education conference and technology forum on November 3-5 in San Diego. For more information visit www.mra-net.org.

The Advertising Research Foundation will hold its annual Week of Workshops on November 3-5 at the New York Marriott Financial Center. For more information visit www.thearf.org.

ESOMAR will hold a conference on telecommunications on November 7-9 in Brussels. For more information visit www.esomar.org.

The Mystery Shopping Providers Association will hold its fall educational workshop, "Reaching New Heights in Peak Performance," on November 11-13 at the Hyatt Regency Hotel in Denver. For more information visit www.mysteryshop.org.

The Society of Insurance Research will hold its annual conference, workshops and exhibit fair on November 14-17 in Atlanta at the Grand Hyatt Hotel. For more information visit www.sirnet.org.

The Council of American Survey Research Organizations will hold a data collection conference on November 19 in Chicago. For more information visit www.casro.org.

ESOMAR will hold a conference on qualitative research on November 28-30 in Cannes, France. For more information visit www.esomar.org.

ESOMAR will hold "Age Matters: Interpreting Needs, Developing Strategies" on January 30-February 1 in London. For more information visit www.esomar.org.

ESOMAR will hold a conference on the financial services industry on February 1-3 in London. For more information visit www.esomar.org.

gram under which the company may buy back up to $25 million in shares of its common stock. The company expects that the shares may be purchased from time to time in either open market or private transactions at then-prevailing market prices through December 31, 2004. For the three months ended June 30, 2004, the company's weighted average common shares outstanding totaled 31,497,000 on a diluted basis.

**Greenfield Online, Inc.**, Wilton, Conn., has been added to the Russell 3000 and Russell 2000 indices.

Netherlands-based information and media company **VNU** has signed a definitive agreement to sell its World Directories group to World Directories Acquisition Corp., a legal entity owned by funds advised by Apax Partners Worldwide LLP and Cinven Limited, for a price of EUR 2,075 million.

The sale includes all operating companies and directly related activities of World Directories. The group produces telephone books and Yellow Pages directories both in print and online under brand names such as Golden Pages, Gouden Gids, Pages d'Or, Páginas Amarelas and Pagini Aurii.

World Directories employs approximately 2,200 people. In 2003, the group generated EUR 492 million in revenues and EUR 211 million in operating income.

Following the sale, MediaPost's *Media Daily News* reported in October that VNU was looking to make a major investment in the marketing or media research sector and said some analysts believed Arbitron or Mediamark Research Inc., were likely targets in the U.S. Outside the U.S., analysts speculated that Germany's Gfk (estimated acquisition cost: $923 million), the U.K.'s Taylor Nelson Sofres ($2.3 billion), and Europe's Ipsos ($867 million) were the most likely targets. Both TNS and Gfk are providers of TV ratings research outside the U.S., which Merrill Lynch analysts noted would make a good fit and would extend Nielsen Media Research's TV ratings dominance outside the U.S.

Separately, Arbitron Inc., New York, and VNU have agreed to jointly explore the possible development of a new, national marketing research service, which collects multi-media and purchase information from a common sample of consumers.

The service will be designed to enable a better understanding of consumer exposure to advertising on multiple media and the link to their shopping/purchase behavior. The ultimate objective would be to provide advertisers with an enhanced ability to determine the return on investment for their marketing efforts. Procter & Gamble

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By Jay Zaltzman and Piyul Mukherjee

# Use focus groups to understand India's massive markets

Western companies are discovering the appeal of marketing their products in India. With a population of approximately one billion, and a middle class that's larger than the total population of the United States (300 million and growing), there's definitely money to be made. However, foreign companies have learned that marketing in India is not easy. Despite Indians' familiarity with the English language and exposure to Western culture, foreign companies, such as Pepsi, were disappointed when they initially tried running their existing advertising in India.

Multinational companies have been far more successful with advertising created specifically for the Indian market. Some examples:

- Pepsi's sales increased when it ran advertising featuring Indian movie star Shah Rukh Khan, and popular cricket batsman Sachin Tendulkar.
- ICICI Prudential Life Insurance uses the *sindoor* (the red mark in the parting of the married Indian woman's forehead) as a guarantee, capturing the essence of this powerful age-old metaphor for insuring the future.
- Heinz ketchup's main ad uses a caricatured voiceover of a well-known Indian politician from the hinterlands of Bihar, an Eastern state in India.
- P&G's advertising for Camay soap failed to connect with the Indian consumer as it dealt with beauty at a superficial and even apologetic level. In spite of a young, beautiful model, the advertising was not very memorable or eye-catching. On the other hand, Lux from Unilever is universally recognized as the soap of the beautiful celebrities and continues to be a dominant player in India. As an endorser, Lux always chooses the top film star of the day. The image of this brand has been so revered over the years that Indian film stars actually consider it to be a rare privilege to be a "Lux-star"!
- Colgate was initially seen as a purely functional brand. However, the company went on to strengthen its emotional connection with the consumers. From ads that showed a dentist in a white coat tapping on a set of teeth, current ads have cameos of endearing children in their day-to-day lives.
- An ad for Fair & Lovely face cream (owned by Unilever) had a man saying

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"I wish I had a son!" This raised hackles among Indian intellectuals. But the ad talked about the marginalized father-daughter relationship and connected to Indian emotions. People saw the ad as a celebration of the daughter's subsequent empowerment. Sales shot up.

### Important theme

The "internal politics" of Indian families are a very important theme in Indian life which tends to resonate well in advertising. However, when it comes to political themes on a broader scale, multinational companies would probably do well to leave these to local companies. When television maker Onida (an Indian company) ran an ironic "border" story after a skirmish over the disputed state of Kashmir, it

was highly successful. But when Cadbury's ran an ad related to Kashmir (with the line "It cannot be shared"), it faced such strong criticism that it withdrew the ad hastily. As they say in India, it is OK for the daughter to criticize the head of the family, but not for the daughter-in-law!

Understanding the Indian mindset is the key to foreign companies' success in India. For example, Ford initially decided to bring in its older car models (that the American public saw as outdated) - hoping that the Indian buyers would be ever so grateful to get an American car. It couldn't have been more wrong. Indian consumers did not purchase an expensive car that was not well-suited for Indian families or roads. Chevrolet learned from such early mistakes, and brought in models that were suited to local conditions such as the Tavera. Chevrolet also ran completely Indian-themed advertising. One example: an ad featuring the Hindu *karva chauth* ritual, wherein Indian women go on an all-day fast praying for the longevity of their husbands.

Other foreign companies have learned that Indian consumers are willing to pay more for a better product - but only a little more. For example, Hyundai has been very successful with a car selling for $7,000 which, while more expensive than the best-selling $5,700 Suzuki model 800, is still significantly cheaper than the $9,000 models offered by GM.

LG has had great success by making slightly more expensive refrigerators and air conditioners that are more resistant to the dust, extreme heat and frequent power surges common in India's vast rural territory.

**Effective focus groups**

How can Western companies create advertising that will resonate with Indian consumers? By talking to them! Here are some tips to ensure effective focus groups in India:

• *Don't mention the incentive.*

Unlike focus groups in the U.S., we don't tell focus group respondents that they'll receive an incentive for participating. Rather, we give them a surprise gift at the end. This is because, when incentives are mentioned in advance, Indian respondents have a tendency to want to "please the giver" and tell us what they think we want to hear. Cash is still a rare incentive - gifts are more common. For example, gifts for women might be stainless steel utensils in rural India, or a bag of household goodies in urban areas.

You may well ask, "So why do they come?" To India's garrulous citizens, a chance to talk and be heard is an incentive in itself!

• *Limit repeat attendance.*

One of the advantages of working in such a populous country is the luxury of being able to sharply limit the number of repeat attendees in consumer focus groups. We usually require that at least half the respondents never have attended a focus group; the remainder must not have participated in a focus group in the preceding two years.

• *Ensure respondents' attendance - in person.*

We send out our team members to pick up each person and bring them in personally, thus ensuring a high show rate. Otherwise, the tendency to agree to come and then not show up can be very high in India.

• *Focus group logistics.*

Focus group facilities, with a one-way mirror and viewing room, are still rare in India, and only found in the larger metropolitan areas. We usually conduct homemaker focus groups in a home that is considered typical for the respondents, with a video camera and the clients viewing the discussion in another room.

Many respondents, as mentioned, are very interested in participating - they're intrigued by the whole experience. Some respondents (in small towns) even arrive with other family members who patiently wait in the vicinity during the whole focus group discussion. In fact, in rural India, we sometimes conduct two focus groups - the real one, and a mock focus group for the family members, to keep them occupied and appeased! More so, when the accompanying members are older family representatives. In Indian joint families, the older members always believe they have a right to be heard.

• *Socioeconomic class is critical.*

A college lecturer earning 10,000 rupees per month cannot be grouped with a construction supervisor with the same income - since their reactions will be completely distinct and different. Thus, occupation and education are the basis of the Indian socioeconomic class table, rather than income.

• *Ask the right questions at screening.*

Over a long period of time, we have built a database of questions to be asked of participants, along with the usual demographic questions. For instance, whether she is a member of a "kitty party" or not, when she is a housewife in an urban area, can be a true indicator of her level of articulation! (A "kitty party" is an informal group of around 10 to 12 women, who meet once a month, and zealously guard membership in this "kitty.") The school her child attends (and the medium of instruction in the school) is another such indicator.

• *Be aware of regional differences in attitudes.*

Consumer attitudes and behavior vary widely in different parts of India. We have learned to take that into account when conducting research. Take, for example, the widely used third-person technique to elicit respondents' opinions: "I showed this ad to some folks yesterday, and they didn't like it, why do you think they felt that way?" This technique simply does not work in rural India, where people have a very practical and down-to-earth approach to things. Their usual reply, with a great deal of surprise: "Why didn't you just ask them?"

**Very different**

As you can see, despite the common language, life and attitudes in India are very different from the West. There are many cultural subtleties of which to be aware. But by paying attention to these factors in marketing and research programs, companies can lay the groundwork for building a beneficial relationship with the vast Indian market. | Q

By Jim Nelems

# Remember when... 40 years in marketing research

Although marketing research is a relatively new industry, as industries go - having been around for less than 100 years - it has not been immune to drastic changes over the last 40 years or so. Those in the industry for just a few short years might well marvel at these changes and wonder how the "old timers" ever got anything done!

Ask yourself how many of these early practices you've used, or are even familiar with:

1. When you had to send a package of questionnaires or reports overnight, you had to take it down to the local Greyhound or Trailways bus station. Even worse was having to pick up a package at the bus station, over the cries of the shipping managers at the station, who always seemed to say the package was not there!

2. Correcting reports using correction fluid such as Liquid Paper.

3. Paying female focus group participants $5 and male participants $10.

4. Charging $900 for a full-service focus group including incentives.

5. Charging $2,500 for a sample of 300 completed awareness, trial and attitude phone surveys.

6. Having one toll-free number for the state your business is in and a different one for the other 49 states.

7. Calling the phone company to move phones, because they were all hard-wired into the wall.

8. Zap Mail, a failed billion-dollar-plus experiment using centrally located fax machines.

9. Doing focus in living rooms with a reel-to-reel tape recorder.

10. Using punch cards for data entry.

11. Buying a calculator from one of the first manufacturers of calculators, the Singer Sewing Machine Company - and paying $600 or more for it.

12. Actually taking a job to interview one chief of police in a small southern town and being paid $2.50 for the interview.

13. Not being able to afford a WATS line because each line cost $2,400 per month regardless of the number of hours you used. Each phone had to have a separate WATS line.

14. Considering whether or not to buy office machines from Exxon called Qyp, Qwip and Qyx.

15. Manually calculating statistics such as standard error and standard deviation.

16. If you sent out 20 personal letters, they all had to be individually typed.

17. Marveling at the new Xerox Star system of connected "typewriters," the forerunner of PCs and Microsoft.

18. Bragging that your new computer system had 256K memory, less than a watch has today but more than was used in the first Apollo moon flight.

19. Saying "It's in the mail," rather than "My system crashed."

20. And when the response rate on phone surveys was at least 60 percent on every survey!

We don't pine for the "good old days" - they are gone forever. But to those who are passionate about marketing research, the fun and excitement of working first as a detective to determine the facts and then as a lawyer to present them, is still there. Long live marketing research!

*Editor's note: Jim Nelems is CEO of The Marketing Workshop, Inc., a Norcross, Ga., research firm. He can be reached at jnelems@mwshop.com.*

By Dean Barker

# Learn globally, learn locally

## Four agreements for better international research

After several years crisscrossing the United States as a consultant working in software product research and design, business travel had lost its luster for me. Trips to Los Angeles and Des Moines were exactly the same...the baggage claim, the rental car counter, an office building, and then finally hotel room service, followed by a fitful night's sleep in another strange bed. As a result, I left consulting for direct employment three years ago. In a twist of fate, I was laid off after six months but immediately offered a position in the organization's sister company working for their international product design group. However, owing apparently to some unpaid karmic debt, I found myself back on the road again, but this time commuting over oceans to get to work.

Fortunately, I found global adventures much to my liking. For the past few years I thought perhaps my name must be Walter Mitty. My travel portfolio includes England, France, Spain, Switzerland, Australia, Argentina and Japan. I've seen the changing of the guard at Buckingham Palace, eaten the world's freshest sushi in Tsukiji fish market, hugged a koala, and narrowly escaped an overnight stay in an Argentine jail.

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More importantly, the cross-cultural work has rekindled my interest in my career. After nearly a decade doing research and design projects, I had started to become somewhat ambivalent about my chosen profession. Doing the work on a global level has allowed me to leverage my expertise, amortize my investment in the field, and grow as a professional and a person. I've learned things that make me better at what I do.

The following are simple lessons learned from global work and jotted down during miles and miles (that is, kilometers and kilometers) spent on planes, trains and automobiles across the globe. But, they could've (and maybe should've) been lessons learned across town. These are really just reminders of best practices and common sense that I may have taken for granted without the additional challenge and awareness that comes from working abroad and in different cultures. With gratitude (or perhaps apologies) to the writing of Don Miguel Ruiz, here are "The Four Agreements" that I've made with myself as a researcher after reflecting on the past few years:

- be prepared;
- be flexible;
- be creative;
- be humble.

**Be prepared**

Be prepared for everything. Don't worry about being prepared for "anything," but do be prepared for everything that's part of your research plan. Like many things, the success of a research project is in the details, especially a project led from one country and implemented in another country.

I'm not naturally a detail-oriented person. I'm more of a "big picture" guy. But, in a research role and when leading a study, I'm a list maker and double-checker. Project plans and checklists are my favorite tools and e-mailed courtesy copies to myself help me make sure that absolutely everything gets done before getting on an airplane for a 12-hour flight and a drive to a research laboratory that I've never seen in-person before. When participants have been recruited, a facility reserved and international travel

arrangements for team members made, there's no room for error in making sure everything is done and that everything works when the time comes. I travel with all my files on a laptop, but backups on a USB flash key and a backup of the backup on a CD-ROM help me sleep better at night (if not on the plane).

Most of all, being prepared means ensuring that you mitigate as much risk to the fieldwork as you possibly can. The highest potential risk area in a global study is the conducting of the research. If your research isn't well prepared, then all other aspects of the project are for naught. To mitigate risk, one thing I've taken to is conducting additional pilot iterations. I'll now routinely conduct an internal pilot with co-workers and/or local customers, then iterate the research materials before going on the road and conducting an external pilot with recruited participants in that global market. So I've doubled the effort involved in piloting a study, but it has proved to be an invaluable strategy.

But also, part of being prepared to work internationally means paying attention to some fairly mundane issues. For example, if you're getting a video recording of your research, make sure you specify the format you want. It will likely be done in the local standard and you could come home with a box of useless videotapes. And, nobody else in the word uses 8-1/2 x 11-inch paper. Documents in many other places use A4 format. If your research requires a large volume of paper for the fieldwork, then proper formatting in advance may perhaps save you from cruising around London trying to find a Kinko's at midnight.

For that matter, simple communications and travel issues need to be considered. International dialing to a given country is sometimes tricky to figure out, but even worse is being someplace else and trying to figure out how to call home when you really need to. When I'm traveling to a new country, I research on the Web before I go to make sure I've got the right power converters, phone converters, phone dialing information, time zone, weather projections, travel alerts, etc.

**Be flexible**

Great preparation though shouldn't yield inflexibility. Unanticipated things happen during the course of any project and sometimes you simply have to roll with the punches.

As dedicated professionals, we're advocates for best practices. As well we should be, but as Voltaire said, "The best is the enemy of the good." Compromise is necessary to design and implement most studies overseas. Customer research is a mature field in the U.S. business culture, but I've been shocked to find out how comparatively little of such research is done in other countries. Furthermore, because of that, there's not much infrastructure in many places. Facilities, recruiters, contractors and even willing participants may be hard to come by.

If you're not exclusively visiting customer sites, you're probably using one or two "favorite facilities" as a central location for your research. If you'll be working in a new facility, especially overseas, you'll likely base your choice on referrals and recommendations from others and not have the opportunity to visit it in-person. I always try to get a second opinion and if I can't get any personal recommendations, I'll try and at least get a colleague in that area to pay a visit to the facility for me. But, if, after traveling thousands of miles, you do arrive at a "Little Shop of Horrors," then do your best to be kind to yourself and simply be at peace with the environment. It may mean you're uncomfortable, or your stakeholders are uncomfortable. Or perhaps you can't get the audiotapes you were planning on. Whatever. The bottom line is that most research can still be done as long as you and the customer are face-to-face and you're able to take some notes.

Recruiting is an issue where I've been particularly pained while learning what's possible in other markets. The lack of maturity in the research industry means that clients and consumers aren't used to dealing with recruiting and being recruited. So, robust screening criteria and large candidate pools to draw recruits from may not be realistic expectations in some places. In Japan, the greatest success in recruiting research participants comes from well-established business relationships and personal invitations. While I was aware that because of cultural reasons such would be the case there, I was surprised to find a similar approach was necessary in the United

Kingdom. Perhaps this is because of the profession of our market segments, but regardless, the first time I conducted a study in London I spent a lot of energy trying to put upfront best-practices in place in regards to the recruiting process. Ultimately, in order to even implement the study, we needed to resort to minimal criteria for participation as well as personal invitations from our client to their preferred customers. While I was frustrated that this use of "friendlies" risked an artificially positive bias, I had to remind myself that some data is better than no data and that if I had been too rigid in my policies, we very likely wouldn't have been able to complete the research at all.

**Be creative**

It's important to be flexible and willing to adapt the specifics of how you do your work, but when designing research plans for other markets you sometimes need to think substantially outside the box. Creative or even radical ideas and plans may be necessary to meet the challenges of researching certain markets outside of the U.S. Years ago, I was pretty stringent and by-the-book, but developing new techniques to meet the needs of a given situation is sometimes required and makes for an interesting and enjoyable challenge. As a research professional, the trick is to be flexible and creative but still maintain experimental rigor in your research.

In usability research, the classic formal method is a usability test. But not every business situation makes it possible to do such a study. So in the spirit of "cheaper and faster" I've taken to using an amalgam of two formal walkthrough methods which give results that can be reported in a very similar manner. And, when one project had geographic and other constraints that wouldn't allow for this group walkthrough technique to be conducted face-to-face, we figured out a way to conduct it using the Internet and still got good some data. Again, if you're talking about formative research and are simply trying to inform product development, some is better than none. And, in global markets, typically budgets are smaller and resources fewer than in the U.S. Plus, the logistics are often more complicated. Creativity can allow you to get some customer feedback rather than none in those circumstances.

**Be humble**

Specifically, always practice cultural humility. Our company creates products for attorneys and other legal professionals worldwide. In Japan, there are currently about 18,000 attorneys from a population of 128 million. In the U.S., it's estimated that we have about one million attorneys out of 294 million people. Because of the small number of attorneys, Japanese lawyers have an extremely high social status. Class systems exist in many countries. Understanding how your research participants (and clients) in other countries perceive themselves and are perceived by others can help you tailor your communication to be most effective.

In general, other cultures all have differences that make a difference when it comes to preparing research and working on product designs. Some are minor, like the differences between British English and American English. Others are major, such as the general cognitive processes that impact how people conceptualize information. For example, East Asians and Westerners prioritize different aspects of information. East Asians emphasize the relationships between things and Westerners emphasize the organic nature of the things (i.e., information objects) themselves. Reading the book *The Geography of Thought* gave me some valuable background on this topic, without which my research design for a recent project would have been substantially less effective.

Learning about a culture, especially a given business culture, and cultivating awareness and sensitivities to the differences between that culture and yours, is a key element of success in global research. I've got good French language skills from my college years, and have made it a point to pick up a little bit of Spanish and German, plus have taken a 10-week course in basic Japanese. I certainly won't ever be fluent in all of these languages, but studying the language is a great way to build a better understanding of a culture. Also, being able to simply introduce yourself, say please and thank you, and order a meal in another language is useful for building rapport with business associates. Many business people around the world are schooled in English and don't expect you to learn their language, but they certainly appreciate when Americans make such an effort.

**Equally as powerful**

In his book *The Four Agreements*, Don Miguel Ruiz says, "In these agreements we tell ourselves who we are, how to behave, what is possible, what is impossible." I think such agreements with ourselves in regard to our professional personas are equally as powerful those used to shape our personal lives. Who we are and how we behave on the job is shaped by our professional philosophy. What is possible and what is impossible is based on our knowledge of the craft and our ability to think beyond our own previous experiences or even what has come before in our field. The Four Agreements offered here are only a few bits of advice and are simple in principle. But making these agreements with yourself or reflecting on your own work to arrive at new agreements with yourself may help you be a better researcher, whether you're working across the world or across town. IQ

# What's hot and what's not in Euro-Asia

By Edward Hodgman

Have you ever heard of Kazbegi? In the former Soviet republic of Georgia, this beverage manufacturer recently showed stronger spontaneous awareness than Coca-Cola. In Croatia, Kras (a confectionery) also came out ahead of Coke, whereas in Azerbaijan, Coke joined another multinational, Samsung, in achieving strong name recognition. In Central Asia, on the other hand, not a single local company made it into the Top 10 in terms of spontaneous awareness.

