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Working Internationally

Researching international markets





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Introduction

When the time has come for your practice to expand into a new market, thorough and comprehensive market research will help you target the most lucrative sectors and present your practice's strongest offering, promoted and priced effectively. Time and time again, market research has been shown to save businesses both time and money when developing a strategy for working overseas.

Market research is the systematic and objective collection of information about a particular market, in this case a new overseas market. That information can then be used to develop an effective market entry strategy for your practice. Basing that strategy on a sound foundation of knowledge can make the difference between the success or failure of the expansion of your business.

When planning a market research programme, it is important to keep focused on your final marketing strategy; i.e. what you are going to do with the information. By breaking down the strategy into its component parts, you can identify what information is required to support each of the decisions that need to be made. Based on this, you can set specific objectives for the research, and so locate the sources of information you will require.

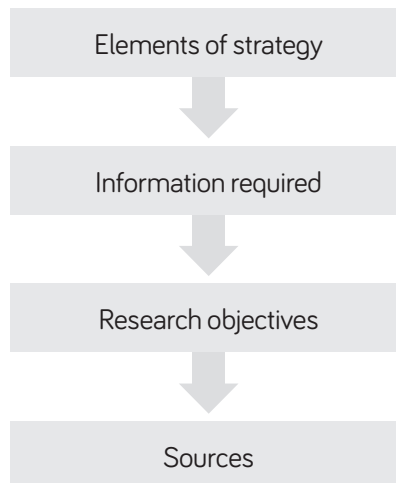


Figure 1 Planning market research

After conducting the research, the data needs to be collated in a way that supports the development of each component of the strategy.

The cost of conducting marketing research is very small compared with the cost of entering a new overseas market. So, taking the decision to conduct market research as the first step makes good business sense.



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Case study: John Thompson & Partners

This case study describes how John Thompson & Partners (JTP), an award-winning practice of architects and community planners with studios in London, Edinburgh and Shanghai, approached working in China in a strategic way.

Joanna Allen, a partner at JTP, explained their situation:

'Working in China was very different to our other international projects, where we had only responded to opportunities that had been given to us. Instead, we would be actively promoting ourselves to entirely new contacts.'

Joanna realised they needed to understand the market better, to ensure that they could tailor their offer to the demand and that they had a clear idea of which regions to approach; they also wanted to know how to conduct business in China.

'Parts of China were unfamiliar to us so it was vital to talk to people and investigate the market potential of various different regions; otherwise, we would have concentrated our efforts solely on Shanghai and restricted our growth potential.'

Initially, the best places to target appeared to be the second-tier cities, where development was at its peak, but JTP's research revealed a different story. As Joanna explained:

'We quickly discovered that many of these rapidly developing areas lacked the sophistication of the larger cities. They tended to be building large areas fast and at a very high density, without many social, cultural or environmental considerations. To succeed in these areas, we would have had to change our philosophy, which we weren't prepared to do.'

Instead, Joanna discovered JTP's approach was a very good fit with the areas around Shanghai, Hangzhou, Suzhou and Shenzhen. The research also clearly showed that a face-to-face approach was essential for doing business in China.

As a consequence, JTP teamed up with a local partner in Hangzhou and opened a small office in Shanghai, focusing initially on the major conurbations. The office was invaluable for being able to visit clients regularly and for building strong relationships. Within two years of the research visit, JTP had won 20 projects in China, accounting for 15% of its turnover.



