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5Cs of overseas market intelligence

A systematic approach can help businesses sustain their ventures to achieve their long-term business objectives

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HOW successful a firm is when it attempts to go international often hinges on timely and reliable market intelligence. Failure in having the right market intelligence could render plans ineffective as the 'right' market strategies to achieve 'desired business outcomes' in target markets are not implemented.

We will examine how overseas market intelligence can be segmented into five major areas that lend businesses relevant insights when they venture abroad. These five areas are Contender, customer, competitor, collaborator and communication.

Contender: know yourself

Business owners sometimes ask this rhetorical question, 'Why are we evaluating ourselves time and time again?' The answer is simple. One cannot expect the same business situation to prevail within an organisation or be applicable to different markets over time. Such an internal evaluation process must eventually translate into a simple and easy to understand diagnostic list that pertains to each market. Notable issues include:

- Facts - Level of knowledge in terms of industry trends, consumer knowledge, market culture and the business environment.
- Assets - Total addressable (current and future) financial, human, technological and intellectual resources that can be committed to an overseas venture.
- Stage - Foreign interaction and involvement with targeted markets such as the extent of its existing business presence and networks.
- Tactics - Strategic planning and execution capabilities, for eg corporate planning, market research knowledge and awareness of branding and market positioning.

Customer: know your market

A typical consumer study encompasses both primary and secondary research. The objective is to ascertain the level of commercial viability and receptivity in targeted countries. Generally, consumers can be segmented across various demographical indicators, for eg age, occupational groups and salaries according to business needs. A list of commonly used quantitative and qualitative indicators is provided below.

Quantitative market indicators:

- Disposable income
- Average spending on same or similar products
- Frequency of product purchases
- Pricing of contender's new products

- Qualitative market indicators:
- Willingness to try new products
- Key considerations in purchasing same or similar products
- Preference for product branding and profile
- Knowledge on similar competing products

Competitor: know your rivals

It is necessary for owners to augment their understanding of their markets by identifying, analysing and benchmarking themselves against major competitors. This is one of the most challenging and critical components of the market intelligence process as it involves gathering 'sensitive' information. Hence, greater caution and being savvy at communicating is necessary when conducting face-to-face discussions, phone interviews and mystery shopping sessions. Valuable information includes:

- Corporate profile and history
- Products and services portfolio
- Brand image and market positioning
- Key customer groups and pricing
- Market share and industry best practices

Thereafter, strategic insights obtained from one's findings enables the formulation of relevant strategies while harmonising them to domestic market demands is done by localising its products, pricing and market position.

Collaborator: know your allies

The proverbial age-old maxim, ie 'if one can't do it alone, find a partner', still holds true in today's competitive global business environment. Securing an 'ideal' partner often represents a practical solution for companies that lack the necessary resources and know-how when entering unfamiliar markets. There are various collaboration strategies such as alliances, distributorships, franchises and joint ventures, where each option begets its own risk and return profile. Fundamentals to note when sourcing and selecting a potential collaborator (local and foreign) include:

Profile - Who is your ally?

- Experience in same and/or similar businesses
- Management credentials
- 'Right fit' in terms of strategic vision and business goals
- Extent of local market knowledge

Resources - What does your ally have?

- Turnover
- Employment

- Time, interest and commitment

Network - Where can your ally bring you?

- Business presence in number of cities within target country
- Access to well-connected business associates and individuals
- Relevant connections with local governmental agencies

Communication: let the market know you

Insights from the first 4Cs must translate into viable business propositions that are succinctly communicated to the market in terms of the entrant's marketing strategies as recommended below.

- Place - Where do I establish my business in new market?
- Product - What exactly do I offer to the market?
- Price - How much do I charge for my products?
- Promotion - Why are my products different from competitors?

Lastly, following a systematic approach helps businesses to implement and sustain their own overseas ventures to achieve their long-term business objectives. Remember, don't leave home without your 5Cs of overseas market intelligence.

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