This is just a small glimpse into the impact of consumer marketing within the emerging markets of Eastern Europe, the Caucasus and Central Asia, as measured in a survey of the region by EMRA, the Euro-Asian Marketing Research Association. EMRA's members are independent social and marketing research companies operating in countries across the former USSR, Eastern Europe, the Caucasus and Central Asia. All of these countries, representing more than 300 million consumers, have undergone rapid social and economic changes in recent years. In order to understand the inroads made by Western corporations in these emerging markets, as well as the ability of local/regional brands to successfully compete in their newly open economies, EMRA conducts an annual consumer survey of company and brand awareness and communication effectiveness.

## A look at corporate and brand images in Eastern Europe, the Caucasus and Central Asia

The countries included in the survey are either former Soviet republics or countries that operated in the Soviet economic zone. Until a little over 10 years ago, these countries all had centrally-planned economies. Government-run enterprises were the sole source of consumer products. These entities operated without competition, resulting in few branded products and little consumer understanding of the brand concept. Yugoslavia was perhaps the only exception in that, while still having a centralized economy, it imported more European products, thus exposing consumers in this market

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to brand choices. In the years since *perestroika* and *glasnost* entered the world's vocabulary, the Berlin Wall fell, and relative stability came to the Balkans, multinational firms have entered these markets by establishing local operations, selling their branded products and heavily advertising these products in order to establish recognition and promote brand choice. Over time, local and regional companies have begun to compete with the multinationals by manufacturing better-quality products - and promoting them as actively as their outsized competition.

The results of the EMRA poll of this region show that some multinationals have established a leading presence in these markets. At the same time, the survey shows that local consumers demonstrate real loyalty toward local brands.

**Survey methodology**

In the first quarter of 2004, 14,429 men and women between the ages of 18 and 64 were interviewed. Participants were from Azerbaijan, Belarus, Bulgaria, Croatia, Georgia, Hungary, Russia, Serbia and Montenegro, the Ukraine, and Uzbekistan. EMRA member companies conducted research among both urban and rural inhabitants, and age and gender quotas were established within each country to appropriately represent the local populations.

The survey probed unaided recall and advertising awareness of companies and brands, and surveyed sources of advertising awareness as well. The survey went on to ask about the positive and negative ramifications of the presence of multinationals. It ended with an exploration of recent and anticipated changes in personal well being, as well as anticipated countrywide social and economic changes.

• Across the region as a whole, multinationals dominate – led by Coca-Cola.

In aggregate, on every awareness measure, Coca-Cola is mentioned most often, achieving recall levels of at least double that of any other company/brand. This finding is consistent with Coca-Cola's significant investment in this region over many years.

Other multinationals among the Top 10 company mentions are Samsung, Nestlé, Sony, Procter & Gamble, Oriflame (cosmetics), and LG (consumer electronics). Danone also achieves high awareness when consumers are asked specifically about advertising. The only local/regional companies that are able to break through the dominance of the multinationals, on a region-wide basis, are Kazbegi (a Georgia-based firm), M Tel (a mobile telecommunications provider based in Bulgaria) and Kras (based in Croatia).

**Spontaneous Company Awareness - Total**

| | |
|---|---|
| Coca-Cola | 18 percent |
| Nestlé | 9 percent |
| Samsung | 9 percent |
| Sony | 7 percent |
| Oriflame | 5 percent |
| Kazbegi | 5 percent |
| Procter & Gamble | 5 percent |
| LG | 4 percent |
| M Tel | 4 percent |
| Kras | 3 percent |

**Spontaneous Advertising Company Awareness - Total**

| | |
|---|---|
| Coca-Cola | 23 percent |
| Samsung | 10 percent |
| Nestlé | 9 percent |
| Procter & Gamble | 8 percent |
| M Tel | 5 percent |
| Sony | 5 percent |
| Danone | 4 percent |
| LG | 4 percent |
| Oriflame | 4 percent |
| Kras | 4 percent |

Even more notable, across the region multinational brands overpower the local brands; all Top 10 brand mentions are products of multinational manufacturers. The sole regional brand to achieve advertising recognition at the level of the multinationals is Grand Kafa (a Serbian coffee manufacturer).

**Spontaneous Brand Awareness - Total**

| | |
|---|---|
| Coca-Cola | 12 percent |
| Ariel | 6 percent |
| Addidas | 6 percent |
| Mercedes | 6 percent |
| Nike | 5 percent |
| Samsung | 5 percent |
| Nivea | 4 percent |
| Sony | 4 percent |
| Tide | 3 percent |
| Fanta | 3 percent |

**Spontaneous Brand Advertising Awareness - Total**

| | |
|---|---|
| Coca-Cola | 17 percent |
| Ariel | 7 percent |
| Samsung | 5 percent |
| Nivea | 5 percent |
| Tide | 4 percent |
| Fanta | 4 percent |
| Nescafe | 3 percent |
| Nike | 3 percent |
| Orbit | 3 percent |
| Grand Kafa | 3 percent |

Figure 1
Top 10 Companies by Country
(based on spontaneous awareness)

| | Azerbajian | | Belarus | | Bulgaria | | Croatia | | Georgia | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Samsung | 25% | Horizont | 14% | M Tel | 45% | Kras | 34% | Kazbegi | 50% |
| 2 | Coca-Cola | 23% | Samsung | 14% | Coca-Cola | 36% | Podravka | 30% | Coca-Cola | 38% |
| 3 | Final | 16% | Milavitsa | 13% | Globul | 27% | Vindija | 20% | Nikora | 13% |
| 4 | Azercell | 15% | Belita | 12% | BTK | 17% | Pliva | 16% | Borjomi | 9% |
| 5 | Azersun | 13% | Atlant | 11% | Bulgartabac | 16% | Saponija | 12% | Sante | 8% |
| 6 | Sony | 12% | Sony | 11% | Shell | 13% | Coca-Cola | 12% | Aia | 4% |
| 7 | Teksun | 11% | Oriflame | 11% | Multigroup | 13% | Dukat | 10% | Lomisi | 3% |
| 8 | Oriflame | 11% | Coca-Cola | 10% | Danone | 12% | Lura | 9% | GWS | 2% |
| 9 | Siemens | 11% | Philips | 9% | Lukoil | 10% | Varteks | 9% | Samgori | 2% |
| 10 | Bakcell | 10% | Vityaz | 9% | Aroma | 9% | Franck | 8% | Sadia | 2% |

| | Hungary | | Russia | | Serbia & Montenegro | | Ukraine | | Uzbekistan | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Matáv | 18% | Nestle | 34% | Coca-Cola | 26% | Nestle | 23% | Procter& Gamble | 23% |
| 2 | Tesco | 18% | Rossiya | 28% | Merima, Krusevac | 10% | Samsung | 16% | Samsung | 21% |
| 3 | MOL | 13% | Coca-Cola | 16% | DIN | 10% | Procter& Gamble | 15% | Nestle | 21% |
| 4 | Westel | 11% | Red October | 15% | Mercedes | 9% | Avon | 11% | DAEWOO | 19% |
| 5 | Vodafone | 9% | Russkyi Product | 13% | SI&SI Co. | 8% | Oriflame | 11% | Sony | 19% |
| 6 | Pannon | 8% | Gallina Blanca | 13% | Sony | 8% | Sony | 10% | LG | 16% |
| 7 | OTP | 8% | Danone | 12% | Rodic Co. | 8% | LG | 8% | Oriflame | 14% |
| 8 | Metro | 8% | Badaevs Koe | 10% | Soko Stark | 8% | Panasonic | 7% | Coca-Cola | 14% |
| 9 | MÁV | 7% | Wimm-Bill-Dann | 9% | Grand Kafa | 7% | Olvia Beta | 7% | Mercedes | 8% |
| 10 | Philips | 5% | Baltika | 8% | SIMPO | 7% | Philips | 5% | Adidas | 8% |

Figure 2
Spontaneous Awareness of Advertised Companies by Country

| | Azerbajian | | Belarus | | Bulgaria | | Croatia | | Georgia | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Samsung | 31% | Samsung | 13 % | M Tel | 51% | Kras | 40% | Kazbegi | 39% |
| 2 | Coca-Cola | 23% | Coca-Cola | 12 % | Coca-Cola | 45% | Coca-Cola | 30% | Coca-Cola | 32% |
| 3 | Final | 18% | Milavitsa | 11 % | Globul | 35% | Podravka | 22% | Nikora | 11% |
| 4 | Siemens | 12% | Colgate | 10 % | Danone | 12% | Vindija | 14% | Sante | 6% |
| 5 | Teksun | 11% | Procter& Gamble | 9% | Shell | 11% | Saponija | 14% | Borjomi | 4% |
| 6 | Xayal | 11% | Vityaz | 9% | Aroma | 11% | Dukat | 10% | Aia | 3% |
| 7 | Azercell | 10% | Belita | 9% | Pepsi Co | 9% | Pliva | 10% | Lomisi | 2% |
| 8 | Sony | 10% | Sony | 8% | Lukoil | 8% | Franck | 9% | Magti | 2% |
| 9 | Azersun | 10% | Horizont | 7% | Nivea | 8% | Ledo | 8% | Procter& Gamble | 2% |
| 10 | Beko | 10% | LG | 7% | Procter & Gamble | 6% | Zagrebacka Pivovara | 8% | Sadia | 2% |

| | Hungary | | Russia | | Serbia & Montenegro | | Ukraine | | Uzbekistan | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Westel | 26% | Nestle | 27% | Coca- Cola | 38% | Procter& Gamble | 30% | Nestle | 25% |
| 2 | Vodafone | 26% | Rossiya | 22% | Grand prom | 20% | Nestle | 23% | Procter& Gamble | 25% |
| 3 | Pannon | 25% | Coca-Cola | 13% | Don Cafe Group | 15% | Samsung | 14% | Samsung | 21% |
| 4 | Matáv | 21% | Danone | 11% | Knjaz Milos | 9% | LG | 10% | LG | 18% |
| 5 | Tesco | 18% | Gallina Blanca | 11% | SI&SI Company | 9% | Sun Interbrew | 10% | Coca-Cola | 15% |
| 6 | Coca-Cola | 9% | Baltika | 8% | Sinalco SI&Si Co. | 9% | Kraft Foods | 8% | Sony | 13% |
| 7 | Suzuki | 9% | Russkyi Product | 6% | Nivea Biersdorf | 8% | Avon | 7% | Oriflame | 12% |
| 8 | MOL | 7% | Pepsi | 6% | Merima, Krusevac | 8% | Olvia Beta | 6% | Rossiya -Shedraya dusha | 10% |
| 9 | OTP | 7% | Samsung | 5% | Apatinska Pivara | 8% | Oriflame | 6% | Gillette | 9% |
| 10 | Opel | 6% | Wimm-Bill-Dann | 5% | Henkel | 7% | Sony | 5% | DAEWOO | 9% |

Interestingly, the powerful inroads made by multinationals in the Euro-Asian region are far from uniform. Here culture makes all the difference, in investment policies as well as local tastes. While in many countries, local brands are emerging because they better meet long-term consumer usage preferences, it is also true that multinational companies have not been able to invest as freely in all countries of the region, giving some local companies more leverage. For example, consumers in Bulgaria, Croatia, Georgia, Russia, and Serbia and Montenegro are more likely to identify local/regional companies as top-of-mind rather than multinationals. The most notable local entities include M Tel and Globul (mobile communications) in Bulgaria, Kras and Podravka (a food producer) in Croatia, Kazbegi in Georgia, and Grand Prom (coffee) in Serbia and Montenegro. In some cases, as with Russia's Rossiya chocolate brand, local tastes are being satisfied with multinational investments - Rossiya being a Nestlé-owned brand located in Samara, Russia.

However, even in these countries, multinational brands dominate the markets. The only local/regional brands with strong recognition are Final, a tea popular in Azerbaijan, M-Tel in Bulgaria, Dorina (chocolate) in Croatia, Kazbegi (beer, cold tea) in Georgia, and Grand Kafa and Don Kafa in Serbia and Montenegro.

• Television is the primary driver of brand awareness across this region.

For every brand probed, television is cited as the primary source of advertising awareness by a wide margin (mentioned by an average of 87 percent across brands). This result reflects a marked change from the initial years of the market economy, when billboards were the primary advertising communication tool; today billboards are only cited by 19 percent.

Also interesting is the growing

Figure 3
Spontaneous Brand Awareness by Country

| | Azerbaijan | | Belarus | | Bulgaria | | Croatia | | Georgia | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Final | 20% | Colgate | 11% | Coca-Cola | 16% | Dorina | 25% | Coca-Cola | 20% |
| 2 | Coca-Cola | 18% | Tide | 10% | Danone | 11% | Coca-Cola | 20% | Kazbegi Beer | 16% |
| 3 | Samsung | 13% | Ariel | 7% | Ariel | 8% | Ozujsko Pivo | 13% | Kazbegi Cold Tea | 11% |
| 4 | Teksun | 13% | Marko | 7% | Nokia | 7% | Vegeta | 12% | Kazbegi | 8% |
| 5 | Beta | 11% | Samsung | 7% | Fanta | 7% | Nivea | 9% | Nikora | 6% |
| 6 | Ariel | 8% | Sony | 7% | Pestera | 7% | Ariel | 9% | Sante | 6% |
| 7 | Dirol | 8% | Horizont | 7% | M Tel | 7% | Nike | 8% | Nikora Sausages | 5% |
| 8 | Fanta | 8% | Milavitsa | 7% | Nova Brasilia | 6% | Fanta | 7% | Borjomi | 5% |
| 9 | Sana | 7% | Nescafe | 6% | Zagorka | 6% | Fax Helzim | 7% | Sadia | 4% |
| 10 | Xayal | 7% | Nivea | 6% | Elite | 5% | Kras | 7% | Ariel | 4% |

| | Hungary | | Russia | | Serbia & Montenegro | | Ukraine | | Uzbekistan | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Adidas | 37% | Nestle | 14% | Coca-Cola | 20% | Svitoch | 9% | Tide | 14% |
| 2 | Nike | 27% | Nescafe | 9% | Grand Kafa | 17% | Korona | 9% | Nescafe | 12% |
| 3 | Sony | 14% | Rossiya | 9% | Nike | 15% | Samsung | 8% | Nestle | 11% |
| 4 | Samsung | 13% | Coca-Cola | 8% | Don Kafa | 13% | Tide | 6% | Samsung | 9% |
| 5 | Philips | 12% | Maggi | 7% | Nivea | 12% | Ariel | 6% | Gillette | 8% |
| 6 | Coca-Cola | 12% | Gallina Blanca | 7% | Adidas | 11% | LG | 6% | Coca-Cola | 8% |
| 7 | Opel | 11% | Baltika | 7% | Fast Monus | 10% | Roshen | 5% | LG | 7% |
| 8 | Nokia | 8% | Tide | 6% | Sinalco | 9% | Nescafe | 4% | Rossiya | 7% |
| 9 | Suzuki | 8% | Danone | 6% | Mercedes | 9% | Panasonic | 4% | Colgate | 7% |
| 10 | Puma | 7% | Alpen Gold | 6% | MB Pivo | 8% | Shustov | 4% | Sony | 7% |

Figure 4
Spontaneous Brand Advertising Awareness by Country

| | Azerbaijan | | Belarus | | Bulgaria | | Croatia | | Georgia | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Final | 18% | Colgate | 17% | Coca-Cola | 19% | Coca-Cola | 33% | Coca-Cola | 22% |
| 2 | Coca-Cola | 18% | Tide | 14% | M Tel | 19% | Dorina | 24% | Kazbegi Beer | 12% |
| 3 | Samsung | 16% | Coca-Cola | 8% | Danone | 11% | Ozujsko Pivo | 13% | Kazbegi Cold Tea | 9% |
| 4 | Teksun | 13% | Nescafe | 7% | Elite | 10% | Nivea | 11% | Kazbegi | 7% |
| 5 | Beta | 10% | Blend-a-med | 7% | Fanta | 9% | Ariel | 11% | Nikora | 6% |
| 6 | Dirol | 9% | Ariel | 7% | Globul | 8% | Fanta | 10% | Sante | 5% |
| 7 | Snickers | 9% | Nivea | 7% | Bonux | 8% | Fax Helzim | 6% | Borjomi | 4% |
| 8 | Gulustan | 8% | Baltika | 5% | Siemens | 7% | Always | 6% | Lomisi Beer | 4% |
| 9 | Ariel | 8% | Milavitsa | 5% | Nokia | 6% | Vegeta | 6% | Nikora Sausages | 4% |
| 10 | Fanta | 8% | Savus ki n Product | 5% | Flirt | 6% | Persil | 6% | Ariel | 4% |

| | Hungary | | Russia | | Serbia & Montenegro | | Ukraine | | Uzbekistan | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Adidas | 22% | Nestle | 12% | Coca-Cola | 32% | Korona | 12% | Tide | 17% |
| 2 | Nike | 18% | Nescafe | 9% | Grand Kafa | 29% | Tide | 10% | Nescafe | 12% |
| 3 | Coca-Cola | 16% | Rossiya | 9% | Don Kafa | 25% | Svitoch | 9% | Nestle | 10% |
| 4 | Suzuki | 14% | Coca-Cola | 8% | Fast | 19% | Samsung | 9% | Gillette | 9% |
| 5 | Opel | 12% | Maggi | 7% | MB Pivo | 14% | LG | 6% | LG | 8% |
| 6 | Ariel | 12% | Gallina Blanca | 7% | Nivea | 12% | Ariel | 6% | Coca-Cola | 7% |
| 7 | Pepsi Cola | 10% | Baltika | 7% | Sinalco | 12% | Nescafe | 6% | Baltika | 7% |
| 8 | Borsodi Sör | 8%, | Tide | 7% | Nike | 10% | Blend a Med | 6% | Samsung | 7% |
| 9 | Sony | 8% | Alpen Gold | 6% | Ariel | 10% | Always | 4% | Orbit | 6% |
| 10 | Nokia | 7% | Danone | 6% | Fanta | 7% | Roshen | 4% | Rexona | 6% |

Figure 5

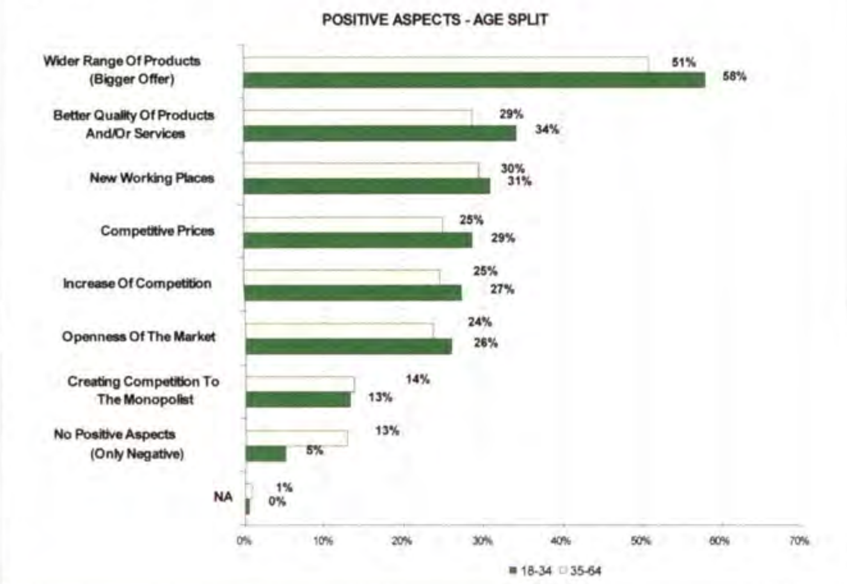
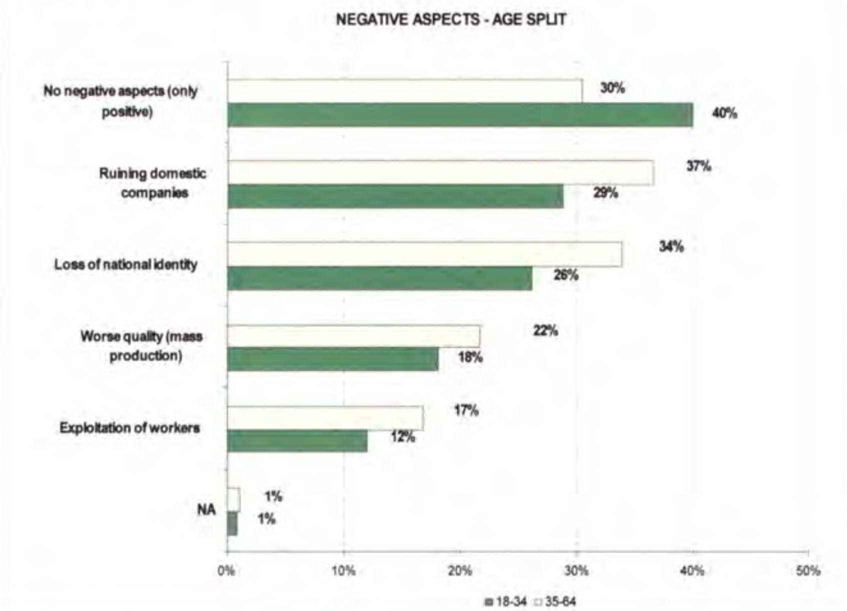



Figure 6




impact of in-store/POS promotion, at 29 percent. In the past several years, stores in this region have devoted resources to in-store displays, store design and ongoing in-store promotion, with "shopping" becoming a common word in many Eastern European languages and an activity engaged in for pleasure. Historically, stores had simply been places to go to buy what was available, though this was not always what the consumer wanted. So the welcoming storefronts and bright interiors are a significant change in the retail landscape.

- Attitudes about the market penetration of multinationals are mostly positive, with the most favorable attitudes found among those in the more economically depressed countries.

Consumers in these emerging markets appreciate the wider range of products available to them due to the presence of the multinationals (Figure 5); more than half of those surveyed expressed this opinion. Consumers in the region still recall a time when the selection of products was much narrower, and this is clearly not a fond memory.

Other benefits include the availability of better-quality products and services, expanded employment opportunities (particularly significant to those in the economically depressed countries of Azerbaijan and Georgia), and the benefits of competition (in moderating prices, providing more choices, etc.).

Younger consumers (under age 35) are particularly positive about the multinationals' presence.