Landmark skyscrapers in Shanghai, China

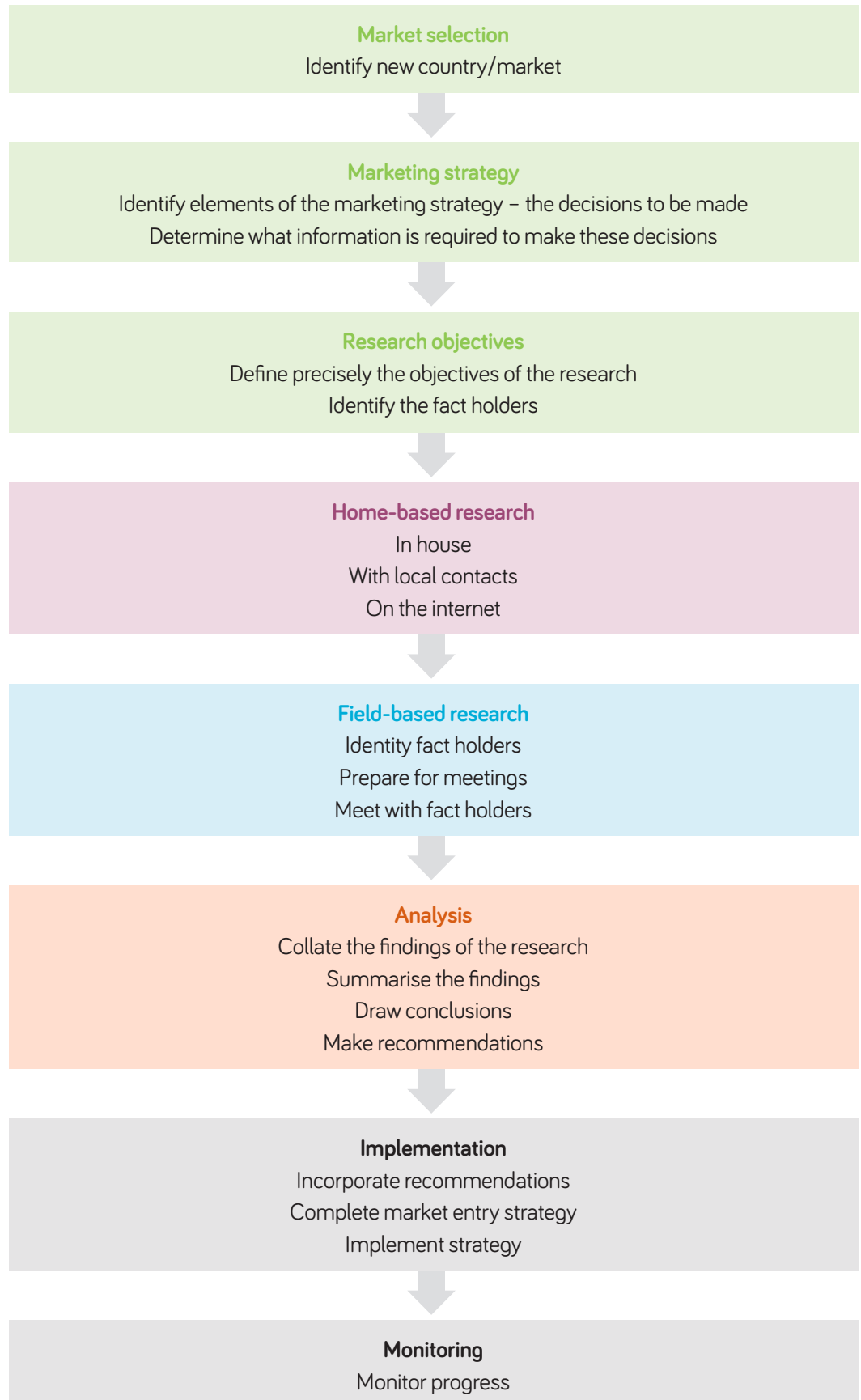


Figure 2 The market entry process



Ten steps to researching an international market





Strategy/planning

Step 1. The choice of country

Before you conduct any market research on a potential new market, you should ask yourself a few basic questions:

- Are you focusing your attention on the market that is most likely to give the strongest return?
- Have you considered which overseas countries are the most promising for your practice? Is this one of them?
- Do you have good reasons for choosing to research this market?
- Where does it sit on the demand spectrum: does it have a high or low demand for your services?
- Where does it sit on the ease of doing business spectrum: is it easy or difficult to do business there?

It is likely that opportunities will come to you from abroad, so where you trade internationally may well be determined by where these opportunities originate. However, by targeting specific countries or regions, you can ensure that enquiries come from more lucrative markets. The market selection process described below can help you take control of where the international interest arises.

Before thinking about overseas markets, be very clear about and describe your practice's position in the domestic/home market. Recognise your strengths and define them carefully. For example, you may have a particular strength in education, infrastructure projects, hotels or health, or have expertise in low-carbon buildings. You would want to play to these strengths when you market your practice abroad.

1.1 The market selection process

For many years, government international trade organisations (such as the Department for International Trade (DIT) in the UK (formerly UKTI)) have promoted the use of systematic and objective processes for selecting and prioritising international markets. The use of such an approach will help an exporter to focus their resources on the more productive markets and to set long- and medium-term plans for growth.

