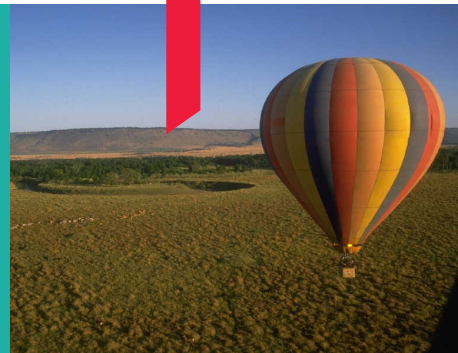


# THE 5Cs OF OVERSEAS MARKET INTELLIGENCE – DON'T LEAVE HOME WITHOUT IT



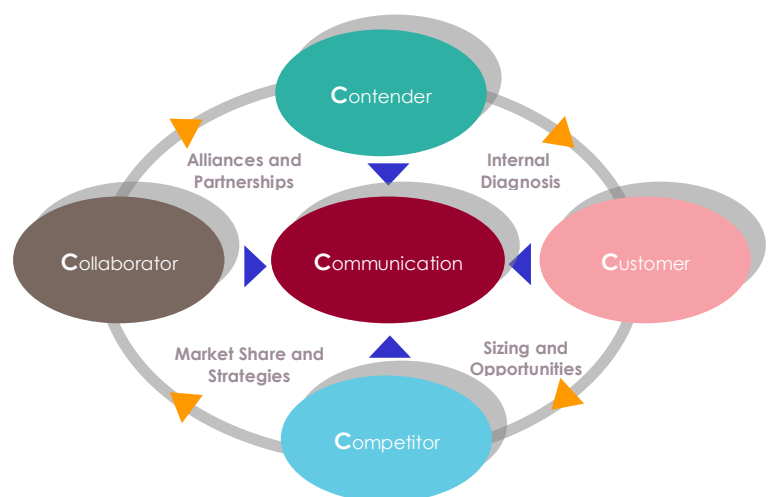
A firm's internationalisation success often hinges on timely and reliable market intelligence. Failure in doing so would render its plans ineffective as would be unable to implement the 'right' strategies and achieve the 'desirable business outcome' within the target market.

In this article, we examine how overseas market intelligence can be broadly segmented in five major aspects that will benefit businesses by providing them the relevant strategic insights when they venture abroad. In short, they are Contender, Customer, Competitor, Collaborator and Communication.

## 1. Contender– Understand Yourself

This is an essential first step but overlooked frequently. Commonly, business owners would ask "Why are we evaluating ourselves time and over again". The answer is simple because we cannot expect a single business solution to prevail all times and still be applicable to different foreign market. An internal evaluation must eventually translate into a simple and easy to understand diagnostic list pertaining to each specific market. Important issues to be considered include<sup>1</sup>:

- **Facts**- Level of knowledge in industry trends, consumer knowledge, market culture and business environment
- **Assets**- Total addressable (current and future) financial, human, technological and intellectual resources that can be committed to the overseas venture
- **Stage**- Level of understanding of your foreign market and network, such as the extensiveness of its distribution channel.
- **Tactics**- Planning and execution capabilities e.g. corporate planning, market research and awareness of its branding and market positioning



## 2. Customer – Ascertain Market Opportunities

A typical consumer study uses both primary and secondary research<sup>2</sup>. The end objective is to ascertain the level of commercial viability and customer receptivity in the targeted countries. Generally, the targeted customers can be segmented by various demographical indicators, for e.g. age, occupational groups and salaries according to the exact needs of the businesses. A combination of quantitative and qualitative indicators is commonly used as provided below.

Focus	
Quantitative	Qualitative
<ul style="list-style-type: none"> <li>• Disposable income</li> <li>• Average spending on same or similar products</li> <li>• Frequency of product purchases</li> <li>• Pricing of contender's new products</li> </ul>	<ul style="list-style-type: none"> <li>• Willingness to try new products</li> <li>• Main considerations in purchasing same or similar products</li> <li>• Preference for product branding and profile</li> <li>• Knowledge on similar competing products</li> </ul>

<sup>1</sup> The facets listed are meant to be illustrative examples and not an all- exhaustive list of possible indicators.

<sup>2</sup> Primary research normally consists of street surveys and phone interviews while secondary research includes statistics from national agencies, academic journals, newspapers and articles by research agencies.

### 3. Competitor - Understand and Pre-empt Rivals

It is necessary for business owners to expand their understanding of the target market by identifying, analysing and benchmarking themselves against competitors in these markets. The most challenging and critical is perhaps the process of collecting market information, it involves obtaining 'sensitive' information of competitors. One good way of doing is to conduct face-to-face discussions, phone interviews and competitive survey such as employing mystery shoppers as an internal audit. However, the usefulness of these information largely depend on the communication skills from your interviewers as well as the level of disclosure by your competitors and its authenticity. 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, insights gathered can enable an entrant to formulate appropriate strategies, catering them for local market demand by localising its products and services, pricing and market positioning.

### 4. Collaborator - Leverage on Potential Allies

The age-old proverbial maxim, "if one can't do it alone, do it together with a partner", still holds true in today's globally competitive economy. Finding an 'ideal' partner often means a feasible solution for companies that lack the necessary resources and local know-how when, entering into a new market alone by themselves.

There are various collaboration strategies such as alliances, distributorship, franchising and joint ventures where each option begets its own risks and wins. Fundamentals to note when sourcing and selecting a collaborator (both local and foreign) may include:

Collaborator	Criteria
<b>Profile</b> (Who is Your Ally)	<ul style="list-style-type: none"> <li>• Experience in same and/or similar businesses</li> <li>• Management credentials</li> <li>• 'Right fit' in terms of strategic vision and business goals</li> <li>• Extent of local market knowledge</li> </ul>
<b>Resources</b> (What does Your Ally have?)	<ul style="list-style-type: none"> <li>• Turnover</li> <li>• Employment</li> <li>• Time, interest and commitment</li> </ul>
<b>Network</b> (Where can Your Ally bring you?)	<ul style="list-style-type: none"> <li>• Business presence in a number of cities within target country</li> <li>• Access to well-connected business associates and individuals</li> <li>• Relevant connections with local government agencies</li> </ul>

### 5. Communication - Let the Market Know You Well

Key insights gathered from the 4Cs should be harmonised and formulated into viable business propositions and should be communicated in the entrant's marketing activities, such as:

- Place – The place where the product or services will be available.
- Product – The product that you are offering.
- Price – The price that you charge against your competitors.
- Promotion – What are the unique selling point of your product or services.

Following this systematic approach will allow businesses to expedite and sustain longer in its overseas venture and achieving long-term objectives. Last but not least, don't leave home without your 5Cs of market intelligence.