While there were fewer negative than positive comments about multinationals, the role of the international companies is not unblemished (Figure 6). Some consumers expressed concerns about their impact on the viability of domestic companies and the loss of national identity (especially among older consumers, i.e., age 35+). Other negative comments, which were less commonly expressed, included concerns about quality due to mass production and the exploitation of workers by international firms. This exploitation concern likely refers to smaller foreign companies (rather than the multinationals) which operate in rural areas, where they can work away from the scrutiny of the government ministries responsible for labor standards and human rights.

• The general feeling among those in the Euro-Asian countries is that there has been little change in their own socioeconomic status over the past few years. However, consumers in these countries are more positive about prospects in the future, for themselves as well as for their countries.

The most common feeling is that there has been no change in the last two to three years in personal well being, with a sizeable number indicating that whatever improvement has occurred has been slight. Since the most dramatic changes happened in the early years of the open economies, it is likely that more recent changes are simply not viewed as significant. On the other hand, many do expect improvements in the next two to three years.

Younger consumers are more positive about their personal situations than older citizens in the region, both with regard to the recent past as well as their prospects for the future (Figures 7, 8 and 9). The EMRA survey also

Figure 7

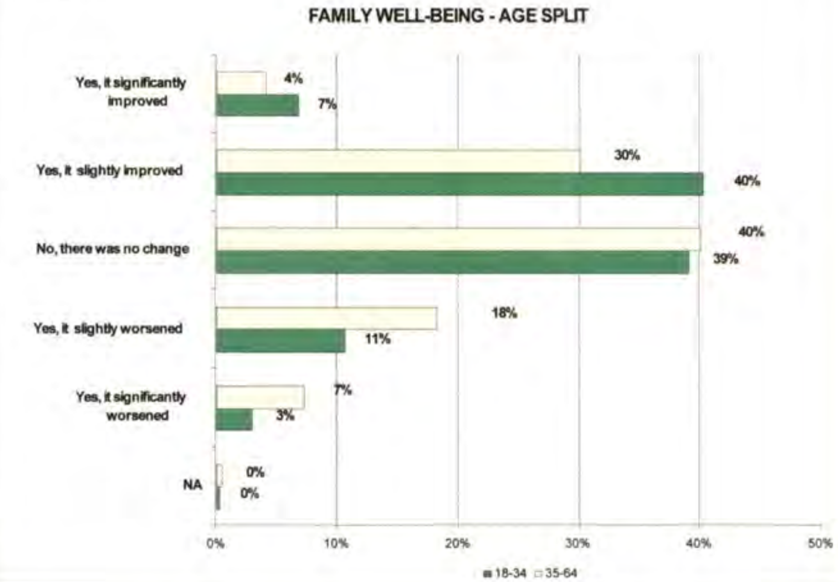
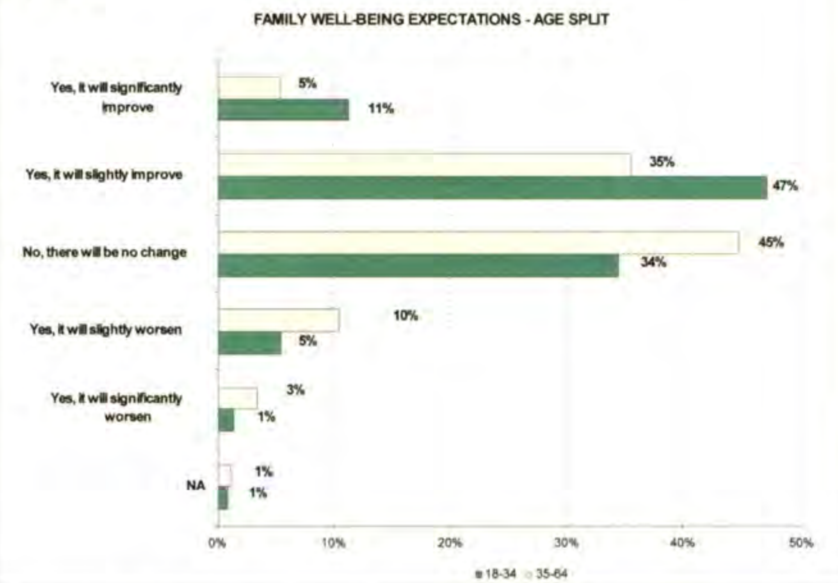



Figure 8

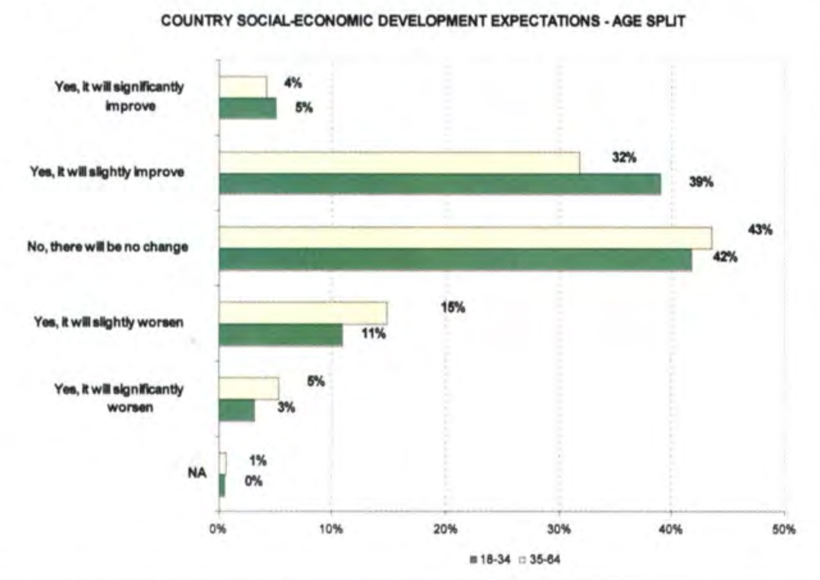



showed some differences by country, with consumers in Uzbekistan particularly likely to have experienced an improvement in their family's well being (44 percent). Uzbekistan's economic improvements have come a bit later than other countries in the region. In Eastern and Central Europe, conversely, many of those surveyed feel that they have most recently experienced a personal decline (36 percent). This is likely a reflection of the year-to-year instability in economic growth in these more mature market economies.

However, in every country, expectations about the future are more positive than feelings about the recent past, with those in the Caucasus countries of Azerbaijan and Georgia being particularly positive (72 percent expect their lives to improve in the future).

There is a clear link between individual positive personal expectations for the future and positive expectations for each country's future socio-economic situation. Once again younger consumers are

Figure 9




more upbeat than their older counterparts. And, mirroring personal expectations, consumers in the Caucasus countries of Azerbaijan and Georgia are again the most positive about their country's future, with 75 percent expecting improvement.

**Face turbulence**

It is clear from these findings that the economies of the Euro-Asian region continue to face turbulence. The emergence of competition, spurred by the investment by multinational as well as local companies, is redefining the choices and expectations of consumers in these countries. While the majority embrace the changes, the greatest enthusiasm is found among younger consumers who are less acculturated to the government-controlled restrictive economies of the past.

While Western products have made significant inroads, there still remains a strong sense of nationalism that can potentially drive success for those regional and local brands that are able to adapt to the market's more competitive environment. At the same time, the products of multinationals are highly desired for their quality and variety. One can only conclude that the potential for brand-building is strong in the region - making it an area worthy of consideration for business expansion opportunities. | Q

# Avoid beauty contests, seek shopability

By Scott Young

Marketers are increasingly recognizing the importance of packaging in influencing the many purchase decisions that are made at the point-of-sale. At the same time, companies are also recognizing the benefits of global packaging, which generally involves using a single packaging system, in which text can be translated into local languages.

However, marketers also face a minefield of challenges in developing and testing effective global packaging, given that competitors, retail environments and shoppers vary from market to market. With these challenges in mind, I'd like to offer five principles to help ensure that research studies are accurately gauging the impact of packaging systems. Later, I'll also share several insights on effective global packaging gathered from our studies.

**Principle #1: Don't hold side-by-side "beauty contests"**
Whether you are in Boston, Barcelona or Bangkok, the ultimate objective of any packaging system is to drive sales. Therefore, packaging studies must go beyond aesthetics (what people like) and instead focus on communication and persuasion (what people will buy).

However, poorly designed packaging studies can quickly descend into art directing rather than communication assessment. For this reason, the single most important principle of effective packaging research is monadic study design, in which each person sees/reacts to only one system - and findings are compared across "cells" (i.e., those who saw current packaging vs. those who saw proposed packaging). That's because the primary objective of a packaging study should be to simulate the introduction of a new packaging system (to see how it impacts shoppers' attitudes and behavior). In other words, the evaluation of packaging systems is not about preference, it is about influencing behavior.

## Five principles for global packaging research

When shoppers directly compare different packaging options on a side-by-side basis (current vs. proposed), it creates an unrealistic viewing scenario, which they would rarely encounter in store. As such, it often turns them into art directors (overly focused on aesthetics) or brand managers (over-emphasizing the differences between options), rather than shoppers deciding whether or not to buy the product. Therefore, it is important to resist the obvious temptation for side-by-

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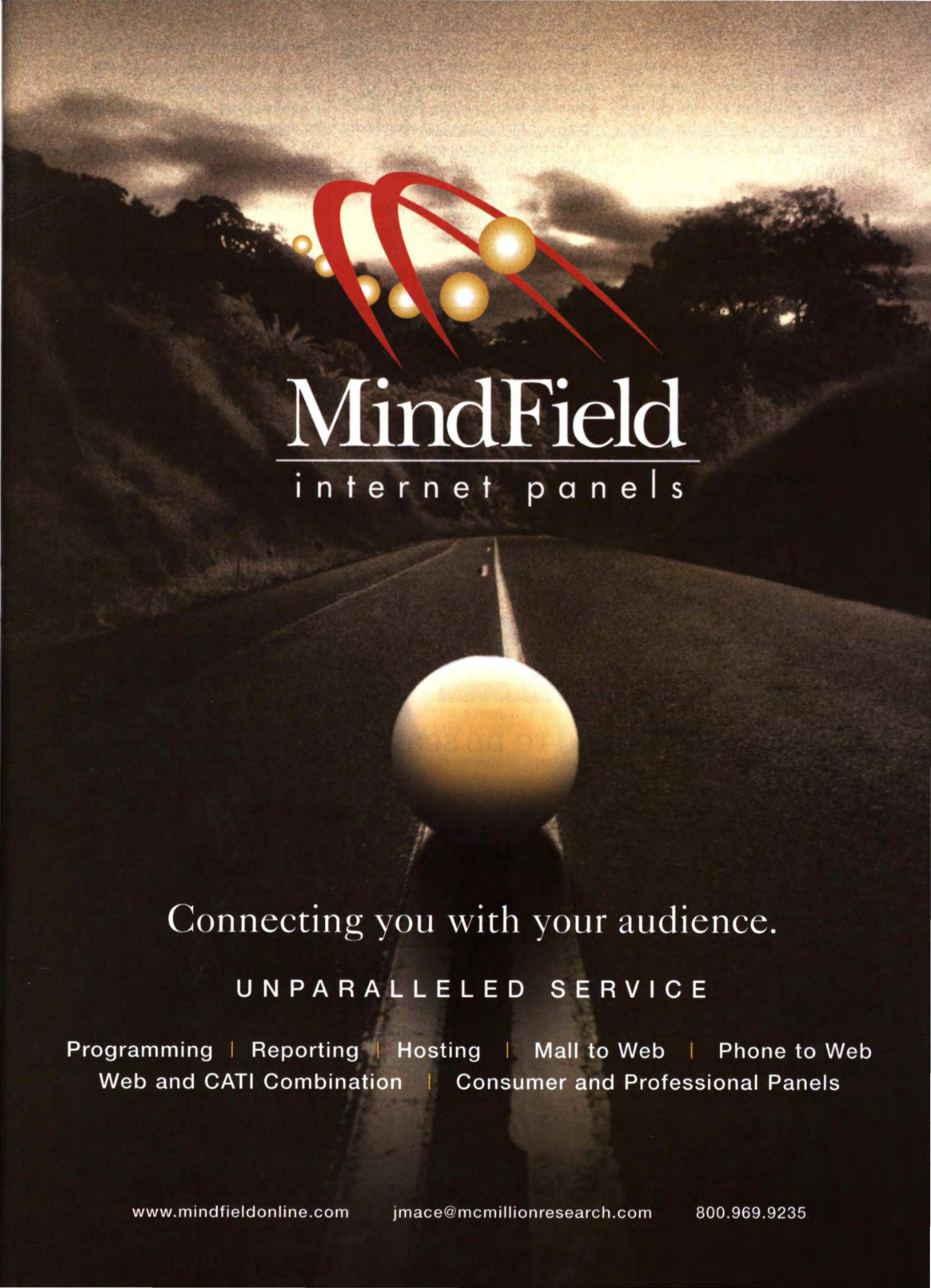
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side comparisons, because these comparisons can be very misleading. Finding out that "80 percent prefer the new packaging over the old" has little connection to whether or not a packaging change will have any impact on sales.

**Principle #2: Start on the shelf by gauging visibility and "shopability"**

Retail environments vary widely across countries, from enormous hyper-markets to small kiosks in many developing countries. However, if there is one global constant, it is that clutter and complexity are increasing, as shoppers everywhere encounter more products and choices at retail.

Because packaging must live on these increasingly cluttered shelves - and work within the limited time (often only 10-20 seconds) that shoppers typically spend making their purchase decisions - the first challenges are clearly to be seen and considered and to consistently create an opportunity to sell. In fact, our PRS Eye-Tracking studies show that shoppers never see at least one-third of the brands displayed.

The other side of the equation is "shopability." For a smaller brand, this is a question of simply being found if a shopper approaches the category looking for it. For larger brands, this is the challenge of facilitating shopping by quickly leading shoppers to their desired product form or variety - and/or possibly driving an incremental purchase by highlighting a new or trade-up product. In either case, if shoppers do not find what they are looking for within 10-15 seconds, there is a good chance that they will grab another brand.

Unfortunately, there are few shortcuts to gauging shelf presence - and quick-and-dirty communication checks can be very misleading. Specifically, we've found that when packaging is shown in isolation (on a board or Web screen), shoppers cannot accurately gauge its shelf visibility or shopability. In other words, packaging that is bold or unique may be frequently described as eye-catching but it will not necessarily break through shelf clutter, since visibility is largely a function of contrast (in color or shape) vs. competitive packaging.

Gauging shelf presence via recall questioning can be equally misleading. Fundamentally, recall is an advertising measure/metric, based on the idea that marketers need to implant a message that will be acted upon later. Obviously, this is far less relevant in a shopping context, where decisions are made at that moment - and the challenge is to gain consideration, convey superiority and close sale within a short time frame. On a more pragmatic level, recall is biased greatly by brand familiarity: If you show a shopper the detergent category, she is very likely to "guess" that Tide was there.

Ultimately, there is no substitute for actually documenting what happens as shoppers encounter packaging within a shelf context (i.e., what do they see, actively consider, pick up and buy?). It is important that major packaging decisions are guided by this knowledge, rather than what shoppers claim or what they recall.

**Principle #3: Remember that the "norm" is competition**

Packaging also differs from advertising in that packaging is typically positioned directly next to its primary competitors. In other words, packaging is rarely viewed or considered in isolation - and all communication is inherently done on a relative or comparative basis (i.e., with your package in a person's left hand and a competitive package in their right hand). In advertising, the emphasis is often on historical norms and absolute measures. For packaging, the most relevant norm is nearly always competition - and it is critical to assess a packaging system relative to its primary competitors in each market.

In Europe and North America, we increasingly find that the store brand is a primary competitor, and therefore the interviewing sequence must uncover a packaging system's ability to differentiate and justify a price premium. As dominant retailers continue to expand across borders, measuring communication against store brands will inevitably become a more important global challenge.

In addition, when conducting global research, it is important to remember that the basic criteria for packaging effectiveness are universal. Whether in Moscow or Montreal, a package must:

• generate visibility and consideration at retail;

• help shoppers to select the right product/variety;

• convey key information and product messages;

• generate purchase interest.

Therefore, marketers can and should use a consistent research methodology (which addresses shelf visibility, communication and persuasion) in all markets. Within each country, a brand's packaging should be judged relative to its competitors. However, because people in different cultures tend to evaluate things quite differently, mandated absolute "scores" (such as "The packaging must have 50 percent purchase interest in each country") often don't make sense. A more appropriate approach is to use a consistent competitive objective across markets ("We must be stronger than competition in each country.") In other words, it's best to measure globally, but interpret findings locally.

**Principle #4: Focus on functionality**

When thinking globally, it is particularly important to remember that packaging systems need to function effectively within both the retail and home environments. Specifically, the size and shape of a package must allow it to be shelved/displayed at retail, transported home and used, stored and disposed of easily.

Because retail and home environments vary so widely across countries, finding a single global structure is nearly impossible. Inevitably, the structures that work in large U.S. stores, SUVs and suburbs will often be inappropriate in many other markets. Therefore, the challenge is not necessarily to find a single solution, but instead to develop a global design system that translates effectively across multiple sizes and structures. From a research perspective, there are several primary implications:

- It is important to evaluate packaging systems across different forms/structures and retail environments.
- It is valuable to speak with retail personnel, to understand the implications of alternative packaging structures on shelving and retail presence.
- It is worthwhile to conduct ethnographic research, to observe people transporting, using and storing packaging within their homes.

**Principle #5: Don't rely on a single number**

As marketers seek to project the return on investment from packaging changes, there is increasing pressure to provide a single number to assess each proposed packaging system and guide final decisions. Understandably, some are turning to simulated shopping to document changes in shopping patterns and market share ("Did a new system drive more purchases?").

While simulated shopping has value, we've found that a one-time shopping exercise captures only part of the story - and that few packaging changes meet the standard of immediately driving sales gains. That's because packaging does not typically work in such a direct manner: The reality is that a packaging change will rarely override years of buying patterns and lead many competitive users to switch brands. Instead, a new look can and should lead non-buyers to look twice at your brand - and perhaps to give it a try if it is on special or perhaps their brand is out-of-stock. A more realistic goal is to "enter the consideration set" as a viable alternative for non-users.

To provide a more comprehensive projection of impact, packaging research must combine simulated shopping with a series of exercises that document performance in areas that link to longer-term business-building potential. These dimensions include shelf visibility, aesthetic appeal, competitive differentiation and personal relevance. As importantly, using multiple measures helps ensure that packaging research serves as more than a score sheet (for identifying winners and losers) - and also provides the diagnostic guidance needed to create more effective packaging.

**Pulling it all together: towards more effective global packaging**

Across these principles, several unifying themes have emerged for effective packaging research. First and foremost, the key to effective packaging research is to keep the shopper in a shopping context. When a shopper is at the shelf, considering different brands for purchase, she is in this context - and she is likely to provide accurate feedback. Conversely, when a shopper is removed from this context and asked to consider alternative designs or design elements, the shopper becomes an art director and the research can frequently become misleading.

Second, it is necessary to recognize and account for the uniqueness of packaging, both in research methodology and analysis. Specifically, the clutter of the shelf environment, the presence of direct competitors and the immediacy of the purchase decision make packaging quite different from advertising - and suggest that advertising research principles (such as recall) can't be transplanted directly to packaging studies.

Third, given the manner in which shoppers, competitors and retail environments vary across the globe, it is important to develop and evaluate packaging in a local context. In other words, packaging should be developed with the local retail and home context in mind - and assessed relative to the primary competitors in each market.

While there is certainly no single formula for effective global packaging, we've seen that success is generally the result of balancing a consistent global identity with local insight, flexibility and customization. As importantly, we've seen that marketers who invest in a disciplined process for developing and assessing packaging systems are consistently rewarded with packaging that works globally and wins at retail. | Q

# Cross-culture calibration

## Avoiding the pitfalls of country comparisons

By Susan Devlin
and Gary Nicholas

Over the past few years, trends toward globalization have led international corporations to conduct more cross-cultural survey research to validate overseas business opportunities in today's highly competitive global market. When time, budget and resources are no object, a company can afford the best that international research has to offer. However, today's economic downturn has compelled many businesses to face the harsh reality of shriveling timelines, slashed budgets and limited resources, therefore limiting their international research choices.

Having said that, making concessions and trade-offs doesn't necessarily mean that enterprises have to compromise the quality of their international research in the process. In the context of the legitimate constraints caused by today's economy, this article is aimed at providing market researchers with best practices in identifying the pitfalls of country comparisons while highlighting the need for a delicate balance between design uniformity and cultural customization, and showing the outcome and implications of cultural calibration on research results.

**The need to adjust for cultural effects**

Companies with a worldwide presence must conduct research across all their global markets, present a combined corporate view, and contrast these markets to identify hot spots for special initiatives or new ventures. They need methods to minimize cultural effects and adjust results to differentiate response pattern differences due to language or cultural norms affecting surveys from real differences in performance or perceptions due to products, services or market conditions.

Although literature abounds about cultural differences[1], little practical work exists about how to tackle cross-culture calibration of measurements. Some researchers propose avoiding a single global survey approach and suggest conducting independent research in each country without combining results and even with different content. Whatever approach you decide to take, the first issues you will face include harmonizing languages as part of your questionnaire design as well as implementing the challenges that data collection poses, as further explained below.

**Questionnaire design hot buttons**

Seeking a culturally neutral questionnaire is like seeking the Holy Grail

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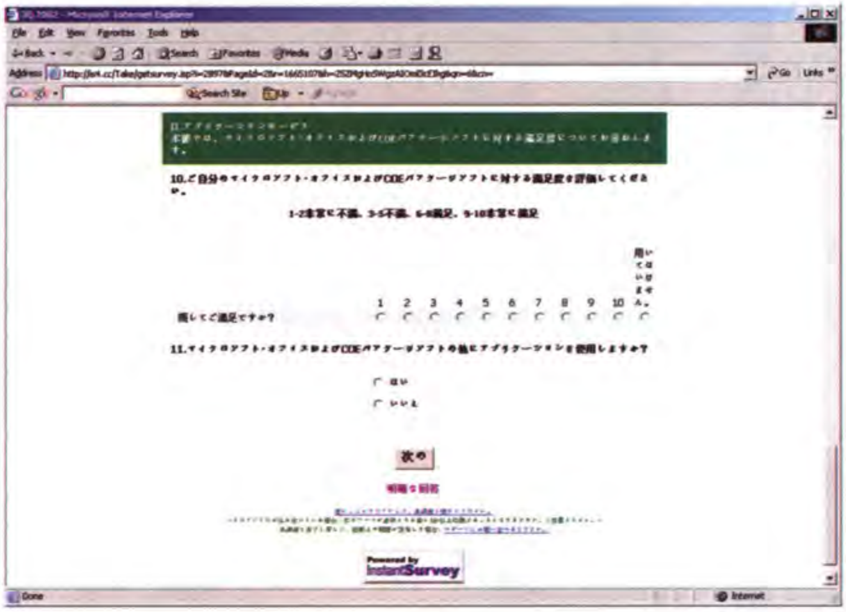
– it can never be achieved fully. What is achievable is a questionnaire that works in all countries, minimizes differences, allows for country customization where necessary, and provides the opportunity for cross-culture calibration. Below, we discuss three questionnaire design issues, including language, question content, and scale, as well as address the importance and scope of survey validation.