One way of appraising markets is to consider two dimensions of doing business. For each potential market, the following questions are asked:

- How much demand is there for your services?
- How easy would it be for your firm to operate there?

To answer these questions, it would be necessary to identify criteria that reflect demand and ease of doing business in your particular sector.



Strategy/planning

The countries under consideration can then be plotted on the two dimensions: demand and ease (figure 1.1). Countries will fall into one of the four quadrants illustrated, enabling you to identify which markets warrant further investigation.



Figure 1.1 Plotting ease of doing business against demand for services

As demand for your services is likely to arise in those markets that have a high level of activity in your specific target sector (e.g. infrastructure, retail) or in markets with high growth in your end-user sector (e.g. leisure, universities), the size of the construction sector may be your demand criterion.

Criteria for ease might include whether English is spoken, levels of personal security threat, similarity of regulatory environment, corruption index scores or, simply, whether other British/RIBA architecture firms already operate there.

Useful sources of information for comparing countries are listed in **Who can help?** (page 20), and the top construction markets worldwide are tabulated by value in figure 1.2.

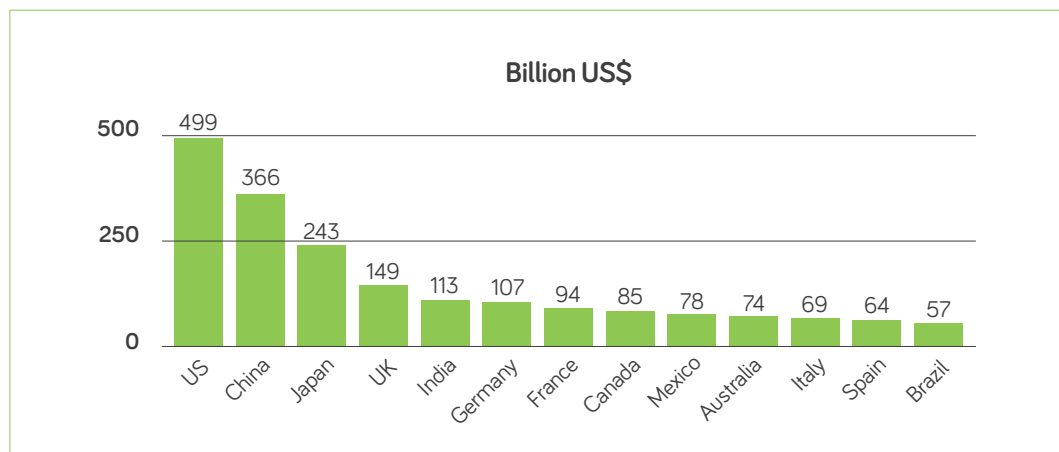


Figure 1.2 Top construction markets, by value
Source: United Nations data (2014).



Strategy/planning

A typical analysis is illustrated in figure 1.3.

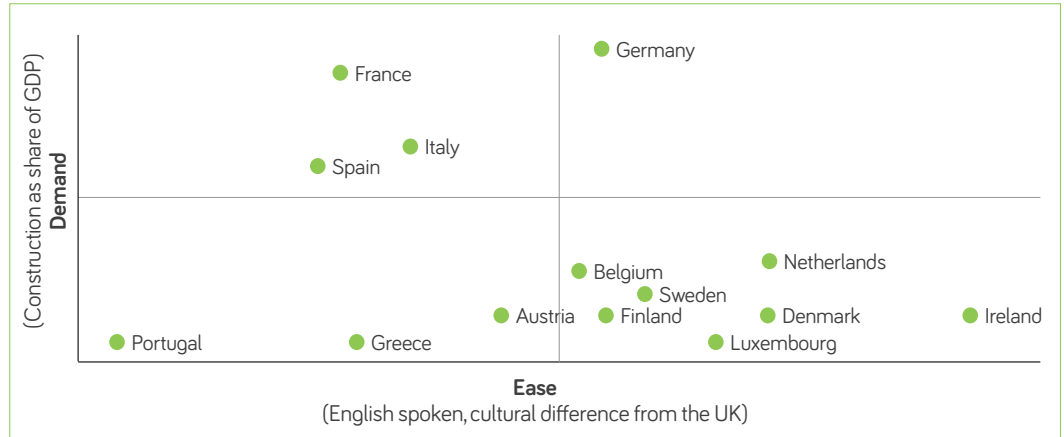


Figure 1.3 European markets compared by value of construction activities (as share of GDP) versus whether English spoken and cultural similarity





