



COMPONENT 2: ENTERING A NEW INTERNATIONAL MARKET

INTERNATIONAL MARKETING MANAGEMENT

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COMPONENT 2: ENTERING A NEW INTERNATIONAL MARKET

Importance of Market research

It is highly essential and critical for businesses to conduct market research, know their competitors, customers and other external related stakeholders. It is considered to be the process of gaining information which helps the organisation is assessing how the potential customers react to the current or potential offerings. Market research is imperative for firms that wish to expand to new markets, or who wish to launch new products in the existing markets. These two concepts could be defined by market development and product development (McQuarrie, 2015). Having ample market research at these two times is critical to the company's success and adds value to the business. Moreover, market research assists the businesses while they have to make decisions regarding innovation, start-up and the 4 Ps.

According to Kumar (2015, p.5), these four P's are said to be Price, place, product and promotion, all of which are highly important to the business. Through market research, the business is able to assess the price it needs to set for its customers and consider the buying behaviour. Considerations regarding the product would allow the company to know the quality and variety of products that could be successful in the market. Through efficient market research, the business is able to know what kinds of products are required by the customers, and what amends need to be made in the current offerings. On the other hand, the aspect of place assists in deciding upon the distribution and location of the organisation. Lastly, the business is able to identify how to reach the potential market and what measures must be adapted to cater to the needs of customers with regards to promotion.

Marketing Research Planning Models

In order to conduct an efficient market research, the company has to go through several steps and identification of processes, so that it may be able to optimize the research and gain effective results. Market research could be divided into five main stages, as suggested by Malhotra and Briks (2007). This research planning model could be used by companies who wish to conduct effective market research, as it covers the major aspects and caters to almost all related details. The first step according to the model is problem definition. This related to the need of conducting markets research, as the company who wishes to conduct particular research must first identify the need and its use. For instance, a company may conduct a market research if it wished to launch a new product in the existing market. For this, the company would require having information related to the buying behaviour and customer preferences before it can actually launch the new product. The business may also want to know the target audience and their demographics, so the product could be designed in accordance.

The second step in the model is research approach development. In order to gain effective results and relevant data, it is imperative for businesses to decide upon the research approach. This process specifies components of the research problem and the related variables. The main purpose of this step is to break down the problem into manageable pieces, which would further ease the selection of research design. The main aim of this step is to identify the information that is to be collected (Malhotra and Briks, 2007). The next step is research design formulation, in which the best method is to be selected for collecting the desired data. This could be used by companies who wish to gain information related to a particular aspect, and gain the responses that would be used to decide upon the matter. A company may use questionnaires, surveys, or interviews to collect the required information.

The fifth stage in the process is data collection. In accordance with the data and method, the employees of the organisation are expected to use the primary or secondary resources and collect the required data from the potential target audience. The market research may be carried out through the use of already present information, or on the other hand, new information may be collected for fresh data and responses (Malhotra and Briks, 2007). Then is the process of data analysis, in which the collected data related to the market is analysed to form a decision regarding the related objective. Lastly, the analysed data is put into a report and presented, so the stats could be viewed and assessed in an efficient manner. Below is the graphical representation of the defined model:

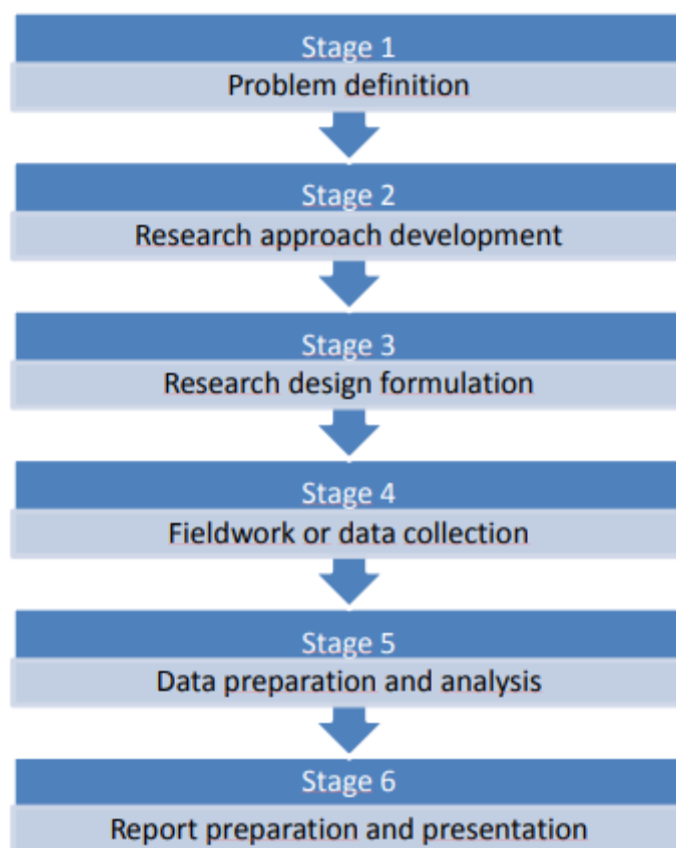


Figure 1: Marketing research planning model

Source: Malhotra and Briks (2007)