• *Use locally acceptable language.*

Although English is the de facto international business language, this doesn't mean that using English in international business surveys is always acceptable. Except for select large business arenas, one cannot assume most of the target population is fluent, limiting the sample frame and introducing selection bias. Even for fluent English-speakers, nuances may be lost when English is a second language or a different dialect, subtly changing the meaning of questions. In addition, using English globally may be perceived as socially unacceptable or even an insult, reflecting negatively on the survey sponsor. This sensitivity varies culturally and by delivery method. In Japan for example, it is not recommended to conduct telephone interviews in English. Web surveys on the other hand are acceptable, especially if translated into Japanese (see screen shot).

Thus, the native language is recommended as a first choice for interviewing, unless within the country or cultural group language is so splintered that a common language exists, e.g., Mandarin in China and English in India for business surveys. In contrast, to capture the opinions of the majority of ethnic groups in South Africa, research might need to be conducted in English, Afrikaans, Zulu, Xhosa, Sotho, etc. Even a common language may require different scripts for different countries, e.g., Spanish in Latin America vs. Spanish in Spain.

No matter the extent of the resources you have available for your international research project, questionnaire and material localization is an essential requirement. After localization, a critical quality-control check is to have it translated back by a different translator, to see if the meaning has changed by comparing the back translation to the original text. In addition, we strongly recommend a check by a native speaker in the sponsoring country who will best know subject-specific jargon or technical terms. It is important to stress that localization doesn't just mean translation, especially when it applies to a survey. Proper localization, which sometimes implies content change, requires a certain amount of expertise. Here are some initial considerations to take into account:

• *Seek globally acceptable questions.*

If you want to measure and compare culture, strong evidence already exists in social science literature (e.g., Hofstede, Triandis[2]) of universal social dimensions that can be integrated effectively into research instruments to measure the effect of culture and recommend strategies accordingly.

However, business research measures attitudes regarding products and services and the understanding of the impact of culture on these measures, rather than the direct measurement of culture. While many questions can be used successfully across countries, titles, use of names and order of questions may be affected by cultural norms. After finalizing the general questionnaire content, but before translation, surveys should be reviewed for each target country to identify problem areas.

Inquiries about price are a good example of a culturally sensitive question. Asking about the acceptability of price usually gets a fairly high response rate in the U.S., but such inquiries are impolite in many European countries and get a lower response rate. However, asking whether prices are "competitive" is more acceptable. While response rate is still lower in Europe, the difference would be reduced significantly.

• *Choose easily transferable scales.*

Even within one culture, seeking an effective scale can be challenging. While there is no best rating scale, a good one should minimize positive response bias and maximize reliability[3]. We haven't found any scale that, after translation, consistently has equivalent properties across cultures (scale calibration is discussed further later in this article). There are some practices, based on experience, which minimize differences.

While both fully verbalized scales and numerical scales (with just verbal anchored end points) are used effectively in the U.S., we prefer anchored numeric scales for cross-cultural research. What might appear to be subtle differences due to translation of scale points often introduce significant changes in the use of scales. Numerical scales in cross-cultural research have the advantage of limiting this risk.

We have found that 1-10, 0-10 or 0-100 rating scales have a greater diversity in how they are used cross-culturally than other scales. Their association with grading systems, which vary cross-culturally in meaning, may cause discrepancies in use. 1-5 or 1-7 scales are more neutral.

End-point wording and translation should be pre-tested to understand where a scale splits between negative and positive. Subtle changes can drastically change positive response bias, especially when taking into account cultural tendencies. For example, top-box use is much stronger in Latin countries (e.g., Italy or Brazil). While using a very strong upper anchor helps in these cases, it never fully combats this tendency. In contrast, countries like Germany tend to avoid top-box, suggesting the wording should be a slightly softer choice. U.S. respondents are fairly neutral between these extremes.

Informational scales (income, ethnicity, profession, etc.) have other problems - some cultures view them as too private to reveal in a survey. Where units or labels change, direct translation may be desirable from an analysis point of view, but may be awkward for respondents.

• *Validate questionnaire country by country.*

Without survey validation, you may turn "garbage into gospel." Validation has many phases, from pre-testing the survey to statistical analysis of the reliability, validity and usability of items, based on the resulting data. In cross-cultural research, it is recommended to validate the survey in multiple markets. For the pre-test, there is a tendency to test in a local market first to iron out large problems in wording and flow, in an effort to avoid the cost and time of double translation. This is very risky, as discussed above. If your resources are limited, initial pre-testing should be done at minimum in one key representative market for each diverse cultural area. For example, in one study conducted of 12 North American, European and Asian markets, the U.S., Italy and India could be chosen as representative markets for each respective geographical area. Ultimately, pre-testing is needed in every market to ensure the survey works. Post-survey validation is also needed in all countries, or major cultural groups, to help interpret results.

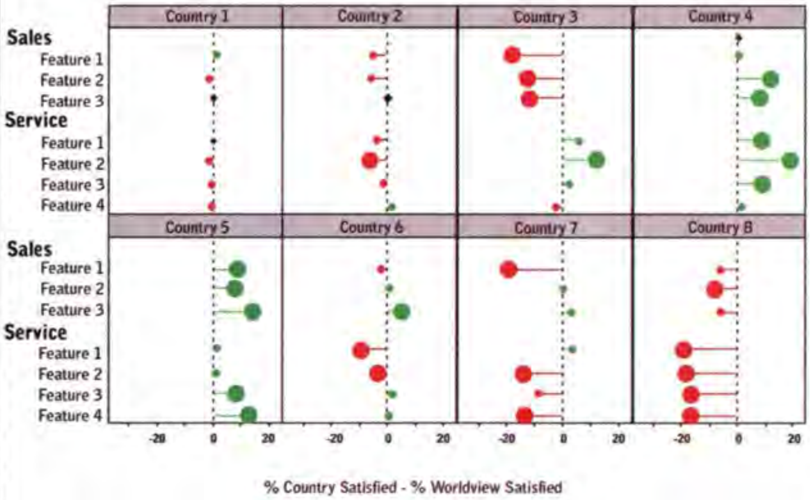
**Implementation challenges**

Besides questionnaire development, survey design includes selecting the right delivery vehicle and a sample plan, which offer additional challenges in the context of international research.

• *Match delivery channel to cultural requirements.*

Using one delivery method is recommended to provide greater consistency. However, this may not always

Figure 1




be possible, depending on the culture and logistics of the countries involved. In Japan for example, telephone interviews are generally not accepted. Face-to-face interviews are more the norm, but online surveys are now also common practice. In India, face-to-face interviews are often cheaper and more practical as telephone service is too unreliable for most interviews.

Web surveying provides excellent, cost-effective alternatives to phone or face-to-face interviews, enabling the collection of international data in local languages. The survey is programmed once and centrally managed, without requiring local software installation. Whatever online survey technology you choose to use, make sure it has been designed to accommodate multiple languages, including double-byte Asian languages, as well as the automated translation of all error messages, navigation directions and buttons.

If you are on a tight timeline, the speed benefit that online surveys offer is undeniable, not just from a data collection standpoint, but also from a reporting perspective. To illustrate this, let us quote the example of a major U.S. high-tech company that wanted to measure the level of satisfaction of its customers with their worldwide partners. The firm translated an online survey in 26 foreign languages, and within four weeks, its customer satisfaction measurement program was up and running and data could be reported upon in real time across all 26 languages.

Overall, the delivery method chosen should be culturally appropriate locally, provide quality control and be cost-effective. What satisfies these needs will depend on the nature of each study and the set of countries you conduct research in.

• *Plan for sample inconsistencies.*

Purchased sample frames often differ dramatically across countries. In some markets, researchers can choose population sample frames that are proportionate geographically, by income or by education. However, in many other countries, only data about urban populations is available, or gathering data among rural populations is very costly or even impossible. Therefore, each market needs to be evaluated individually, without ignoring the global objective of the study. Even if internal customer records are used to draw samples, it is important to make sure that the practices or sources for these records are consistent across markets.

Differences may be addressed through weighting. However, this requires advanced, detailed understanding of differences.

• *Match social and regulatory market differences to interviewing practices.*

Understanding social and economic market differences is important to response rate and response validity, e.g., who is the right respondent in a business or household, what is acceptable to control interviewer gender, or is there a constraint on interviewing hours. In-depth local knowledge on the above-mentioned areas increases cooperation rates and, ultimately, the study's success and accuracy.

Finally, researchers must know local regulations. Laws differ widely regarding acceptable practices in the use of data or the identification of respondents.

## The end goal: parsing out cultural factors through analysis

Next, we must differentiate universal response patterns or performance differences from response patterns that are culturally caused.

• *Integration of culture-free questions.*

The most common recommendation found in research is to measure the true impact of culture through a series of culture-free questions integrated into the survey.

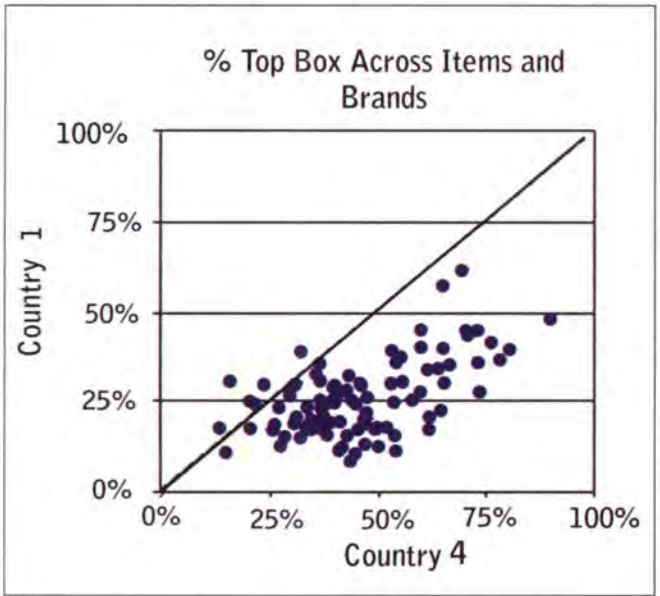
Differences found on those questions, due to individual differences rather than culture, can help adjust other responses. However, the practical application of this to adjust for question and scale differences on performance measures has not been fully addressed.

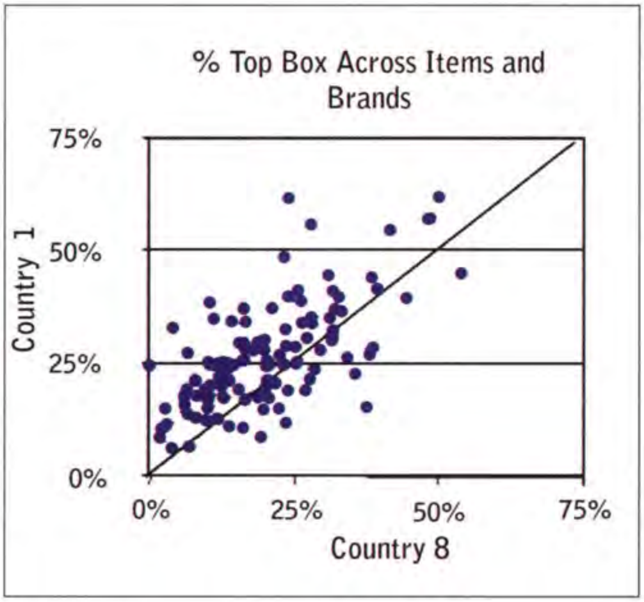
• *Cross-country scale calibration.*

Let's consider this example: a manufacturer distributing products and supporting services globally conducts a satisfaction or loyalty survey about their customers' experiences. The survey uses a common rating scale for nearly all items. The goal is to provide global metrics for a corporate scorecard to represent the customers and to identify which markets need to be targeted for improvement initiatives.

The trellis plot in Figure 1 shows the difference between "% Satisfied" and a simple cross-country worldview average. Bars to the left correspond to country values which are lower than the average. Large dots depict significant differences. Bars and dots to the right are doing better than the average.

Country 1 is neutral, close to the



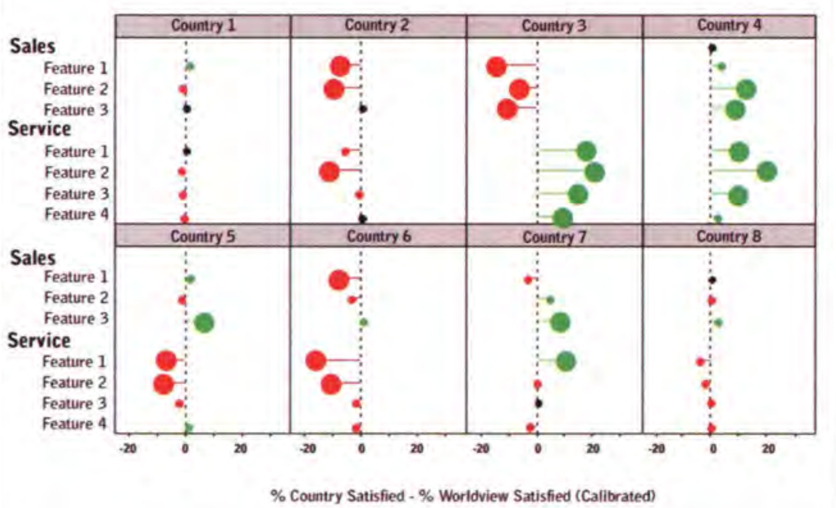

world view. Country 8 is low on all measures, and the differences are significant in most cases. Countries 4 and 5 score higher than the norm.

Are these cultural differences or problems that should be addressed? The scatter plots suggest that to some extent, cultural differences are clouding the issue. Much of the difference between "% Satisfied" for Countries 4 and 8 compared to Country 1 follow a pattern, independent of the item or brand being evaluated.

Since it is very unlikely for performance differences to all be in the same direction, this suggests a hypothesis for calibration in this case: Systematic differences between responses that are independent of the question or brand being evaluated can be attributed to culture or to systemic country differences in questionnaire or delivery. By modeling the pattern for each scale point, a calibration formula for each country is developed, using one country as the base. Country 1 was chosen, as its response pattern is most neutral.

The trellis plot in Figure 2, showing the calibrated results, suggests very different conclusions about where the challenges lie. Rather than being a problem area, Country 8 tends to follow a global norm along with Country 1. Country 4 is still the greatest success story. Problem areas are identified in several other areas masked before.

Figure 2




## Advance planning

No matter the global research tradeoffs or concessions a company needs to make because of the constraints imposed by today's economy, a successful implementation will always require thoughtful advanced planning of design and data collection, expert knowledge about research norms in different countries, and analytical capabilities to separate out cultural effects to get the best possible results.

By using the techniques for cross-cultural factors demonstrated in this article, a company can:

• understand and appropriately respond to the needs of its international customers,

• differentiate cultural issues from performance issues, and

• expand the breadth of its global reach to appeal to more audiences. | Q

1 See extensive review of literature and comprehensive reference list in Hofstede, G. *Cultural Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations.* Second Edition. London: Sage, 2001.

2 Hofstede, G. *Cultural Consequences: International Differences in Work-Related Values.* London: Sage, 1980. Triandis, H.C. et al. *Handbook of Cross-Cultural Psychology (Vol.1). Perspectives.* Boston: Allyn & Bacon, 1980.

3 Devlin, Dong, and Brown. "Selecting a Scale for Measuring Quality", *Marketing Research* (1993), Vol. 5, No. 3, pp. 12-17.

international research

# Recognize and respect cultural differences

By Al Fitzgerald

New technologies, booming export markets, the proliferation of the Internet, and e-commerce have helped create a global economy. International research has become a necessity as more companies begin serving international and global markets. But while economic barriers may be disappearing, linguistic and cultural barriers still remain and are often stumbling blocks to successful international market research.

Savvy market researchers need to recognize and respect areas of cultural difference such as language, concepts of time, and local customs in order to conduct successful research on an international scale. While many research obstacles are obvious, subtle landmines can cripple the most carefully planned research once the international realm is entered. So fasten your seatbelts, put your tray tables up, stow your laptop under the seat in front of you - we are about to take off on a trip to foreign lands.

**Language**

Perhaps the most obvious cultural obstacle to overcome is language. Language does not translate literally. Word-for-word translations can easily lose their intended meaning. Keep in mind that each country has its own idioms and that some American concepts simply do not have foreign equivalents.

**Do your homework before you do your research**

To catch these translation errors, use back translation whenever possible to ensure that all questions and responses are properly interpreted and handled. This means translating your questionnaire into the local language and then having it translated back into English by a different translator. Compare your original version with the version that has been translated back into English.

Unless it is a very simple questionnaire, the two translations will typically have subtle but important differences. If that is the case, several iterations may be needed to get an accurate translation. In a recent study conducted for a Fortune 50 technology firm, a Russian translator wrestled with the term "thin client." In computer jargon, a "thin client" is a PC that that is relatively low performance - such as one a receptionist may use. The back translation revealed that "thin

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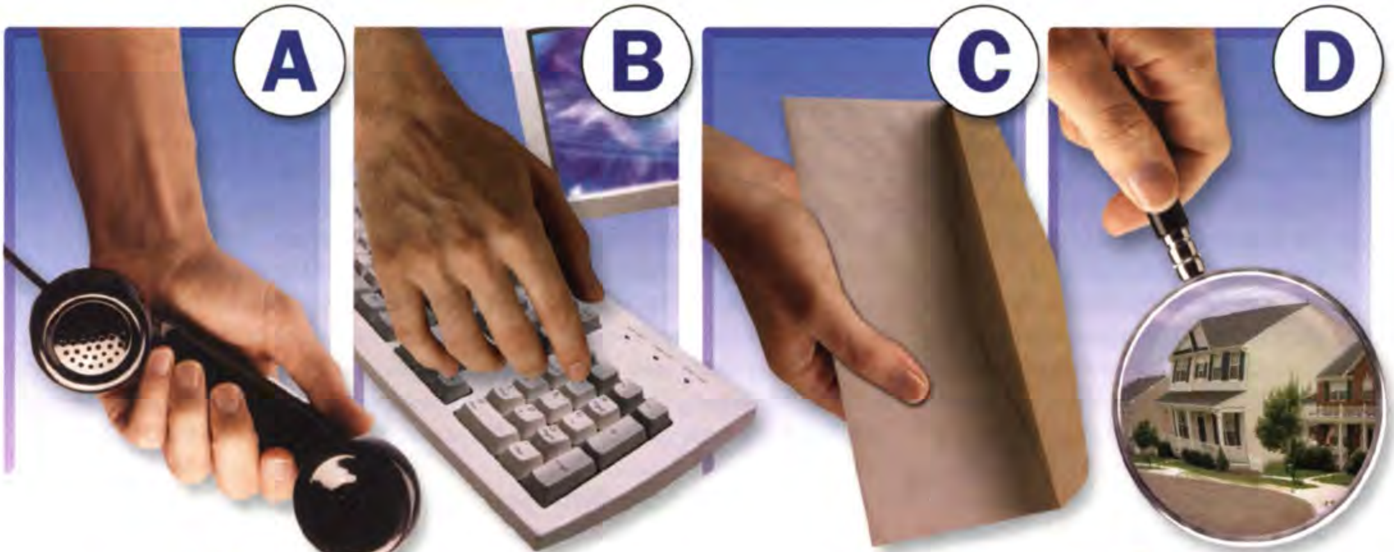
# The answer is:




# ALL of the above.

The research data collection world grows more complicated every day thru technology, legislation and changing concerns about privacy. Anti-spam, Do-Not-Call, wireless phone rules, anti-fax laws, abandonment rates, virus concerns and the like now fill the researcher's "worry list" just as much as representation, projectability and bias. All too often, researchers are presented an "answer" which has more to do with a vendor's business model than it does their research challenge.

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The concept of ***Respondent Preference*** has entered the sampling world. On many studies, researchers now realize that they must vary their approach to provide respondents with choices. While ***Mixed-Mode*** designs can be more challenging to implement, they can reward researchers with more representative results and the reduction of biases resulting from non-response.

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client" had been translated into Russian as "skinnier customer." I can just image the weird answers we would have gotten had we asked, "How many skinny customers do you currently have at your site?"

Don't assume one language is an acceptable catchall for a national or regional dialect. A Spanish-speaking translator may understand dialects in Mexico, but not in South America or Spain. In India, it's even more challenging when you consider that the country has 18 official languages and over 200 dialects!

For focus groups and one-on-one interviews, it is not enough for moderators and interviewers to be merely fluent in the local language. What is important is that they be able to converse in a culturally relevant way, catching subtle meanings and non-verbal cues. Moderators also tend to be more effective when respondents perceive them as not having an accent. Some respondents communicate differently to someone with an accent. Respondents may "dumb down" their language when communicating with a moderator whom they perceive as having a heavy accent for fear the moderator will not understand them. Ultimately, it is the researcher - and the research quality - that loses out.

Here is a tip that can save you a lot of confusion if you are observing focus groups in a foreign country: Be aware that non-verbal cues vary greatly from culture to culture and that identical non-verbal cues may mean something very different from what you think they mean. For example, a native of India will respond positively by shaking his head in a way that looks like a "no" to most Westerners. This can be very disorienting - even when you are aware of it!