Strategy/planning

Step 2. Towards a strategy

When considering entry into an overseas market, you will be faced with a range of business decisions. For example:

- How will you be represented?
- Which sector of the market will you target?
- How will you price your services?
- How will you position your practice?
- How will you promote your services?
- How will you adapt your offering and approach?
- How will you prepare for this market?
- How will you find funding?

How you choose to respond to these will form the basis of your market entry strategy.

However, these decisions can only be made once you have carefully gathered the necessary information from reputable and reliable sources. Identifying what decisions you will have to make will therefore determine what information on your target market you need to gather.

Table 1 outlines types of information that may be required for a market entry strategy.



Beijing, China



Strategy/planning

Table 1 Information required to make decisions affecting the market entry strategy

Elements of strategy	Decision	Information required
How will you be represented?	Partnership Own office Agent Service from home	An understanding of the architectural business Experiences of other UK or foreign firms Pros and cons of each possibility
Which sector of the market will you target?	End user (e.g. retail, leisure) Type of customer (urban or rural) Geographical locations	An understanding of the structure and segmentation of the construction market
How will you price your services?	Fees, discounts, margins	An understanding of the competitive environment The methods used to pay An understanding of the range of competitors' fees The value placed on a UK/RIBA architect
How will you position the practice?	Adopt existing positioning in the new market?	An understanding of the competitive environment An understanding of clients' needs and behaviour
How will you promote your services?	A message that differentiates your practice and its services An effective way to deliver it Events, conferences and competitions	An understanding of clients' needs and behaviour An understanding of the range of competitors' fees Where architectural services are advertised What events etc. are on and which are relevant Who goes
How will you adapt your offering and approach?	Which services are the most desirable? Which approaches are most effective?	An understanding of the competitive environment An understanding of clients' needs and behaviour
How will you prepare for this market?	Protection of intellectual property Qualifications Accreditations Currency fluctuations Regulatory compliance, legislation, climate and culture	An understanding of the architectural business Experiences of other UK or foreign firms
How will you find funding?	How to access funding	Experiences of other UK or foreign firms



Strategy/planning

Step 3. Development of research objectives

As outlined in step 2, devising a market entry strategy may require an understanding of:

- the construction business – its segmentation, structure and trends
- the architectural business – including pros and cons of each form of representation
- clients’ needs, experiences and behaviour
- methods used to pay
- competitors’ strategies
- funding for projects
- events, conferences and competitions – what’s relevant and who goes
- regulations and legislation
- climatic conditions
- culture.

By understanding what information is required, it will now be possible to formalise the research objectives for your market research.

Table 2 gives examples of research objectives – i.e. what the research will need to investigate – and outlines sources where that information may be found.

Table 2 Setting the research objectives and identifying the sources of information required

Information required	Research objectives	Sources
An understanding of the structure and segmentation of the construction market	Study the size and growth of the potential market and the segments within it, looking out for trends which might reveal opportunities Understand construction methods; assess the capabilities of the domestic construction industry and determine the feasibility of using international contractors, e.g. would any premium be attached to the specification of foreign building materials? Identify which government departments control the process	Influencers in the construction industry • planning departments • environmental protection agencies • regional authorities Construction industry websites (e.g. www.cic.org.uk) Reports on the construction industry
An understanding of the architectural business	Determine the typical scope of services for the contractors Identify the process for soliciting bids for public/private projects Establish whether construction managers or general contractors are commonly used and the relationships between architects, owners and design teams Investigate the expectations for planning, design, construction administration, on-site presence or supervision of the contractor Identify what forms of contract are typically used Understand the regulatory framework (see below)	Influencers in the architectural industry National institutions National regulator
The pros and cons of each possible form of representation	Compile case studies for the different types of representation	The experiences of other foreign firms working there