The implication for the Organisation

Considering House, the business needs to focus on various aspects while it decides to expand to new markets (UK). According to Babin and Zikmund (2015), it is critical for the businesses to gain prior information of the market where it wishes to expand, so the chances of failure may be mitigated and the business may secure itself from wasting its resources for a project that may not be successful. The business aims at having maximum customer satisfaction through its services and aims at providing a huge range of products to all its customers. Considering the type of business, it is critical for House to have prior market research regarding the UK market so that it may be able to know the number of potential customers that the business may cater in the future. Having said this, the research design formulation and data collection are of critical importance to the company.

Using the correct data collection methods would allow the business to collect relevant information so that the strategies could be formulated in accordance. Moreover, the business would have to take into consideration the type of data it requires for deciding upon the matter. As the business operates as an online retailer, it is imperative for it decides upon the new potential market, without which the whole expansion process could be a failure. The business would also have to assess the logistics availability and channels of distribution so that the accessibility of the new area could be analysed. Having said this, the business would face fierce competition in the UK market, and so must be able to devise competitive strategies for sustenance and growth in the long-run.

Benefits of Strategically Planning Market Research

There are several benefits of strategically planning market research in international markets, and the company is further able to mitigate several associated adversities. Efficient market research allows the business to have communication with its current and potential customers. This allows the business to gain ample knowledge and information regarding the market, and know the current trends and preferences of customers. These preferences and choices of customers are constantly evolving, and insights regarding these would allow the company to stay updated regarding the new trends (Dibrell et al, 2014, p.2001). On the other hand, by strategically planning market research, the business is able to identify the opportunities present in the marketplace. This is critical to the success of the company, as it must be aware of the chances and opportunities to grow and expand. A market that has low levels of opportunities in regards to the presence of potential customers, or their ability to buy would not be attractive for the business at all (Piercy, 2016).

Moreover, ample market research also allows the business to reduce the level of risks. Prior knowledge and assessment regarding the market and its trends would allow the business to efficiently decide upon the expansion decision. Organisations would be able to assess the vulnerable and unstable markets and decide accordingly. Lastly, planning market research would enable the company to establish its market position in the country where it wished to expand (UK). However, assessing the market condition may be different as compared to when the business actually starts its operations. The market situation keeps on involving, and the research done could be of less use after the business decides to enter the market (Chereau and Meschi, 2018, p.40). Considering and looking at the externalities, the business would be able to assess where it currently stands and what could be done to enhance the situation.

Alternative Planning Approaches

These benefits significantly add value to the organisation and contribute to the overall success of the business. Considering other planning approaches like direct simulation model, models of consumer purchase behaviour and dynamic models for a modelling competition, pricing and advertising strategies, it could be observed these models mostly cover specified areas and do not cater to all aspects of the market research (Zhigljavsky, 2011, p.1451). In order to be effective with the market research, it is imperative for the business to take into consideration every factor that affects the performance of the business in some way or the other. These models could be seen as catering to factors like competition, pricing and advertising or consumer purchases separately. The benefits associated with the earlier defined model covers the aspects of assessing market position, competition, risk, opportunities and trends, all of which are critical to the success of the business. Using this model, the business may be able to identify and explore the market in detail and decide accordingly with fewer chances of failure.

Recommendations

Considering House, the business must be keen while deciding upon its operational plans as any wrong decision may result in high level of adversities. Being an online retailer, it is imperative for the business to only expand to market where there are ample potential customers and where the audience is demographically suitable, and so the UK market would need to be critically assessed on all these factors. Moreover, the business must adopt primary methods for undertaking the activity of market research, so it may be able to get insights and views regarding the current trends in the UK market. A secondary approach towards the market research may lead the company to have obsolete information and irrelevant stats, all of which may not be

suitable for the company. Carrying a primary research would allow the business to decide upon the expansion decisions, as the collected information would be fresh and authentic. This is the long-run would be beneficial for the business, as it would be able to implement and devise its strategies in accordance to the data collected.

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