As another example, in Western cultures, when someone talks and maintains steady eye contact, it is considered a good sign that the person is being honest with you. In fact, we even have a phrase that when you are speaking the truth you "look someone in the eye." However, in some Asian cultures, if a younger person maintains eye contact with an older person when speaking or being spoken to, it is considered disrespectful.

So how do you conduct meaningful research that is not fraught with miscommunication without having to invest the time to thoroughly understand the culture? After all, you are probably interested in doing the research and getting back home as quickly as possible. Your purpose there is not to lead an anthropological expedition. Even if you spent hours cramming for your trip, you still would not have a clue regarding some of the more subtle aspects of communication in a foreign culture.

Fortunately, there is a simple way to handle this: Use a native-born local moderator whenever possible. I cannot stress this enough. It solves a myriad of problems and challenges because it ensures familiarity with the area's market, customs, issues and events. It is the most important thing you can do to make your research design and implementation more effective. Using a local moderator allows respondents to feel more at ease and elicits more natural discussions from the group - another big advantage.

However, just having a local moderator may not always be the most effective solution. In China, having a co-moderator who is a foreigner can often get you better results (even if the foreign co-moderator is just "on display"). This is especially true when researching a prestigious imported product. But you must also be aware that if you are researching culturally-sensitive issues, the presence of a foreign moderator could be a disaster. It's likely everybody will clam up or, even worse, you'll get badly biased information. Check with your local moderator to see what approach works for your research.

### Time

Deadlines are viewed differently in different cultures. Be sure to allow for differences in ideas about time and punctuality that may affect your research schedule. For example, in South America, many field services do not feel pressured for time. On the other hand, in Japan and Germany, you'd better show up on time if you want the respect of your hosts. In these two countries, punctuality is very important. Being "fashionably late" is a major faux pas.

So what's the lesson? Be flexible and prepare for scheduling changes that may come up. Remember that not all countries keep 9-to-5 business hours. Do your homework and time your calls and focus groups carefully.

Part of your homework for scheduling marketing research overseas should be to find out where national and religious holidays fall on the calendar. Chinese are unlikely to attend a focus group during the three days in late January or early February of the Spring Festival or Chinese New Year. For people in the United States, Mardi Gras is an issue. You will not find too many South Americans willing to participate in a focus group during their celebration of Carnival. The European holiday calendar is different from the U.S. calendar. Typically, Europeans celebrate more holidays than we do in the U.S. Europeans always seem to be on holiday! In our office, we often joke that if it is Tuesday, it must be a holiday in Europe! Many Europeans also take extensive vacations during certain months of the year. For all intents and purposes, it is difficult to conduct research in Europe during the month of August.

**Cultural bias**

When comparing measurements between various countries, differences in cultural expectations or requirements may result in a research bias. For example, to avoid offending someone, respondents may be more generous with their scores in a research situation than they would in a real-life situation. In some cultures there is more resistance to new products and services - this may lead to negatively-skewed results. The degree of bias differs among cultures, and you may want to probe in depth on the top and lowest scores to understand the true meaning of high or low ratings.

Western countries typically have facilities designed specifically for market research studies. In India, research is often held in places that offer the most comfort for the participants. This is good because it provides for more honest responses. However, it does lead to some unusual (to the Western mind) facilities for conducting research. For example, a focus group or interview among housewives may be held at a home matching the socioeconomic background of the participants. Conversely, a business-to-business focus group or interview among men may be held at a hotel or office.

Reactions to cultural incentives also differ. What is gold to some is an offense or even illegal to others. Cash, gifts and lotteries are viewed differently across countries. Cash seems to be the universal incentive, but other clever incentives abound. For example, in China, many young males enjoy receiving credits to play interactive games online called "massive multi-player online role-playing games" or "MMORPGs," similar to www.eve-online.com. Young females enjoy receiving discounts on products as well as cash. One caution about lotteries: unless you want to be conducting your next focus groups from the inside of a foreign jail, be very careful. "Innocent little giveaways" may be strictly regulated or illegal in some countries. Ask questions before offering drawings.

**Taboos**

Attitudes toward age and gender vary in different cultures. In some countries it is disrespectful for young people to disagree with their elders, or for women to disagree with men. In these instances it is best to separate groups by age and/or gender. Dividing groups by social strata and status is appropriate in countries where class distinctions are more apparent.

In India, you must design your focus groups with as much homogeneity as possible. This approach provides comfort for the participants and gathers the most useful responses. With India's stratified culture, differences in social status - as well as the associated levels of education, age or gender - can lead to discomfort in the group. It is always advisable to recruit only one respondent type per session. As a general rule of thumb, in many Asian cultures, younger and lower-ranked employees are reluctant to disagree with those they perceive as more senior. The only way to know all of the nuances of a specific culture this is to ask a local facility or moderator.

Some topics that are discussed candidly in the U.S. must be handled with more sensitivity in other countries. You may want to use a female moderator when conducting a group among women, or an older, more experienced moderator to interview older respondents.

Another caveat regarding government regulations and laws: Some countries have strict regulations about whether or how market research is to be conducted. For example, in China, foreign-commissioned research must be conducted by agencies approved by China's National Bureau of Statistics. Depending on the subject of the survey, the National Bureau of Statistics must approve the questionnaire and additional documentation before the questionnaire can be administered. In Germany, there are strict anti-harassment and confidentiality laws that govern telephone interviewing.

**Methodology**

Regional differences may also influence the type of methodology used. In the United States, it is common to conduct Web surveys for B2B research. In China, where Internet penetration is not as high, a Web survey may or may not be your best option. If a sample with a broad cross-section of the businesses is required, the telephone could be the way to go. Internet access among small businesses is limited, therefore it would be difficult to find a sufficient number of small businesses to complete a survey. Even for large businesses, Web surveys need to take into account differences in Chinese technology. The Chinese tend to use dial-up connections instead of broadband for Internet access. The smaller bandwidth means survey development needs to account for longer download times for the respondent. This means avoiding usage of large files such as pictures.

**Keys to success**

To conduct successful international market research, researchers must be fluent in foreign cultures as well as languages. The most valid research will come from those who are both well prepared and familiar with the markets they are entering. Q

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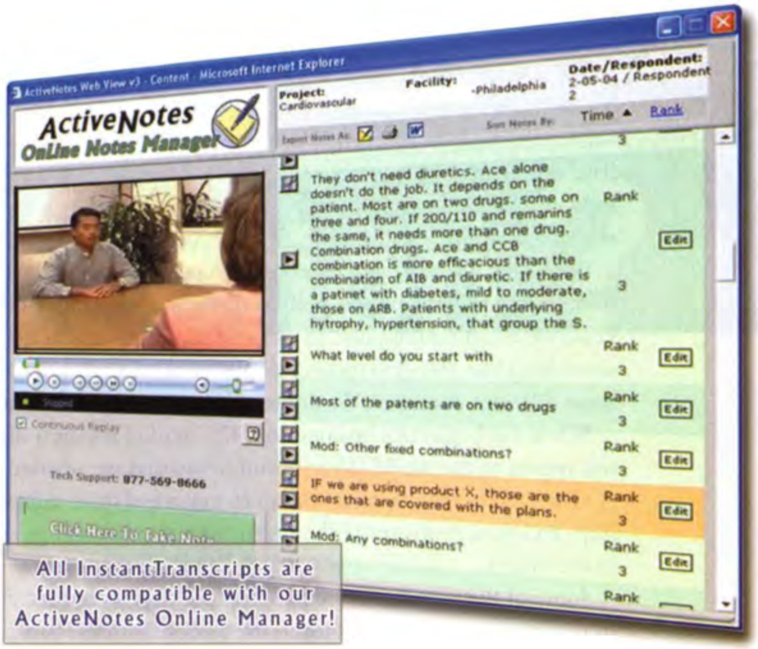


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# Q&A: Research in Latin and Central America

For his annual contribution to our international research issue, our West Coast ad rep/roving reporter Lane Weiss traveled to San Jose, Costa Rica to speak with Carlos Denton, CEO of CID Gallup, a San Jose-based research firm.

Lane Weiss: *Tell us a bit about your company's background.*

Carlos Denton: We have operations in 14 countries based from [San Jose] and have wholly-owned operations in 10 of them. For example, we have offices in countries such as Panama, Nicaragua, El Salvador and also in Haiti, the Dominican Republic, Ecuador, Peru and Bolivia. We also do research in Cuba.

We have a licensing agreement with Gallup to do, with their supervision, Gallup public opinion polls in these countries and call them Gallup Polls. We do something like 35 of those kinds of surveys a year. We do something like 300-350 individual pieces of research now throughout these different countries. We do no subcontracting if we can help it.

When we began this business in 1977, market research did not exist in this region of the world. We're proud to say that we opened up the field. And as each of the countries began to get rid of their military dictatorships and their problems with currencies and other things, we opened up in the others.

Some of the adventures we had in those days were pretty wild, everything from an interviewer shot in the buttocks on the outskirts of San Salvador to having to throw myself under a car to avoid a fusillade of gunfire between the guerrillas and another group in Guatemala City. We have quite a lot of those kind of stories!

One problem in the days of the dictatorships and the wars was that the military people thought that maps should be state secrets. So when you needed to develop samples to do your research, the census maps weren't something that you could get ahold of very easily unless some general took pity on you and decided to let you have them. And so we used to have to draw our own maps.

Very often in those days if we sent someone out to certain neighborhoods we had to send a list to the military command of the names of people who would be out knocking on doors. Otherwise they would think they were guerillas and take them in and interrogate them for a couple of days.

For example we would put a group out in El Salvador during the war years of the 1980s and we knew that some of them would be picked up by the military and be taken into headquarters. They all had copies of the form that we had submitted to the general and so they could go into the headquarters and the lieutenant would say, "OK, it's all right. You can go

back to what you were doing." But the military didn't transport them back to where they picked them up so we had to give the interviewers money to so that they could make their way back to the neighborhood where they were working.

And the problem was, our clients often wouldn't understand why it was more expensive to do research in those countries and we would say, "Well, with our people getting arrested constantly it takes us a long time to gather the data!"

*What research methods are most commonly used in Latin America? For example, face-to-face research? Focus groups? Telephone interviewing?*

Because regional household telephone penetration is relatively low, survey research may routinely require face-to-face interviewing. This is a problem for a variety of reasons. First and foremost, crime in lower socioeconomic neighborhoods is endemic and interviewers entering them are at risk. In some areas of cities like Rio de Janeiro, Caracas, San Salvador and others it is necessary to pay what is referred to as a "war tax." This is a payment to the crime gangs to insure safe passage. Secondly, there is the cost factor, although in some countries - one example is Panama - it is cheaper to send an interviewer to a home to conduct an interview than to interview the same person on the phone because of very high local phone tariffs. In Panama, a local phone call costs 25 cents a minute. There is now a great deal of qualitative research being conducted in the region - in-depth interviews, focus groups, etc.

*Are there wide differences from country to country in terms of the research methods used?*

There are not wide differences between countries - with a couple of exceptions. It is virtually impossible to do a national survey in Colombia because of the war. Most research uses urban samples. In Cuba, the government needs to approve any questionnaires fielded, regardless of the topic.

*Is Internet research becoming more popular and more feasible in Latin America?*

I think it is necessary to view Internet research within a worldwide context, rather than one focused on Latin America. I think that response rates are lower than with mail surveys and it is very difficult to qualify the respondent. We run regular proprietary surveys on our Web page and we now have a very solid base of Central Americans living in the region and in North America. However, the ones who might respond to a specific Internet survey - what are they representative of?

> **"Well, with our people getting arrested constantly it takes us a long time to gather the data!"**

One side of Internet research which we are interested in is using voice over IP. If we can improve our capacities in that area we might convert part of our phone banks to this methodology.

*What are some of the problems facing marketing research in Latin America and around the globe?*

I think that the Latin America researcher faces the same problems that others do around the world. Much of what traditionally was market research has become generic and the downward pressure on prices has been a constant. There are now so many research products, and so many companies doing research, that it is difficult for any one of them to create an independent identity. As a result, the process of consolidation, which is seen in other areas of the world, is now also taking place in this region.

*Are there privacy laws in Latin America that make it difficult to conduct legitimate marketing research? Does telemarketing have a damaging effect on legitimate research, as it does in the U.S.?*

There are no privacy laws in this region that I know of and I have no idea how they could be enforced in any case.

As for telemarketing, you may or may not know that some less reputable telemarketers have been relocating to countries in this region - Belize, Jamaica, Costa Rica, Uruguay, wherever there are plenty of English speakers - because an international operator does not have to worry about the exclusion lists prepared in the United States. There are also phone banks in all of these countries, conducting research into the United States. I cannot speak to the experience of these phone banks, because we are talking about research *in* Latin America, not *from* it.

*How has the consolidation in the market research industry - in Europe, the U.S. and around the world - affected the industry? Is consolidation helpful or harmful?*

I think that the Latin American research companies that have an international relationship, which could range from having been acquired to a licensing agreement, will do better over the years because the relationship provides the buyer of the research with some kind of guarantee or support in terms of the quality of the work he or she is buying. It is important to underline here that many of the big multinational firms do not have representation in many of the Latin American markets. They have North America, they have Europe, they probably have the Far East, but Latin America is a kind of black hole for many of them.

*Do your company's clients have reasonable expectations about what they learn by conducting marketing research? Do they make effective use of the information they obtain from research?*

One of the frustrations that any seasoned researcher faces is dealing with clients that do not know what they are asking for or do not know how to use the information they are provided when they finally obtain it. The young brand manager going through the motions of buying research without knowing what it really is for is not something exclusive to the Latin American region. Any consultant knows that her or his advice will only be followed partially and that is one aspect of being part of the profession.

*What things can marketing research companies do to help their clients use marketing research data more effectively?*

Educate, educate, educate. Many research companies offer seminars and other training sessions to their clients to help them know what to ask for and how to use what they get afterwards.

*What trends do you see in the use of marketing research in Latin America? Are certain kinds of companies or industries doing more research or less research, or doing research for the first time?*

One trend is toward a two-tiered structure, where on the bottom are a series of low-cost, generic research-providing companies doing mass research on broad-based commodities and services. On the top are the firms doing value-added research - these are being requested to get directly involved with the clients in developing strategies for the market, for developing innovative approaches, for educating, etc.

*Does marketing research seem to be respected by Latin American businesses? Is conducting research seen as a worthwhile expenditure?*

The "creole" companies - the wholly-owned Latin American firms - which are generally family-operated, tend to misjudge the importance of market research and to want to spend little on it. As one producer in Ecuador said, "I sell everything I produce and I cannot produce more - why do I need research?" The multinational companies follow international practice and, in fact, are the ones that set the trends, value the research and pay more for it.

*Are the research departments in the client companies in Latin America growing or shrinking?*

Research departments have been reduced in size, mostly because more and more of them are now regionalized. Where once there was a research department in each country, it is now possible that there will be one department for the Andean countries, another for Brazil, a third for Southern Cone countries, etc.

*Who are the largest users or purchasers of marketing research services in the various Latin American countries? Is it private firms? Government agencies?*

If the question is posed as "market research" then the largest purchasers by far are private sector companies. However, if the question is posed as "research" then it is necessary to include the large international banks like IDB and the World Bank, United States government agencies, and many others. In this case the response would be 65 percent bought by the private sector and 35 percent by the other.

Manufacturing companies generally buy generic research, the lower tier that I referred to above. They buy more in volume but not in terms of market size. The service sector - banks, fast-food companies, telephone companies, supermarkets, credit card operators and others - are the ones who buy the most in dollar terms. Utilities, presumably electricity and water providers, buy some.

*Are most of your clients based in Latin America or do you have some U.S.-based clients as well?*

We have many U.S.-based clients. In fact, that really is our strong suit. About 45 percent of what we are doing comes from clients outside Latin America, in places such as the U.S., Canada, England, Finland.

Marketers that may have overlooked the area are now coming down and testing the waters. We are working with American brewers, a fast-food company, a bank...they are all taking a look at the market. We think that if you are in the research business in this region, you need to sell the region, and marketers need to think about the region. This region has signed a free trade agreement with the U.S., and we are presuming it will be passed.

*Do you think more client companies will rely on a global marketing approach or will they tailor their marketing efforts - and by extension their marketing research efforts - to each country?*

One problem that researchers who work in Latin America have is that North American clients either overcomplicate or oversimplify the diversity of the markets. The fact is that for certain types of products and services acquired by elites in the region - high-end automobiles and SUVs, jeans, perfume, whisky and vodka, gold and platinum credit cards, airline travel, cruises, and many more - the marketing strategy used in one market is applicable to any other. Research to develop an advertising strategy is cross-national in many cases.

But at the middle- and lower-class levels, there are significant differences from country to country. The middle-class housewife in Guatemala City does not have the same income or interests of one from Santiago, for example.

Also, the Hispanics in the U.S. aren't really a bellwether for the Hispanics who actually live here as consumers. The U.S. is a great melting pot and over time [immigrants] adopt morés and buying patterns, in many cases without realizing it. So that if you meet a Costa Rican who has been in the States for 10 years, he may have a Costa Rican flag in his house but if you look at his consuming patterns, he has shifted, he has become an American, culture-wise, which is one of the great successes of America. So you can't look at the consumption habits of Hispanic consumers in the U.S. and think they will be duplicated in Latin America.

That's why, for companies that don't have a lot of experience in foreign markets, it's better to get the inputs from the people who are in the market, because they are familiar with it.

In Latin American countries, there is often an educational component required of a marketing program which is different from what is required North America, where most consumers know all of these things. You can't take for granted that consumers will know what your product is used for. For example, we were hired 20 years ago by a U.S. maker of toothpaste to do research with the Indians of Guatemala - most of whom don't speak Spanish, by the way. We discovered in doing research there that they did not know the relationship between brushing your teeth and preventing cavities. So rather than simply marketing the toothpaste, the campaign that this company put into place in the highlands on billboards was to explain to people that brushing your teeth can help avoid problems with your teeth, and here is the toothpaste to use. It was highly successful. So now the Indians brush their teeth and buy the toothpaste. | Q

# Open but not yet free

By Gary Lim

**Despite relaxed market controls, research in China still faces restrictions**

Focus on China

For many companies and organizations in the world, China is probably the hottest topic when discussing the world economy and business. Almost every company, big and small, will invariably have the need to consider China in its equation and its impact on their business.

China is both an opportunity and a threat to many companies. Since its economic reform and the opening of the economy in the 1980s, many companies have entered the Chinese market. From anecdotes, it seems that failures far outnumber successes. Some of the failures are spectacular ones. There are many barriers of doing business in China, including lack of clear rules and regulations, poor intellectual property protection, cultural barriers, lack of respect for legal documents and agreements, a weak and biased judicial system, an antiquated business infrastructure, political uncertainty, corruption, and lastly, lack of understanding of the role of market research in the economy.

It must be remembered that China is still a communist state. The ruling party is the Communist Party of China. Under the communist system, all economic and industrial data are considered state property and state secrets. Possession of such data is considered a criminal offense. This includes basic business data like the amount of steel production, shipping tonnage, number of coal mines, etc., in China.

Deng Xiaoping officially announced economic reform in China in 1978, starting in the agricultural sector. The momentum for the economic reform picked up in the late 1980s. However, it was derailed by the June 1989 Tiananmen incident when the government brutally clamped down on pro-democracy movement. An economic boycott by the West resulted in a temporary halt to the reform program. The respite lasted a couple of years, and the reform program resumed in the early 1990s. The economic boom since then has continued unabated, averaging 9 percent growth per year since.

**Groping in the dark**

Companies doing business in China have been groping in the dark regarding market statistics. There are no reliable statistics and data that

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# How to manage a contract in China

By Camille Schuster

Since China joined the World Trade Organization in December of 2001, United States exports to China have been on the rise. In 2002, exports increased by 15 percent, and in 2003, they increased by 30 percent. But as American business interests in China increase, the cultural differences of doing business become more apparent. If you are interested in contracting to do businesses in China, you must be prepared for cultural challenges.

Managing a contract in China is not like managing a contract in a country with a developed legal system, enforceable government regulations and a dependable infrastructure. In the latter countries, you can sign the contract, walk away, and know what will happen when. In China, however, managing the contract means something very different. How so? In the U.S. a signed contract signifies that all parties know who will do what, with what level of quality and by what deadline. Each party agrees to do everything within their power to adhere to the contract, and the contract often identifies consequences for non-compliance. Once the contract is signed, the parties move on to fulfill the contract, knowing that everyone will do their part. These assumptions regarding contracts do not exist in China. The saying goes that in China, signing a contract signifies the beginning of negotiations.

By signing a contract in China, parties agree that they want to do business with one another, that the goals of the contract are desirable and that the terms of the contract are reasonable. However, everyone knows that life is unpredictable, that the future is uncertain and that specific activities do not always happen as planned. That's just the nature of daily life in a country like China.

So, what does the contract mean in China? In a place

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where the jurisdiction of local, regional and central government regulations changes often, where regulations are applied on a case-by-case basis and where regulations in the special economic zones can differ from regulations in the rest of the country, enforcement of regulations is uncertain.

China has an evolving legal system; the processes and procedures to protect rights are not fully functioning. Thus relying on courts to enforce contracts is risky at best. And when the government does not apply one single set of regulations across the whole country, or when it changes regulations as happens in the process of development, the system is unstable and unpredictable.

With an infrastructure in a state of flux, everything from timely distribution to a steady supply of electricity to predictable enforcement of regulations is uncertain in China. Therefore, nothing happens in a predictable timeline. So, if the terms of the contract are not set in stone when the contract is signed, how can you manage it? Use the following four guidelines.

**1. Maintain constant communication**

The first rule for successful business contracts in China is to maintain frequent, regular, interactive communication. Instead of waiting until the contract deadline to find out that the agreed-upon delivery will not be made, frequent conversations on the status of the order, problems, delays or questions are necessary.

one can confidently work on. Most companies operate on the assumption that the numbers and markets are huge, but the exact size and shape is difficult to grasp. For example, there are doubts about the most basic of economic data, the population. The China Statistical Yearbook 2000 lists the population as 1,259,100,000. How accurate is this official statistic? To control the population explosion, China has a one-child policy. Violation of this policy is a crime. Due to a natural Chinese bias towards having boys, families may not stop at one if the first child happens to be a girl. This is especially true in the rural areas, which has more than three-quarters of the population. Officially, it may be reported as one child, but the fact is that there may be more than one. Besides population, the government publishes other demographic and economic statistics regularly. Dubious official figures have been blamed for widespread miscalculation of the market size, with the resultant misallocation of company resources needed to compete domestically.