Strategy/planning

Information required	Research objectives	Sources
An understanding of range of competitors' fees and the methods clients use to pay	Investigate financial considerations that may affect payment, including receipt of payment and banking procedures, convertibility of currency and restrictions on repatriation of funds Identify local architects operating in your field Establish what type of fee schedule is typical (hourly, lump sum, percentage of construction cost or statutory)	Local architects Influencers Clients
An understanding of clients' needs and behaviour	Identify where clients go and what processes they go through to find an architect Determine what experience clients have in working with local and international architects Determine whether clients place any extra value on a UK architect or product	Clients National institutions
Funding	Establish how projects are funded: publicly or privately?	Local government Architectural bodies Other architects
Events, conferences and competitions	Establish whether London-based events or events in overseas market are more important, e.g. Cityscape, MIPIM and Architect@Work. What value is placed on each of these events?	Local architects Events: <ul style="list-style-type: none"> • www.eventseye.com • www.tsnn.com Lists of international competitions: <ul style="list-style-type: none"> • RIBA competitions: https://www.architecture.com/awards-and-competitions-landing-page/competitions-landing-page • http://competitions.archi • http://www.archdaily.com/search/competitions
Regulations	Identify what business licences are required at national or regional level for domestic and foreign businesses Identify issues relating to company law, employment law and taxation (personal, business and VAT) Determine expectations for professional indemnity insurance and professional liability, duty of care and copyright protection	Local partner Local government National institutions/regulator Find regulators/institutes page on RIBA site https://www.architecture.com/my-local-riba/riba-international/practising-overseas ACE website
Legislation	Identify the relevant local Architects' Law, Act or other legislation governing the right to practise architecture. Determine whether registration is required for foreign professionals and if there are any laws regulating the conduct of business with respect to the construction process in the country Investigate issues such as licensing, taxation, the corporate/legal structure, fee scales and immigration	Architects Council of Europe (www.ace-cae.eu) The National Council of Architectural Registration Boards – NCARB (www.ncarb.org) International Union of Architects (http://www.uia-architectes.org)
Climate	Investigate whether the climatic conditions affect how buildings are designed/constructed for their intended environment	www.gov.uk/government/collections/exporting-country-guides
Culture	Understand the social and business customs used to establish successful business relationships in the foreign country	General country information and cultural considerations can be found at www.gov.uk/government/collections/exporting-country-guides

Once the market research objectives have been defined, the gathering of information can begin.



Research to conduct at home

The first steps in gathering the information identified in your research objectives can be taken while remaining in your home country.

Step 4. In-house research

Review what information about the new market you and your staff already have to hand in your office.

This might include:

- enquiries
- sales statistics
- information about practices
- overseas contacts
- information on doing business.

Trade shows and local events can be good sources for such information.

Step 5. Local research

Identify people and organisations to consult locally about the new market.

For example:

- mission leaders (national institutions and chambers)
- sector and country specialists (DIT Creative sector)
- commercial officers (British Embassy)
- researchers for published market research reports (www.marketresearch.com)
- bilateral chambers of commerce (www.worldchambers.com)
- trade associations (www.taforum.org)
- professional architects' journals and construction press (the RIBA Library collects periodicals from all over the world)
- exhibition organisers (www.eventseye.org)
- customers, clients, suppliers and partners overseas and at home.

Step 6. Website research

Utilise internet resources to gather data on your market of interest.

The websites listed in table 2 (see page 12) may provide useful information.

Other sources to review include:

- press sites and newsfeeds – e.g. www.worldarchitecturenews.com
- WebCertain resources (<https://webcertain.com>) – in particular, the *Webcertain Global Search and Social Report* (quarterly) provides information about the popular social media channels used in different countries
- Twitter (www.twitter.com) – e.g. @WAcommunity (World Architects 143k followers), @const_world_org (construction), @designworld (34.5k followers)
- www.buzzsumo.com, www.klout.com and www.tweetreach.com, which can be used to identify the key influencers and industry experts for your sector.



Research to conduct in the field

There are many benefits to be gained from a visit to a potential new market. Many successful exporters will emphasise the value of meeting with people operating in the country before making a final decision about market entry.

You should use this first visit to find out how the market operates in reality. Meet with as many people as possible, to gather information about other architects in the market, any well-known customers and the regulators.

Case study: John Thompson & Partners

Armed with a full itinerary of meetings, Joanna of JTP and her Chinese-speaking colleague spent 14 days in China, visiting Shanghai, Suzhou, Hangzhou, Chongqing and Shenzhen. They talked to developers in the public and private sectors, local government officials, architects, engineers and university professors.