As the economy opened up, the need for accurate and reliable statistics and market research activities became apparent. Market research companies and their activities started to sprout. Like every activity in the communist regime, the government wanted to control it. However, the bureaucrats have absolutely no idea of the scope of the market research activities and the important role it plays in the market economy. Under pressure from the business community and the demands of the economy, the government finally enacted some rules. One of the efforts passed in August 1999 was the "Provisional Measures on the Management of Foreign-Related Social Survey Activities."

Among the clauses, it forbade companies from doing research by asking questions that duplicated statistical surveys conducted by the

**2. Engage in conversation**

Engage contacts in two-way interactive conversation. Asking yes/no questions will not generate useful information. Because of the cultural need to save face and preserve harmony in China, the answer to any yes/no question will be "yes" or "no problem."You will be spared embarrassment, you will feel reassured, and you will know nothing. To get more useful information, your contacts need to be engaged in conversation about their environment, themselves, the work process, and your offers of assistance. For example, instead of asking your Chinese contact if the production deadline will be met, you must take a more qualitative approach. Try asking your contact about significant events in the production process during the past week or month, or to describe recent activities of members of the production team. Through a number of indirect questions such as these, you can infer what is really going on with production.

**3. Meet face-to-face**

While some conversations can take place over the Internet, by fax or via phone, they will only be successful if those are supplemental or follow-up conversations to face-to-face meetings. Citizens of the People's Republic of China are members of a relationship culture that requires personal, one-to-one commitment. That type of relationship develops over time by working together, socializing together and interacting in-person. Verbal communication serves to maintain harmony and maintain face, so the style is usually indirect. Gathering information using an indirect style of communication is most successful when combined with direct observation of manufacturing facilities, distribution systems and business processes. That can only be done in-person. So if you want to establish a business relationship with people in a Chinese company, you must plan a large travel budget in order to get a clear picture of the business.

**4. Represent all levels**

Finally, face-to-face communication needs to occur with several members of your team who are at different levels of the hierarchy. Since the Chinese culture is stratified and communication serves to preserve harmony, problems are not freely discussed with superiors. For example, an assembly-line worker won't discuss problems with the company vice president. To develop the most effective channels of communication, your team needs to include people at different levels of the hierarchy so that quality control managers talk with other quality control managers, vice presidents talk with other vice presidents, managers talk with other managers, and line engineers talk with other line engineers. Having representatives from different levels of the company travel as a group, teams can tour the facilities in China, develop relationships with their peers in the Chinese company and conduct formal and informal communication. Periodic visits can include different combinations of team members to keep the lines of communication open, the relationships strong, and allow for observations of each area of business.

**Contract maintenance for the future**

Signing a contract with a company in China and walking away to wait for the desired result is a recipe for disaster. To an American, assuming that the contract means the beginning of negotiation with the expectation that the terms may change is unthinkable. However, that's just the way business is done in China. If you want to manage a contract successfully with a Chinese company, your expectations need to be realistic. When you set aside your U.S. expectations regarding business processes and use these four guidelines for managing contracts in China, you can adapt to existing cultural differences and establish the relationships required for success.

government. In practical terms, it meant that key statistical information on income, which is essential for companies trying to ascertain pricing structures or production targets in a region, would be unavailable or unreliable at best. It stated that all foreign market research firms, except those in which a domestic partner holds a majority stake, must register with the Bureau of Statistics and present the following:

• a copy of the contract with the client, plus the cost;

• a written statement outlining research goals;

• a copy of the questionnaires (at least 24 days before research starts);

• details of the geographic scope of the research;

• details of the groups targeted for research;

• final survey results.

This draconian law seems to sound a death knell to market research firms hoping to work in China. Bureaucrats now have to approve the whole scope of the market research activity, including the final survey results before they are released to clients.

It seems that this law was proposed at the insistence of the anti-reformists and the departments in charge of security. Their hand was strengthened by two events that made the government very jittery. One was the emergence of the apparently harmless social and exercise group known as Falun Gong. The group had grown beyond teaching breathing and meditation exercises and seemed to have a social, religious and political agenda. The second event was the trend towards independence in Taiwan. Intelligence activities under the guise of market research were conducted on behalf of the Taiwanese groups favoring independence.

The government's overriding concern was that sensitive information about government activities could be obtained to hurt the state. This infor-

mation could include military information, technology for military applications, human rights abuses, pro-democracy movements, antisocial activities, intelligence regarding Taiwan and Tibet, and information deemed to embarrass the government. The last part includes the level of corruption in government, nepotism by party and government officials, government performance, popularity of government officials and ministers, the amount of nonperforming loans by the state-owned firms, and business activities of the People's Liberation Army.

There were two main concerns of market research firms. The first is the turnaround time, as the bureau is expected to be swarmed with work and would take a long time to process the projects. In practice, the turnaround time is quite fast. Most projects are approved with just a cursory glance. The second concern, the more important one, is confidentiality. It violates one of the key ethical issues of market research that results only be revealed to the client. Information could be leaked out of the back door to help bolster lagging domestic firms, fueling both the competition and a black market rampant with counterfeit and pirated merchandise. While the bureau has given assurance this would not happen, there is no guarantee.

As with all other business activities in China, the bigger market research firms tend to comply with the letters of the law. Smaller firms do sometimes take the risk of conducting their projects without the bureau's approval.

While strictly commercial market research is fairly safe, the problematic area is in opinion and social research. Projects of this nature are in the grey area, and could be interpreted as research in the sensitive areas of government domain. Objectives, questionnaires and other scope-of-work issues will be vetted closely by the bureau to ensure compliance with the letters of the law. Of course, there is a high degree of subjectivity in the interpretation, and the interpretation and approval will depend on the particular officials in charge. The law can therefore be selectively applied to penalize those firms deemed to be not in the good graces of the bureau and the government.

In practice, many international market research firms apply self-censorship to avoid bureaucratic delays. Many have also reduced the geographic scope of their studies, to avoid seeking permission from each province they conduct research in.

**Buck the tendency**

There are two trends that will buck the tendency of the government to control market research activities. The first is the Internet, which has become a new vehicle for social studies that the government cannot control. There are several Web sites where anyone can register his or her opinion on a range of social and political issues. The second trend is the government's continuing need for foreign investment to fuel the economy. Restricting market research activities will not be well received by the international business community.

While the government does provide basic statistics like economic and demographic data, they are insufficient for companies operating in the country. Some foreign firms do have in-house market research capability, but most rely on the big market research firms to satisfy their needs. These firms offer full-service capability, including in-depth consumer analysis and tracking studies. These big market research firms include AC Nielsen, Synovate, Millward Brown, Taylor Nelson Sofres, Gallup, Research International, and MBL. Many local market research firms have sprung up in recent years. However, they do not have the breadth and depth of the international market research firms.

**Many conquests**

China's history has been peppered with many conquests of its territories by foreigners. These foreigners include Westerners such as the British, French, Spanish, Portuguese, Dutch, German, Italian, American as well as the Japanese. China's memory of its ignominious exploitation at the hands of foreign nations is long, deep and bitter. Anti-reform forces are very strong in China to counter the opening up of the China economy to the world.

Market research has come a long way since the days of strict communist authoritarian rule. While it is still ruled by the Communist Party, the economy has been running with a strong dose of socialism and capitalism. One of the significant events of the past few years is the fact that China joined World Trade Organization on December 11, 2001. It will have to comply with international modes of operation in economic and business activities, including market research. But it will be some time before China can reach the level of sophistication to enable market research to operate as freely as that in developed countries in North America and the European Union.

# A tankful of potential

Focus on China

## A look at the Chinese automobile market

By Barton Lee
and David Tatterson

China has been described as the next big potential automobile market in the world. Even with the recent worldwide recession, China's domestic automobile market has grown. The estimated market size in 2003 was 4.2 million units sold, representing about $5 billion in sales revenue. This figure is up from 2002 by 30 percent. As a result many of the automobile giants such as Ford, GM, and Toyota have entered China's market in the last several years. Some manufacturers such as VW and Chrysler have been there for some time.

Our firm, East Marketing Research (EMR), has explored the Chinese automobile market, collecting brand preference, demographic and purchase intent data on current and potential automobile owners. The findings indicate that the fortunes of the automobile in China are rising with the growth of the middle class.

EMR conducted random telephone interviews of 848 current and potential car owners with age range from 18 to 49. The interviewees in the groups were 244 and 604, respectively. The interviews, conducted in December 2003, covered four cities: Beijing, Shanghai, Guangzhou and Chengdu.

### Results

• *Brand preferences*

The Chinese automobile consumer has a wide range of vehicle brands from which to choose. These include imported brands such as:

-- German, such as VW, Audi, Mercedes-Benz and BMW;

-- Japanese, such as Toyota, Honda, Nissan, Mazda and Isuzu;

-- American, such as GM, Daimler-Chrysler and Ford;

-- other European cars;

-- Korean.

There are also domestically produced brands to consider. These include Guangzhou Honda, Shanghai VW and Shanghai GM.

Among all respondents (both current owners and potential buyers) the preference is for a foreign brand: 26.4 percent would choose German; 15.1 percent would choose Japanese; 7 percent would

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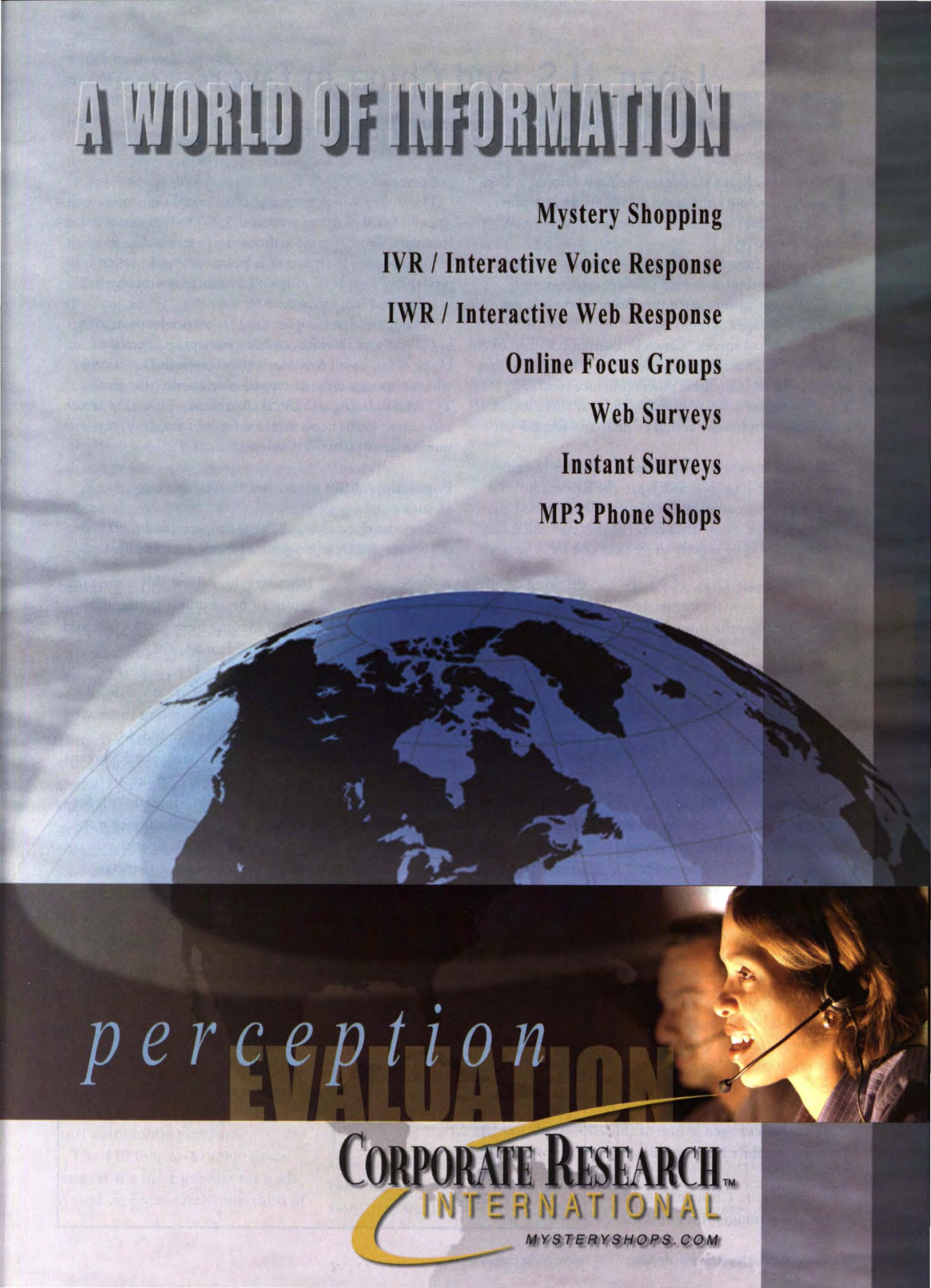
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# Japan, U.S. and China in favor with Chinese consumers

Japan, the U.S. and China are the most favored nations among Chinese consumers for supplying computers and consumer electronics, according to a national, urban-rural survey.

The survey found that the three countries are ranked first, second and third in each product category, well ahead of other nations including Britain, South Korea and other European countries.

The bi-annual survey, "China in Transition to a Market Economy," is a nationally representative consumer sample survey of all 31 mainland China's provinces (except Tibet) and gives equal sampling weight to cities, towns and villages outside the country's first- and second-tier cities.

The latest wave found that almost a quarter (24 percent) of Chinese people rank Japan the best country for computers and consumer electronics, ahead of the U.S., which is favored by nearly a fifth (18 percent) and China which is favored by slightly more than one in 10 persons (12 percent).

The survey, which annually interviews 6,000 consumers, 3,000 in urban areas and 3,000 in rural areas, collects basic demographic and consumer ownership and attitudinal data. Each survey is based on a multi-stage probability sample from which 300 locations drawn, half in urban and half in rural areas.

"The results have implications for all producers trading in China," says David Bottomley, managing director of Hong Kong-based Asia Marketing Research Directions, which conducted the bi-annual survey with Shanghai's TC Research. "Apart from the big three - Japan, the U.S. and China - other countries are facing a major perception barrier in China's developing markets."

**Population shifts mean marketing strategy changes**

But, say the researchers, all Asian countries and their producers are also facing major socio-demographic changes

choose American. Only 11.7 percent would choose domestic Chinese. Perhaps the most interesting finding is that 44.1 percent of consumers were uncertain about their next brand - a fact that provides a great incentive for aspiring automobile brands in the Chinese market.

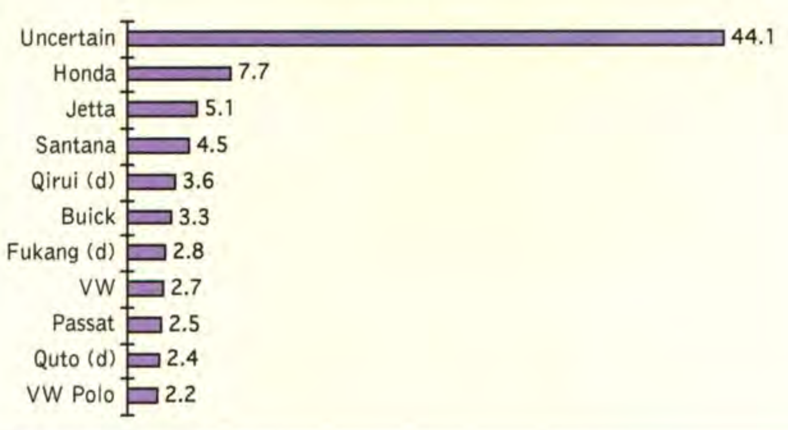
The other interesting finding is that German - and not Japanese or American - automobiles dominate brand preference. These results were confirmed more recently in face-to-face interviews at the June 2004 Beijing Auto Show. Show attendees preferred German brands (Mercedes, BMW and VW) over Japanese and U.S. brands. The attendees reported they were drawn to the German brands because of style and a reputation for quality construction. It probably also helps that German automobile manufacturers have been in China for a long time. Shanghai-Volkswagen is one of the oldest automobile joint ventures in China.

Turning to the Chinese domestic brands, the demographics of those thinking of buying a domestic automobile are young and low-to-middle-income. Among 18-to-29-year-olds, 47 percent prefer a domestic brand. Among respondents with an annual income less than $6,000, 55 percent prefer a domestic brand. Thus, the target for the domestic brand automobile is fairly well defined.

Among the potential buyer group (Figure 1), the undecideds dominate, with 44 percent uncertain as to the brand they would purchase. Demographics show this uncertain group to be middle-income with annual income between $3,000 and $9,000; median $5,900.

The other striking feature of Figure 1 is that there is no dominant single brand among those who have decided on a brand. Most brands appeal to less than 5 percent of potential buyers. Domestic brands (d) are intermixed with foreign brands. These are the characteristics of a very competitive market. However, in total, German

Figure 1 Brand Preferences
Potential Buyers



with a continual, large-scale migration of people from villages and towns to the big cities, attracted by higher wages.

Survey results show that indicative monthly incomes in the major cities are about two-and-a-half times those in villages (2,080 yuan compared with 860 yuan) and more than 30 percent greater than in the towns and about 45 percent greater than in rural areas administered by cities (1,570 yuan and 1,430 yuan, respectively). The major cities, like nations, are building their economies fast on the back of the "internal" migrants, say the researchers.

Table 1: International Images in China

| | Total China % | City urban % | County urban % | City rural % | County rural % |
|---|---|---|---|---|---|
| Best country for computers and consumer electronics | | | | | |
| Japan | 23.8 | 37.6 | 28.6 | 21.1 | 18.9 |
| U.S. | 18.3 | 26.4 | 23.3 | 16.1 | 15.4 |
| China | 11.6 | 12.1 | 13.3 | 9.0 | 12.6 |
| Britain | 3.0 | 1.9 | 2.8 | 3.5 | 3.1 |
| South Korea | 2.8 | 3.9 | 4.4 | 2.8 | 2.1 |
| Hong Kong | 1.2 | 0.4 | 0.8 | 1.5 | 1.5 |
| All other countries | 2.8 | 3.1 | 3.9 | 3.3 | 2.3 |
| No opinion/refused | 36.5 | 14.6 | 22.9 | 42.7 | 44.1 |

Source: Asia Marketing Research Directions, December 2003

While established marketing techniques may still be working in the mature markets of those cities - it's 25 years since China adopted its open-door policy - the migration means that different strategies may need to be developed to tackle the new waves of consumers.

But the data also show that there are opportunities in the rural areas on the doorsteps of the major cities, in smaller cities with populations less than a million people and in villages with populations less than 50,000 people because rising income levels are increasing people's disposable incomes.

The results show that rural areas - those surrounding cities and villages - currently have the lowest ownership rates for consumer goods such as mobile telephones, computers, cameras, camcorders and electronic game players.

Mobile phones: Only 13 percent of rural residents and 24 percent of residents in rural areas surrounding cities own a mobile phone, compared with 51 percent in the major cities and 44 percent in towns. (These figures do not include the small but significant percentages of peo-

brands (Jetta, Santana, VW, VW Polo and Passat) dominate.

The picture is clearer among the current owner group. Figure 2 shows this group's brand preferences. Once again there is a large uncertain group, 35 percent. However, among the brands selected, foreign brands are clearly preferred. BMW, Buick and Audi are the top selection. This result suggests that current owners intend to move up in status with their next purchase. With a median annual income of $7,800, they are in a better financial position to move up. Once again, in total, German brands dominate.

Figure 2 Brand Preference
Current Owners

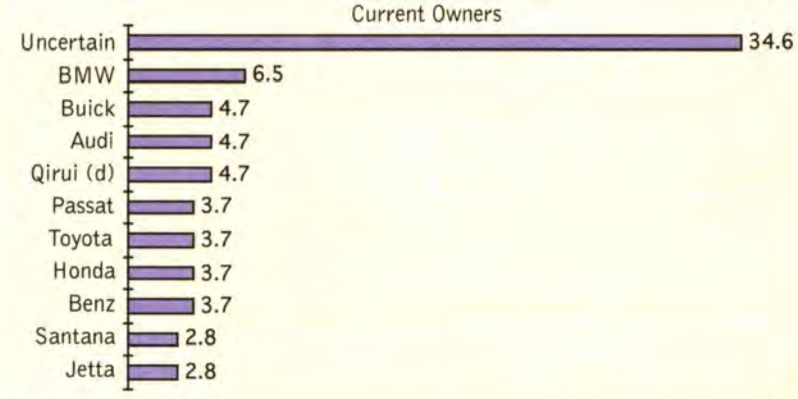



Figure 3 Price Distribution


• *The impact of price*

As with the purchase of any capital item, price is an important consideration. Figure 3 shows the price range current owners and potential buyers are considering for their next automobile purchase.

The $12,000-to-$18,000 price range is the most popular for both groups. Approximately one-third of respondents in both groups picked this range. However, the distributions vary significantly. As suggested above, current owners are looking to purchase more expensive automobiles in the future. About 28 ple who share usage).

PCs/laptops: Only 3 percent of rural households and 9 percent in rural areas surrounding cities have personal or laptop computers compared with 34 percent in the major cities and 24 percent in towns.

Cameras/electronic games: Ownership is also substantially lower in households in rural areas than in cities and towns.

Bicycle ownership: Close to being the same - nearly eight in every 10 (78 percent) of households own a bike, although the percentage will fall in cities where increasingly bicycles are being banned from city centers.

Cars: Despite high costs to put a new car on the road, the new private car market is booming. Buying has been accelerated by the availability of bank loans for purchases, the survey indicating that already 4 percent of homes have a car for private use.

Motorbike/scooter: The only consumer products covered by the survey for which ownership is, understandably, higher in rural areas than in cities and towns - 34 percent of rural households and 44 percent in rural areas surrounding cities own one compared with 27 percent in cities and 38 percent in towns.

Credit cards: Rural households are not big owners of credit cards - in practice, debit cards - only about one in six (16 percent) having a national card compared with 37 percent in rural areas surrounding cities, 42 percent in towns and 64 percent in cities.