'The visit to Japan was the key; it gave us a whole different feel for the market. Without doing the field research, finding out exactly how the market works and what customers really want, I doubt we would ever have succeeded there.'

Protection Racket, Cornwall



Research to conduct in the field

Step 7. Identifying the fact holders

With reference to table 2 (page 12), identify what types of people you need to consult within the target market. These people could come from a variety of different sources, such as:

- national institutes and architect associations
- government ministries and local authorities
- architects and designers
- lawyer associations
- clients
- construction firms
- materials suppliers
- legislators
- financiers
- journalists
- industry experts.

Many online resources are available to help you identify individuals or organisations in the target market that you could approach. The following list gives some useful examples:

International architect organisations

- **Architects' Council of Europe (ACE):** www.ace-cae.eu
- **Commonwealth Association of Architects (CAA):** www.comarchitect.org
- **International Union of Architects (UIA):** www.uia-architectes.org

Government ministries and local authorities

- Political Science Resources: <http://www.politicsresources.net/official.htm>
- Political Resources on the Net: www.politicalresources.net

Architects and designers

- **Architects' Registration Board:** www.arb.org.uk – has a list of registered architects in the UK and other countries around the world (Europe and Middle East primarily)
- **RIBA Client Services:** RIBA provides access to lists of members. Its directories contain details of over 3,500 practices and more than 24,000 chartered architects based in the UK and around the globe.
- The RIBA website has a comprehensive list of institutional and academic links.
- **LinkedIn:** www.linkedin.com – gives access to 380 million global professionals (including 1.6 million 'architects')

Lawyers and lawyer associations

- **International Bar Association:** www.ibanet.org

Journalists

- worldarchitecturenews.com

Others (suppliers, contractors, etc.)

- **MrWeb:** www.mrweb.com/coun-con.htm



Research to conduct in the field

Step 8. Preparing for meetings

Conducting a programme of interviews will be very time consuming. On average, only two or three appointments per day can be achieved, allowing for travelling. Therefore, to make the most of your time when in the field, effective planning is essential.

Who to talk to?

You should aim to talk to representatives from each group of fact holders you have identified (see table 2).

It is useful to conduct face-to-face interviews with as many people as possible to gain a representative picture of the market you are researching. However, the more far-flung or unobtainable individuals may be better contacted by telephone.

How many meetings?

As a guide, aim to interview three to six people from each group of fact holders you have identified. Clearly, for some types there will only be one or two players (e.g. trade associations, chambers, British Embassy, etc.), but for those where there are many players (e.g. material suppliers, clients, architects, etc.) you should aim to meet with more than three. The budget and time available will determine how many interviews will be feasible. However, experience has shown that it takes more than three interviews to uncover most of the pertinent issues that are at play in a market, but that any beyond the sixth tend not to reveal anything that has not already been discussed.

Agenda

Prepare an agenda for each meeting based on the research objectives you have identified (see table 2). For each type of fact holder, list all the topics you hope the source can provide information about.

Culture

Familiarise yourself with the culture within the country you are visiting. General country information and cultural considerations can be found at www.gov.uk/government/collections/exporting-country-guides.



Research to conduct in the field

Step 9. Conducting the meetings

Don't forget that the purpose of each meeting is to collect information from the other party. Use the meetings first and foremost to gather facts – not to develop relationships.

Location

Clearly the most likely location for a meeting will be an office or meeting room at the respondent's premises. Visiting a place of business will allow you to learn a lot about the activities of the business and of the respondent. A downside to this choice of venue is that the respondent may be distracted by emails, telephone calls, other visitors, etc. Hotel meeting rooms or reception areas can provide a suitable neutral environment for the meeting, where neither of you will be distracted. Try to avoid situations where the respondent has another agenda, such as a trade show stand or convention.

Working with interpreters

It is unwise to rely on the services of an interpreter organised by the respondent – it is better to employ your own. This is particularly the case the further East one travels. When searching for quality and reliability, it is recommended that you consult British Embassy listings, a hotel bureau (pricey) or directories of qualified interpreters.

See **Ten tips for working with interpreters**, page 21.

And finally, before leaving the country

You should try to follow up any useful contacts gained from the fieldwork before leaving the country.