Table 2: Ownership of Selected Items

| Individual ownership of items | Estimate for population aged 16-60 years (Base: 773 million) | Major cities | Towns under county control | Rural areas under city control | Rural areas under county control |
|---|---|---|---|---|---|
| Mobile phone | 26% exclusive use, 7% share with other person | 51% own 8% share | 44% own 8% share | 24% own 10% share | 13% own 4% share |
| Mobile phone with built-in digital camera | 1% exclusive use, 5% share with other person | 1% own 3% share | 1% own 6% share | 1% own 6% share | 1% own 6% share |
| | | | | | |
| Household ownership (one or more owned in household) | Estimate for all households (Base: 340 million) % | % | % | % | % |
| Camera, any type | 27 | 58 | 47 | 24 | 14 |
| Electronic game player | 25 | 38 | 36 | 24 | 18 |
| Bicycle | 78 | 82 | 78 | 82 | 75 |
| Motor bike/scooter | 35 | 27 | 38 | 44 | 34 |
| PC or laptop | 12 | 34 | 24 | 9 | 3 |
| Camcorder - tape | 4 | 9 | 8 | 4 | 1 |
| Credit card – China only | 32 | 64 | 42 | 37 | 16 |
| Credit card - international | 1 | 2 | 1 | 1 | 0.1 |
| Private automobile | 4 | 4 | 4 | 4 | 3 |

Source: Asia Marketing Research Directions, December 2003

percent are considering cars in the $24,000+ range. These results reflect the fact that current automobile owners are more affluent than potential automobile owners. The median income of current owners is $7,800/year versus $5,900/year for potential automobile owners. Chinese automobile consumers purchase a low-priced starter vehicle and then upgrade as their economic situation allows.

• *Demographic considerations*

Marital status is an important consideration in the purchase of an automobile for both the current owner and potential buyer. Of the group of current owners, 74 percent are married and 26 percent are single. Of potential buyers, 67.3 percent are married and 32.7 percent are single. Dual income families are in a better position to purchase an automobile than single individuals.

• *Income distribution*

Figure 4 shows the annual income distributions for the two groups. As discussed above, the owners of automobiles have higher income levels.

• *Age distribution*

In terms of age distribution of the two groups (Figure 5), current owners are concentrated in the 30-to-39-year-old range, almost 50 percent of respondents. This group is old enough to have established

Figure 4 Annual Income Distribution

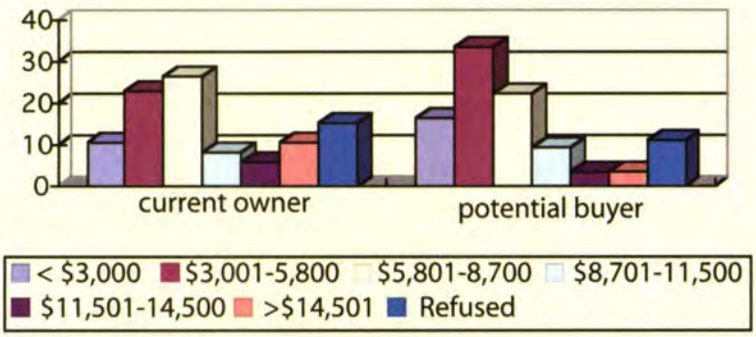
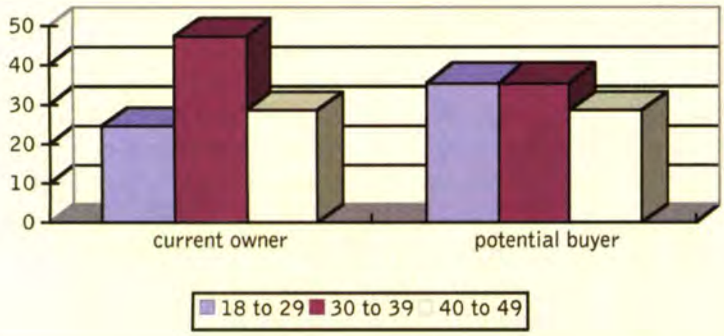



Figure 5 Age Distribution




their careers and income but not old enough to have suffered the ill effects of the Cultural Revolution on their education and income level.

### Growing fast

A number of key conclusions can be drawn from this study.

- The Chinese automobile market is growing fast.
- Chinese consumers prefer foreign brands but domestic brands appeal as starter vehicles to younger and lower-income consumers.
- No one brand dominates the market but collectively German automobile brands are dominant.
- As the Chinese consumer becomes more affluent, their desire for high-end automobiles increases.
- The automobile market in China is very competitive with many brands available and a large pool of consumer uncertain as to which brand they will purchase. | Q

## Survey Monitor

continued from page 8

this trade-off versus only 11 percent and 6 percent of women in Hong Kong and Singapore, respectively. Overall, it seems most women would rather settle in with a good film and palatable food than enjoy some high-flying eye candy. For more information visit www.synovate.com.

### Restaurants struggle to keep dieting customers

Restaurant chains are losing the diet crowd, says a new survey by research company TNS. According to the study, which measured food consumption of dieting Americans at 18 popular chain restaurants, 70 percent of dieters eat out at least once a week, and almost all are eating less often at many of the nation's favorite restaurants.

This trend demonstrates that despite recent increased advertising and marketing pushes by many chains to tout low-carb and low-fat offerings, consumers are often not buying the message. This means that restaurants must respond with changes in menu offerings and communications with their customers to remain successful.

However, not all restaurants are failing to meet the needs of dieters. In fact, Subway led the pack among all restaurants that had increased business among dieters. The popular sandwich chain was also the only quick-service restaurant (QSR) with high results in this category. In fact, 68 percent of respondents have either maintained or increased their visits to Subway during the past year. Applebee's also maintained or increased business among 59 percent of dieters. Rounding out the top five are Outback Steakhouse, Red Lobster and Olive Garden, indicating that these restaurants have responded effectively to the news of the 43 percent of Americans who claim to follow some type of diet program.

This finding highlights the fact that while most other chains have also launched or updated their menu options with healthy, low-carb or similar options on their menus, these five chains were the best at maintaining business among dieters. Clearly, the message is often not getting through, and restaurants are not capitalizing on their marketing investment. "Food-conscious Americans are seeking options, and with the carb craze going full tilt, awareness of menu options is critical to keeping nutrition-conscious customers coming through the doors," says Ken Athaide, senior vice president and leader of TNS Restaurant Practice. "Casual dining restaurants have an advantage, because they offer more than the traditional fast-food items such as french fries, fried chicken, hamburgers and pizza that Americans are cutting back.

"These results validate the fact that Subway has created its dominance in this market through strategic positioning and marketing. Subway has become actively engaged in nutritional efforts – through its advertising, which consistently speaks to healthy food, its Web


THE INDUSTRY'S BEST KEPT SECRET

site, which features healthy food, and its sponsorship of the F.R.E.S.H. Steps Initiative, which is aimed at preventing and treating childhood obesity," Athaide says.

According to TNS Media Intelligence/CMR, Subway spent $280 million in advertising in 2003, making it the fourth-largest ad spender of all restaurants included in the survey, just behind behemoths such as McDonald's, Wendy's and Burger King. Awareness of its low-carb menu options is the highest of all restaurants in the survey, despite the fact that Subway communicates a more general healthy-food message. One explanation may be that in addition to offering low-fat and generally healthy menu items, Subway also offers Atkins branded salads, which appeal to the low-carb crowd. In this way, the restaurant appeals to a wide array of dieting consumers.

Applebee's, successful in the casual dining sector, has also consistently promoted its association with Weight Watchers. Among the casual dining restaurants in the survey, it spent the second most on advertising at $116 million, behind Pizza Hut. As a result, 38 percent of consumers following a diet program believe that Applebee's has a limited or wide selection of low-carb options, again demonstrating a nutritional food halo effect generated through consistent advertising messages.

In 2003, the 18 national restaurants included in the survey spent a total of $3.14 billion, according to TNS Media Intelligence/CMR. The restaurants in this survey that spent the most on advertising in 2003 were McDonald's ($673 million), Wendy's ($329 million) and Burger King ($305 million).

The nationwide study was conducted via Internet-based interviews among a representative sample of 1,045 adult members of the TNS NFO Access Panel between June 11 and 16, 2004. For more information visit www.tns-global.com.

## Is quinoa the next rice?

Hailed as the "supergrain" of the future, quinoa could become tomorrow's rice, according to the current issue of the Culinary Trend Mapping Report, a quarterly journal of food and ingredient insight.

Published by market researcher Packaged Facts, in collaboration with the Center for Culinary Development, the report goes on to say that quinoa is higher in unsaturated fats and lower in carbs than most grains. Containing all eight essential amino acids, it is considered a "complete" protein, having more of the nutrient than any other grain.

Beyond its health benefits, chefs love quinoa's versatility, as it cooks in half the time of regular rice and can be used in place of many recipes that call for rice, including soups and puddings. Its flavor is slightly nutty to neutral, making it the perfect base for a variety of ingredients.

While only 16 percent of surveyed consumers have heard of quinoa, over 90 percent of those who had eaten it said they'd try it again. The potential for this grain is huge, according to the report, as it moves toward the mainstream from niche, upscale eateries.

"Quinoa nicely fits the bill for today's eating environment," says Don Montuori, acquisitions editor for Packaged Facts. "It satisfies the protein-cravers, offers the benefits of a whole grain and gives the carb-lovers an excuse for openly indulging in that forbidden nutrient."

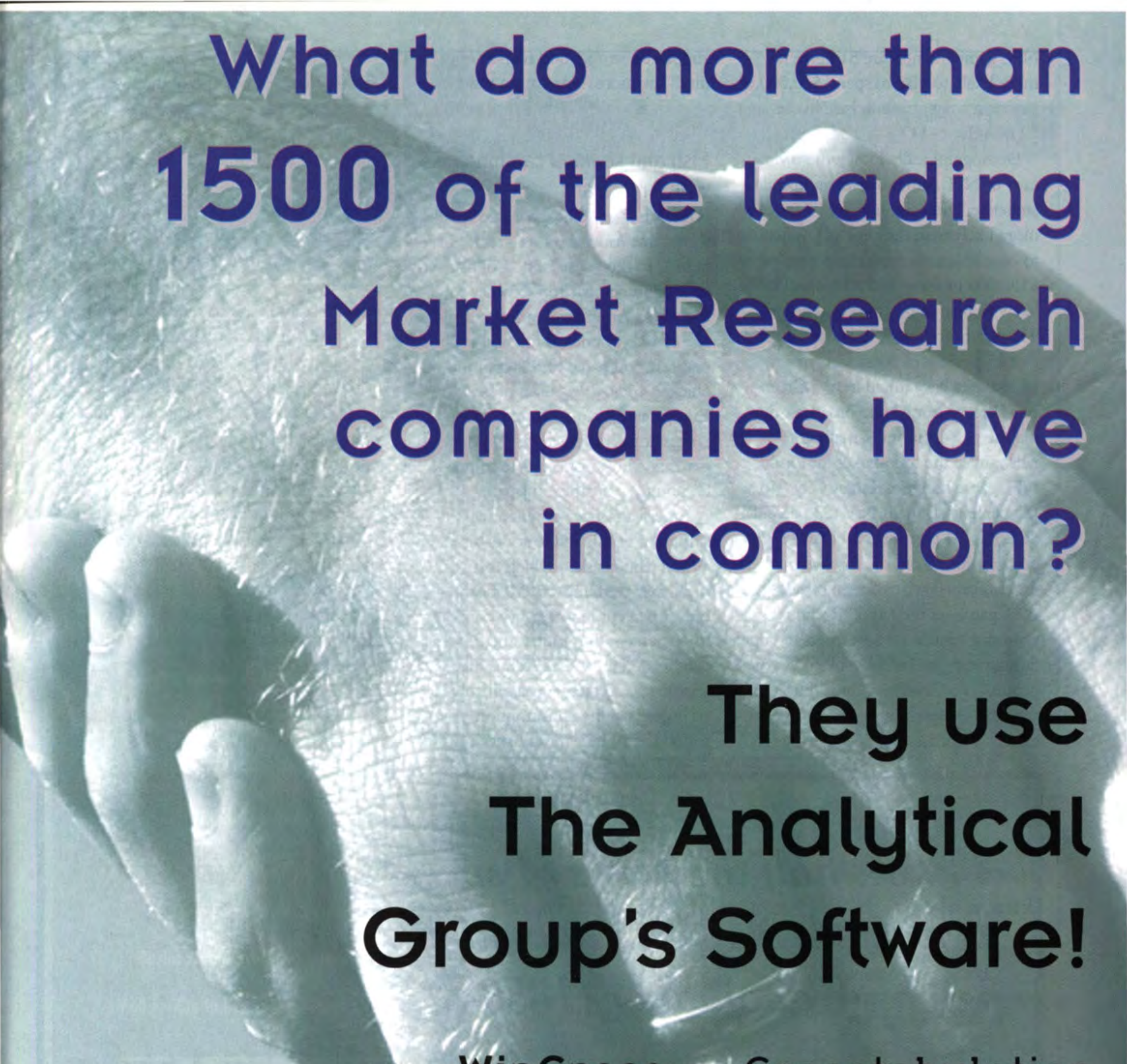
The quarterly Culinary Trend Mapping Report identifies 12-15 ingredients, dishes, cooking styles, and flavor profiles, and their "maturity" level according to the Center for Culinary Development's five-stage "Trend Mapping" tracking process. For more information visit www.packagedfacts.com.

## Local NFL radio broadcasts draw coveted audience

New York-based Scarborough Research has released an analysis of local NFL game listeners and found that these consumers are top spenders in emerging sports advertising categories, such as travel and home improvement, as well as in traditional sports ad categories, including quick-service restaurants, beer and automotive. (Local NFL game listeners are defined as adults 18+ who listened to a radio broadcast of their local NFL team during the past 12 months.)

Local NFL game listeners are 70 percent more likely than the average adult to have taken three or more domestic air trips in the past year, and 34 percent more likely to have spent $3,000 or more on home improvements during this time frame. These consumers are 66 percent more likely to spend $100 or more on their monthly cellular bill. "Local NFL radio broadcasts attract consumers who are making high-end purchases in travel, telecom and other categories," says Howard Goldberg, senior vice president, radio and sports marketing, Scarborough Research. "Advertisers seeking to deliver a strong message who tap into this powerful vehicle will be satisfied with the dynamic sports audience delivered."

Local NFL game listeners are also top consumers in more established sports advertising categories. They are 41 percent more likely to have eaten at a fast-food restaurant 10 times or more during the past 30 days, and 44 percent more likely to have consumed any beer in the past month. In addition, local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in common?
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software designed especially for the marketing research community.

NFL game listeners are 51 percent more likely to plan to spend $30,000 or more on a new car purchase in the next 12 months.

Demographically, local radio broadcasts of NFL games deliver an upscale audience. These listeners are 77 percent more likely than the general population to have an annual household income of $100,000 or more and 30 percent more likely to plan to buy a second home. The Scarborough analysis also found that 25 percent of consumers in Milwaukee have tuned in to a Green Bay Packers game radio broadcast during the past 12 months, making Milwaukee the top market for local NFL game listeners. Kansas City, Mo., (23 percent), Buffalo, N.Y. (23 percent), St. Louis (21 percent), and Denver (20 percent) round out the top five markets for consumers who tune into their local NFL game on the radio. "Radio is a powerful vehicle for advertisers to target fans listening to live, play-by-play games," says Goldberg. "In addition to the broad range of categories you can target with these broadcasts, marketers also have a strong local market opportunity." For more information visit www.scarborough.com.

## Fish and seafood catching on with Americans

Research from Chicago-based Mintel shows that Americans are drastically behind in the consumption of fish and seafood in comparison to other parts of the world. Americans each eat an average of 15.6 pounds of fish and seafood per year, compared to 82.9 pounds of chicken and 64.9 pounds of beef. In Europe and Japan, seafood consumption is substantially higher at 37.4 pounds per capita in Europe and an impressive 88 pounds per capita in Japan.

Americans show potential with consumption of fish and seafood, however. When Mintel asked which form of meat they were most tired of eating, only 7 percent reported fish compared to 40 percent for poultry and 23 percent for red meat. The Atkins high-protein/low-carb diet has undeniably had an impact on the consumption of seafood as 20 percent of Americans say they have increased the amount of meat and fish they eat because of the low-carb diet trend.

Currently, nine out of 10 Americans report eating fish and seafood. Those who eat fish and seafood do so on a fairly regular basis with 28 percent of this group eating it two or more times per week and 32 percent eating it at least once a week. Just over 17 percent eat fish and seafood less than once a month.

The fish and seafood market is growing at a healthy pace, with estimated 2004 increases of 7.5 percent. The market was relatively stagnant in 2002, but a resurgence began in 2003, fueled by a number of converging market factors. The low-carb diet trend spurred an interest in quality protein sources, which caused poultry and red meat prices to skyrocket. This made fish and seafood a more attractive option for consumers, as fish and seafood were relatively higher in cost than other forms of protein. Sales of fish and seafood are forecast to grow 21 percent by 2009 to reach $26.8 billion. For more information visit www.mintel.com.

## Product and Service Update

continued from page 12

Workbench application, which provides a set of more than 150 specialized transformers that can be used to transform both geographic and attribute information and allows users to visually manipulate data translations. For more information visit www.esri.com/datainteroperability.

## SPSS 13.0 now available

SPSS Inc., Chicago, has released SPSS 13.0 for Windows and SPSS Server 13.0 for Windows. The latest version includes enhanced reporting capabilities, new add-on modules for group identification, improved data management features and predictive analytics for survey research.

Building on the improvements to the presentation graphics system introduced in SPSS 12.0, the new version of SPSS for Windows offers enhanced reporting capabilities. New chart types and chart display features give users more options for presenting data. The SPSS Tables add-on module offers expanded category management capabilities. Additionally, SPSS tables and charts can now be exported to Microsoft PowerPoint.

The new SPSS Classification Trees add-on module creates classification and decision trees, which work directly within the SPSS environment to help users identify groups, discover relationships between groups and predict future events.

The new data management features include the availability of long text strings, which ensures that users will preserve data when working with open-ended question responses or when importing data from software that permits long data strings.

The latest version of the SPSS Complex Samples add-on module includes complex samples general linear models (CSGLM), enabling users to build linear regression, analysis of variance (ANOVA) and analysis of covariance (ANCOVA) models for evaluating and predicting numerical outcomes. The module also features complex samples logistic regression (CSLOGISTIC), enabling users to analyze and calculate categorical outcomes. For more information visit www.spss.com.

## WebSurveyor releases free Web polling tool

Herndon, Va.-based WebSurveyor Corporation is now offering a fully customizable tool allowing users to create a poll to be posted on a Web site at no charge. WebSurveyor created its Web polling tool in response to customers who wanted a way to add interactive content to a Web site. Users can conduct an unlimited number of polls and can accept an unlimited number of responses at no cost. Every element of the poll is customizable, and results are collected instantaneously and displayed to the respondent. Consolidating responses from all Web sites posting a global poll, it provides a larger base

of respondents no matter how much traffic a site receives. For more information visit www.websurveyor.com/poll.

## New edition of biopharmaceutical reference

The Biotechnology information Institute, Rockville, Md., has published the third edition of BIOPHARMA: Biopharmaceutical Products in the U.S. Market. The book's emphasis is on products' biotechnology and commercial aspects - composition, activity, nomenclature, companies involved and relationships, manufacturing methods, patents/technology transfer, regulatory history/status, approved indications, market size/share, controversial aspects, etc.

The third edition, 788 pages, provides monographs for over 350 products, including all recombinant and other proteins, monoclonal and other antibodies, vaccines, enzymes, blood products, toxins, and cultured cells and tissues. BIOPHARMA is up-to-date to mid-August 2004.

The monographs include technological, competitive, marketing and regulatory intelligence and assessments. Indexes include product nomenclature, class, biological, chemical, medical, regulatory/status, and approval date; and company, company role, state/country, and marketing territory. The public database at www.biopharma.com provides free information, and is a value-added feature for book owner/users who can search online and read the full monographs in the book. For further information contact Ron Rader at 301-424-0255 or visit www.biopharma.com.

## New facilities

All Global, a health care data collection agency based in London, has opened a five-room viewing facility, All Global Viewing, in London. The facility has three viewing rooms, each seating up to 20 viewing clients and 20 respondents, as well as two smaller rooms designed for one-on-one depth interviews. The studios are designed to be flexible in whatever types of research clients wish to conduct. For more information contact Amy Boast at a.boast@allgloballtd.com or visit www.allglobalviewing.com.

## Briefly

Millward Brown will launch its Link4Kids copytesting tool in Mexico, following successful application in the U.K., India and France. The solution was developed using both quantitative and qualitative research as well as input from teachers and educational psychologists. For more information visit www.millwardbrown.com.

Montreal-based research software firm Voxco has added new features to its Interviewer and PRONTO predictive dialers, including: rapid activation of virtual call centers

(Interviewer VCC); full integration of voice over IP to call centers; mobile interviewing (CAPI) on PDAs; wireless CAPI supported by BlackBerry devices; a set of reporting tools adding to a centralized database of all data collected regardless of collection mode, accessible online and in real time. For more information visit www.voxco.com.

Canada-based Genticity, Inc., a supplier of customer interaction management software, and Seattle research firm NetReflector, Inc., have integrated NetReflector's customer satisfaction measurement capabilities into Genticity's Customer1 V2.21. One of the sample reports generated by this combined product is the newly launched Agent Performance Scorecard (APS), which provides real-time indicators linking agent effectiveness to customer loyalty. It helps management determine early on where trouble spots are in contact center processes and take immediate corrective action. For more information contact Genticity at 866-552-8781 or NetReflector at 877-823-5337.

SAS, Cary, N.C., has unveiled SAS High-Performance Forecasting, an analytics-driven product built on the SAS9 Intelligence Platform. SAS High-Performance Forecasting provides large-scale automated forecasting that allows companies to reduce forecasting error and increase operational efficiency. For more information visit www.sas.com.

T3 (The Think Tank), an Austin, Texas, marketing services firm, has launched T3 Fuse, a marketing research and development team focused on conceptualizing first-of-its-kind technology, business approaches and unique products and technologies. For more information visit http://fuse.t-3.com.

Tokyo-based Japan Consumer Marketing Research Institute (JCMR) has launched its JCMR Eye-Tracking Solution, which combines an eye tracking device developed by Sweden-based Tobii and software jointly developed by U.S.-based Eyetools and Tobii. It is designed to enable company marketing directors, advertising divisions, advertising companies and Web developers to gain an objective and accurate assessment of where consumers are visually attracted to information in advertisements and Web sites. For more information visit www.jmrlsi.co.jp/english/eyetools/prom01.html.

Munich-based research company Ciao has launched its proprietary access panel, Access: The Netherlands, which makes available 75,000 consumers in The Netherlands for consumer and business market research. For more information visit www.ciao-uk.com.

## Research Industry News

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will collaborate with the two companies to ensure that the service addresses the needs of marketers.

The service would consist of a panel of participants who would be incented to voluntarily carry Arbitron's Portable People Meter. Data on consumer preference and purchases for a wide range of services and products would also be collected from panelists, electronically and via surveys, with some households being part of ACNielsen's Homescan consumer panel, which currently tracks packaged goods purchases. Data would be collected in aggregate form to provide an understanding of participants' media interactions and their resulting shopping and purchase behavior.

Online retailing site **InterShop-Zone.com**, Haverstraw, N.Y., is partnering with academia on a research project about customers and e-commerce. The independent study is being conducted by a research team led by Thomas J. Decker, III of the Huizenga School of Business and Entrepreneurship at Nova Southeastern University, Fort Lauderdale, Fla. The survey will run from September 29, 2004 to December 29, 2004 and is located at www.intershopzone.com/survey.

Montreal-based research software firm **Voxco** has unveiled a new corporate image, which can be viewed at www.voxco.com.

### Acquisitions

**Harris Interactive**, Rochester, N.Y., has acquired **Wirthlin Worldwide**, a Reston, Va.-based research firm. The deal was completed with a combination of stock and cash valued at $41.8 million, and will add $50 million in annual revenue and 300 new clients to Harris Interactive. The combined firm will have over 1,000 employees and is expected to generate $210 to $215 million in revenue this fiscal year.

The American division of Australia-based **Roy Morgan Research** has purchased **Mapes and Ross**, a Princeton, N.J., research firm.

**Informa Research Services, Inc.**, Calabasas, Calif., has acquired **Market Trends, Inc.**, a Seattle research firm. Bill Young, founder and president of Market Trends, will remain as a senior vice president at the firm, which is now known as Informa Research Services, Inc.

Paris-based **Ipsos** has acquired the assets of **TQA Research Pty. Ltd.**, Melbourne. Founded in 1981 TQA Research specializes in advertising and marketing research, concept development testing and demand forecasting. It has revenues of EUR 2.4 million.

Separately, Ipsos has also acquired **Japan Statistics and Research Co. Ltd.** Founded in 1968, the firm is based in Osaka and Tokyo and has revenues of EUR 24 million.

**J.D. Power and Associates**, Westlake Village, Calif., has acquired **LMC Automotive Services, Ltd.**, an Oxford, England-based automotive forecasting and market analysis company it has been working closely with since 1996. The firm will be known as J.D. Power-LMC.

San Mateo, Calif.-based e-business management firm **Keynote Systems** has announced a definitive agreement to acquire privately held research firm **Vividence Corporation** of San Mateo, Calif. Under the terms of the agreement, Keynote will pay approximately $20 million in cash at closing, which will include amounts payable in satisfaction of certain liabilities of Vividence and amounts held in escrow to secure indemnification obligations for all outstanding shares of Vividence. Up to an additional $6.0 million is payable upon achievement of certain targets by September 30, 2005. For fiscal year 2005, the acquisition is expected to result in a revenue increase for Keynote of $11 million to $14 million and is expected to be accretive to operating income, excluding the non-cash charges related to the amortization of the intangible assets of Vividence to be acquired. Fifty people will join Keynote from Vividence, bringing the total number of Keynote employees to approximately 240. Keynote acquired Enviz in October 2002

and NetRaker in April 2004.

## Alliances/strategic partnerships

Norway-based research software firm **Future Information Research Management** and **Moskowitz Jacobs Inc.**, a White Plains, N.Y., research company and developer of the conjoint technology IdeaMap.Net, have formed a partnership to deliver a new online conjoint solution, Confirmit IdeaMap, to the market. Confirmit IdeaMap will be delivered together with research software package Confirmit as an add-on and enable Confirmit users to create and launch online conjoint studies.

New York research firms **Scarborough Research** and **Arbitron Inc.** have begun a series of initiatives designed to enhance Scarborough's shopping center audience measurements and metrics. Simon Property Group, Inc., a current Scarborough client, has undertaken efforts to improve measurement of malls as media through its charter leadership of these initiatives. Scarborough Research and Arbitron will embark on a series of research initiatives to create the foundation for mall audience metrics. This process will begin with personal interviews with decision makers at agencies and advertisers to quantify their needs for mall audience measurement. In addition, Scarborough will test and refine a mall-centric reach and frequency application, offering planners and buyers the ability to assess unique shopping center visits and the frequency of mall exposures.

## Association/organization news

**The Council of American Survey Research Organizations** (CASRO) and the **Council for Marketing and Opinion Research** (CMOR) released a joint press release on the national Do Not Call Registry: "In the past weeks and months, much has been published about the degree to which the national Do Not Call Registry (DNC) affects the operations of survey research companies and the actions that they should take in order to remain in compliance with the law. Some of this information has been confused and misinformed. In an effort to provide some clarity and guidance on these complex issues, CASRO and CMOR want all members of the industry to understand the following:

1. Generally, since survey research organizations are not commercial in their speech, they are not legally required to comply with the National Do Not Call Regulation.
2. Survey research organizations are not legally required to register as exempt organizations (EOs) or obtain subscription account numbers (SANs) in order to conduct RDD or purchase call lists that are not scrubbed against the National DNC Registry.
3. Survey research companies must register as EOs or obtain SANs if they wish to voluntarily comply with the DNC by (a) accessing the National Do Not Call Registry in order to scrub their own call lists or (b) purchasing scrubbed call lists.
4. Survey research organizations may not access the DNC Registry for any purpose other than scrubbing their call lists or buying scrubbed lists.
5. Survey researchers who work with data or sample lists that have not been scrubbed against Do Not Call should not register as EOs as according to the FTC, that would constitute an improper viewing of the DNC Registry."

**The Intersearch Network**, a Netherlands-based group of independent research firms representing Western and Eastern Europe, North and South America, Africa and the Pacific Rim, has added **International Communications Research**, Media, Pa., as its newest and only U.S. member.

**The Mexican Association of Marketing and Opinion Research Agencies** (AMAI) has completed its biannual elections. The new president and head of the council is Manuel Barberena. Cisar Ortega de la Roquette, who finished his term as president, will act as program committee chairperson for the IX Latin American ESOMAR Conference, which AMAI and ESOMAR will host.

The Dallas-based **Mystery**

**Shopping Providers Association** (MSPA) announced it has granted its 20,000th certification. In November 2002, the MSPA established its certification program at the request of its members, who wanted to industry-standard education, practices and qualifications for mystery shoppers. The MSPA offers two levels of certification: silver and gold. A shopper can become silver-certified by taking a short online course at the MSPA Web site (www.mysteryshop.org/certification.php). After obtaining silver certification, mystery shoppers can achieve gold certification by attending a gold certification workshop, a one-day seminar held in 25 cities throughout the U.S. each year. At the conclusion of the seminar, a test is administered, and those shoppers who pass the test are awarded gold certification.

The MSPA estimates there are approximately one million mystery shoppers in the United States and 250,000 internationally. Currently, there are 18,304 silver-certified shoppers and 1,696 gold-certified shoppers.

Pat Lovenhart, principal of **Lovenhart Research & Consulting**, has been named co-vice president, public relations for the Washington, D.C. chapter of the **American Marketing Association**.

John P. McDonald, president of Farmington Hills, Mich., research firm **MORPACE International**, has been appointed to the board of directors of the CASRO..

## Awards/rankings

Northwood, Ohio-based **TNS NFO** has been named the "2004 Large Employer of the Year" by the Ohio Rehabilitation Association (ORA), a professional and advocacy group working on behalf of persons with disabilities across the state. TNS NFO is being recognized for its efforts to promote the hiring of and retaining persons with disabilities. These efforts have included: training its hiring managers to prepare them to hire persons with disabilities; making its telephone call center accessible to persons with visual impairment; employing persons with visual impairment and other disabilities in the company's consumer and business-to-business calling centers. TNS NFO was nominated for the award by Steven Michaluk, an employer services specialist for the Ohio Rehabilitative Services Commission who has worked with both the company and consumers on employment-related matters. "TNS NFO has proven themselves to be one of the most flexible and proactive employers to employ people with disabilities," Michaluk stated in his nomination form to the ORA. Michaluk adds that he has placed more than 20 disabled workers in positions throughout TNS NFO in recent years.

St. Petersburg, Fla.-based **Sterling Research Group, Inc.** announced that its Quality Management System has been certified under the updated ISO 9001:2000 criteria. Sterling Research satisfied the requirements of certification the week of June 28, 2004 during an audit conducted by International Management Systems, Inc. of Tampa, Fla. The firm was previously certified as an ISO 9000 organization under the older ISO standards.

Seattle-based research firm **NetReflector, Inc.** has been named Washington State's 11th fastest-growing technology company as part of Deloitte's Technology Fast 50 Program for 2004. Rankings are based on the percentage of growth in fiscal year revenues over five years, from 1999 to 2003. NetReflector increased its revenues by 661 percent during that period.

**WebSurveyor Corporation**, Herndon, Va., has been included on the Software 500, a revenue-based ranking from *Software Magazine* of the world's largest software and services suppliers targeting enterprise IT organizations. The list is published as an online catalog at www.softwaremag.com. Named to the list for the second consecutive year, WebSurveyor climbed 20 spots in the rankings to number 462. WebSurveyor posted revenue growth of 60 percent over 2003.

## New accounts/projects

Fairfield, Conn.-based research firm **IMS Health** announced a multi-year agreement with U.K-based health care products retailer **Boots The Chemist** to deliver OTC health care intelligence on the U.K. marketplace. Under the agreement, Boots The Chemist will provide IMS with access to all OTC and health care electronic-point-of-sale data from its more than 1,300 outlets in the United Kingdom. The financial terms of the agreement were not disclosed.

**The Fox News Radio and**

**Information Network** will participate in the RADAR network radio ratings service, provided by New York-based Arbitron Inc. The inventory will be available on January 1, 2005, based on a special tabulation, from RADAR 83, December 2004. With more than 600 affiliates and over 93 percent U.S. coverage and airing on stations in major metropolitan markets, Fox Radio News and Information Network targets adults ages 25-54.

**Heineken USA** has renewed its contract with **ACNielsen U.S.**, Schaumburg, Ill., to use ACNielsen as its preferred provider of syndicated sales information and consumer insights.

**Simmons Market Research Bureau**, New York, has signed a long-term comprehensive agreement with *The New Yorker* magazine. The new agreement renews the Simmons National Consumer Survey (NCS) and Tipping Point Segmentation system.

Tenafly, N.J.-based research firm **Invoke Solutions** announced that **Marriott International Inc.** has been using Invoke's Dynamic Survey platform.

**Reckitt Benckiser plc** has chosen **Research Reporter** from London-based E-Tabs to manage its global market research repository. Research Reporter is a Web-based market research portal application designed to help corporate market researchers extract more from their market research resources. The system is developed by Insight Marketing Systems of Melbourne, Australia.

Austin, Texas-based marketing consulting firm **VisionEdge Marketing** announced three new customers: **Adobe**, San Jose, Calif.; **BOXX Technologies**, Austin; and **Rackspace Managed Hosting**, San Antonio. The companies selected VisionEdge Marketing to help them with marketing metrics, customer research, establish sales and marketing processes, and develop competitive positioning strategies.

## New companies/new divisions/ relocations/ expansions

Seattle-based **Global Market Insite** has opened a new regional sales office in Boston. Alison Morgan, newly named director of sales, Eastern region, will head the new office.

**J.D. Power and Associates**, Westlake Village, Calif., has opened a new regional office in central Munich, Germany and named David Lauth as its managing director.

## Company earnings reports

In first-half 2004 business results, Paris-based **Ipsos** reported revenues of EUR 286.0, million an increase of 8.2 percent with respect to the first half of 2003. Currency effects dragged revenues down by 4.2 percent, due to Ipsos' exposure to the dollar zone and Latin America. At constant exchange rates, revenues would have risen by 12 percent to EUR 296 million. The integration of new companies accounts for a 3.9 percent increase in sales. Organic growth remained at 8.6 percent in a market whose overall growth rate reaches 5 percent per year. During the first half of 2004, operating profit rose by 9.3 percent, slightly faster than revenues, and hit a record EUR 22.8 million, equal to 8 percent of consolidated revenues. Currency movements had a significant impact. If exchange rates had remained at their first-half 2003 level, operating profit would have come in up 14 percent at EUR 24 million. The first half brought an extraordinary charge of EUR 2 million, relating to the accelerated depreciation of re-arranged obsolete office space consecutive to the decision to merge Ipsos operations in France into a single site in the Paris area. Despite this, net profit (group share) posted double-digit growth for the 10th consecutive half-year period, rising by 14.3 percent to EUR 13.4 million. At constant exchange rates, net profit (group share) would have grown by 21 percent to EUR 14 million.

Listed below are names of companies specializing in qualitative research moderating. Included are contact personnel, addresses and phone numbers. Companies are listed alphabetically and are also classified by state and specialty for your convenience. Contact publisher for listing rates: Quirk's Marketing Research Review, P. O. Box 23536, Minneapolis, MN 55423. Phone 952-854-5101. Fax 952-854-8191. Or visit www.quirks.com/media/moderator.asp.

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Auto Marketing & Product Experts.
2,000 Groups Moderate & Recruit.

C&R RESEARCH

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www.cr-research.com
Contact: Megan Burdick
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Strategic Rsch. Consultants Specializing in Tech & Consumer Goods in General, B2B, Youth, Hispanic & Asian Markets.

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Ph. 214-542-8787
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Contact: Sue Stewart
Over 20 Years of Experience in Consumer Marketing.

**The Consumer Network, Inc.**
P.O. Box 42753
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Mona Uses Anthropology, Consumer Advocacy, and Marketing Skills To Get To Changes That Grow Sales.

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Contact: Stephen Daniel
FOCUS/IT Understanding Technology Buying Processes.

**Decision Drivers**
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**D/R/S Health Care Consultants**
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Qualitative Market Research By A Former Provider.

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Contact: Ricardo A. Lopez
Consulting Firm Specializing In U.S. Hispanic Market. Serving Firms Targeting U.S. Latino Market. Offices: Miami/New York.

IMR

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IN DEPTH

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## Names of Note
continued from page 10

**Jan McCarten** has been named senior vice president, *Millward Brown*, Naperville, Ill. At the firm's Fairfield, Conn., office, **Tony Ducoli** has been named vice president, and **Sharon Hallock** has been named vice president, Internet project management.

**Sandy Livingstone** has been appointed business development director to head up Enlightenment, a new, U.K.-based customer intelligence service from *BMRB* and *Millward Brown*.

Research firm *Synovate* has named **Steve Garton** director, media research - Asia Pacific. At the offices of Synovate Asia Pacific in Hong Kong, **Mike Sherman** has been named executive director, consumer insights.

Netherlands-based media and information firm *VNU* has named **Rob Ruijter** as successor to **Frans Cremers**, who will step down after eight years as CFO. Ruijter will become a member of the VNU executive board on December 1, 2004, and will become CFO on January 1, 2005.

European Web portal and research provider *Ciao* has named **Georgette Thaler** sales director North America. The company also named **Martin Grupe**, **Asim Burney** and **Jessica Yorke** as sales manager in its London, Munich and Paris offices, respectively.

U.K.-based retail research firm *ESA* has named **Cathy Head** senior project executive in its client service division. In addition, **Claudia De Simone** has been named contact center manager.

*NOP World*, New York, has named **Caro Giordano** vice president of its U.S. technology sector.

At *Piedmont Natural Gas*, Charlotte, N.C., **Ranelle Q. Warfield**, vice president - sales, has assumed the additional responsibility for marketing as vice president - sales and marketing. Marketing research will be among her new responsibilities.

Waltham, Mass., research firm *Applied Marketing Science* has named **Steven Gaskin** senior consultant.

*Invoke Solutions*, a Tenafly, N.J., research firm, has named **Joanne Manley** as director of marketing.

Norway-based research software firm *MI Pro AS* has named **Andrew Jeavons** president of its new U.S. division, MI Pro USA Inc., Cincinnati.

**Alison Morgan** has been named director of sales, Eastern region, at the new Boston office of Seattle-based *Global Market Insite*. The firm has also named **Lowell Ricklefs** as vice president of global sales.

*Insight Research Group USA*, Mountainside, N.J., has named **Arlene Cohen** president.

At the New York offices of *Ipsos*, **James B. Douglass** has been tapped to lead its North American Health Division. And **David Pring** has joined the company's consumer products division as senior vice president and general manager.

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home improvement project and do the work themselves, compared to 30 percent of men who make the decision and have a professional do the work.

Of the older Baby Boomers (1946-1955) surveyed, 52 percent make the decision and do the home improvement projects themselves, compared to 37 percent who make the decision and have a professional do the work.

For Generation Y (1977-1994), 42 percent surveyed said they make the decision and do the work themselves, versus 23 percent who make the decision and have a pro do it for them. Almost 40 percent of Generation Y said they are not responsible for the home improvement decision.

**Future plans**

What kind of projects to people have planned? Fifty-seven percent of those with a household income of $75,000+ are planning on doing a landscaping project within the next 12 months, and 56 percent reported they are planning to do an interior painting project.

Twenty-five percent of younger Baby Boomer (1956-1964) homeowners with a household income of $75,000+ plan to remodel a kitchen or bathroom, compared to 16 percent in 2000.

Twenty-two percent of adults 18-39 with a household income of $75,000+ plan to buy or build a new home, compared to 10 percent in 2000. Similarly, 13 percent of single Generation X adults said they planned to buy or build a new home, compared to 6 percent in 2000.

Being in the newspaper advertising biz, Vertis looked at the impact that ad inserts have on home improvers. Whether they turn to advertising inserts or circulars for price comparison or to decide where to shop, 76 percent of women do-it–yourselfers and 66 percent of men have read advertising inserts in the past seven days, compared to 70 percent of women and 56 percent of men in 2000.

Sixty-one percent of women do-it-yourselfers who are home improvement ad insert readers said they typically make lists and plan their home improvement shopping trips based on items seen in advertising inserts or circulars, compared to 53 percent in 2000.

Thirty-two percent of do-it-yourselfers say that advertising inserts or circulars influence their buying decision the most, compared to 20 percent in 2000.

Of the weekday newspaper readers who plan to build a deck/remodel a kitchen or bath, 71 percent said they have read an advertising insert or circular in the weekday paper in the past seven days. Eighty-three percent of Sunday newspaper readers who shop at large home improvement stores for minor household repairs have read an advertising insert or circular in the past seven days.

Eighty-six percent of home improvement ad insert readers who are do-it-yourselfers with children read home improvement advertising inserts or circulars when comparing for price. | Q

# classified ads



# corrections

In the Research Services cross-index section of the 2004-2005 Researcher SourceBook, under the categories "Focus Group - Transcriptions" (p. 552) and "Transcription Services" (p. 586), the entries for Judith Emilie Transcription Service contained an incorrect page reference number for the firm's main listing. Its main listing is on p. 312, not p. 313 as indicated.

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By Joseph Rydholm, *Quirk's* editor

# Even do-it-yourselfers need help

While I'm willing to tackle a lot of small-scale home improvement projects like replacing a light fixture or giving a room a new coat of paint, I don't think of myself as a handyman. Not when I'm famous for making a 30-minute task somehow last all day.

To be fair to myself, I think part of the blame has to rest with one of our home's previous owners. This, ahem, gentleman inflicted his "improving" on the place several years ago and each time I tackle some repair or remodeling job in his wake I am amazed anew at his horrible handiwork.

As a result, I spend a lot of time consulting the helpful souls at the local hardware store, desperately trying to find workarounds to the never-seen-it-done-like-that-before puzzlers that Bob Vila's evil twin has left me.

I'm not the only one who prefers the neighborhood Ace, according to findings from a study by Baltimore-based advertising and marketing firm Vertis. Its Customer Focus 2004: Home Improvement study found that 55 percent of those tackling minor household repairs shop at local hardware stores (such as Ace, True Value or Do it Best Corp.) for convenience, compared to 27 percent who shop large home improvement stores for convenience.

For home improvement or renovation projects, 87 percent of Generation Xers (b. 1965-1976) shop at large home improvement stores (like Home Depot and Lowe's), compared to 80 percent of what Vertis calls Young/Olds (1930-1945).

For major home repair items, 14 percent of Young/Olds shop at local hardware stores, compared to 6 percent of Generation X.

Seventy-one percent of adults with a household income of $75,000+ shop most often at large home improvement stores when undertaking minor household repairs. Large home improvement stores are also popular among 79 percent of Generation Xers with a household income of $75,000+.

Forty-two percent of adults with a household income of $30,000 or less shop most often at large home improvement stores for minor household repairs, compared to 23 percent who shop most often at a local hardware store, and 22 percent who shop at a discount or department store (such as Kmart, Target or Wal-Mart) for minor household repairs.

**A little pride**

Despite the frustrations that often come with home projects, more and more people are choosing to do the work themselves. In 2000, 38 percent of adults surveyed stated they were the home improvement decision makers who did the work themselves; this number rose to 47 percent in 2004.

In addition to saving money, homeowners also earn a little pride after the job's all done. "The increasing number of large home improvement stores that offer products for minor and major repairs are enabling adults across different age groups and incomes to take on home improvement projects," says Thérèse Mulvey, vice president, marketing research, at Vertis. "This motivates adults to learn new skills and allows them to be in control of their investment."

Women are also taking a more active role. In 2004, 38 percent of women surveyed reported they are the home improvement decision makers who do the work themselves, compared to 30 percent in 2000.

Not everyone is strapping on the tool belt, however. Some people are content to let the experts do the work for them. Fifty-eight percent of men stated they make the decision to do a

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