Check your notes to identify any problems arising from illegibility, misunderstandings or areas not covered. These can be corrected by reference back to the respondent if necessary. Any gaps in the information and any failed appointments should be completed by telephone from the hotel. Data should be checked for any inconsistencies; statistics collected should be accurately described by date, reliability of source and scope to ensure that numbers presented are comparable.

Remember to record and list any undertakings you made during the fieldwork to follow up. If you have any supplementary work to do arising from your meeting notes (e.g. inconsistencies, handwriting, etc.), you should do this as soon after the meetings as you can. Also remember to send 'thank you' emails while you are still in the field and respondents are still accessible.

If you gave assurances of confidentiality when securing the interview, you must adhere to them.

Analysis

Step 10. Collating the findings, drawing conclusions and making recommendations for action

It will be necessary to bring together all the information you have collected over the course of the project, such as:

- tables of statistics and other data
- directories/lists of companies
- purchased and downloaded research reports
- tape recordings
- transcripts
- travel notes
- observations
- photographs
- meeting notes
- competitors' activities
- website print-outs
- annual reports
- magazines
- trade advertisements
- newspaper articles
- competitions.

The findings should be presented in a report that reflects the decisions on market entry strategy, information requirements and research objectives identified in the previous steps.

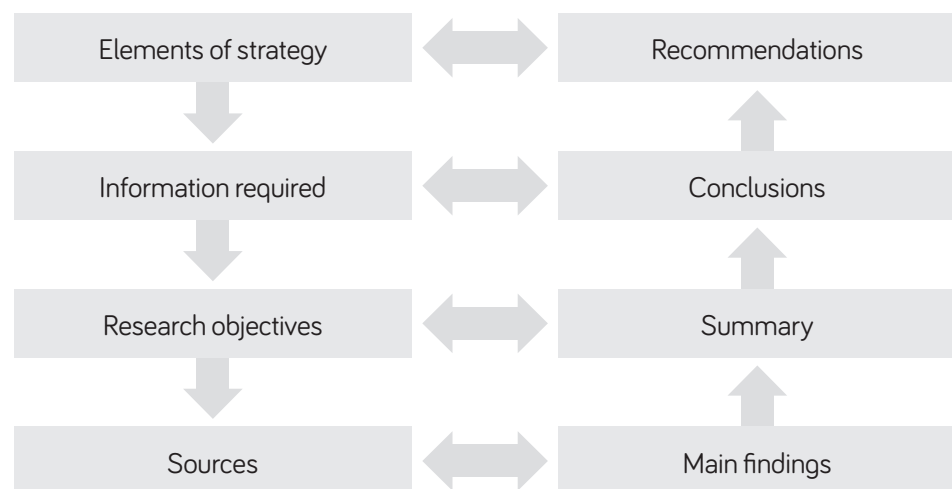


Figure 10.1 Relationship between the research process and research report

All the data that has been collected from the various sources should be collated clearly and logically as the 'main findings', organised under headings that follow the research objectives. These main findings should then be summarised for each research objective, so that you can draw conclusions from the research, i.e. what the implications of these findings are for your business. The recommendations for action can then be drawn, i.e. what your practice should do with respect to expanding into the new market.



Who can help?

Having read this guide, you may decide that you would prefer to commission an external market research professional or agency to design and conduct the research for you. This approach will bring in the expertise you require while allowing you to continue to run your own business, but of course it does have a cost attached, as for any professional service.

The Market Research Society (www.mrs.org.uk) has a directory of research agencies, which can be accessed at www.theresearchbuyersguide.com.

If you choose to conduct the research yourself or within your practice, the following bodies may be able to contribute useful advice and resources.

- local market research organisations
- the RIBA – working internationally
- the Department for International Trade – through its export help for the creative sector (www.gov.uk/government/collections/creative-industries-export-help#architecture)
- local British Embassies (see www.embassyworld.com)
- chambers of commerce (see www.worldchambers.com) – either chambers in the overseas market or bilateral chambers.

Useful sources for information for comparing countries of the world (Step 1: The choice of country)

- **marketselection.net** provides a market selection service for UK-based practices. The Market Selection Tool is supported by research consultants, under licence from the Department for International Trade (their details are published on the website).
- The **Central Intelligence Agency** publishes a World Factbook which contains over 100 criteria.
- The **United Nations** and its agencies (e.g. UNCTAD, ILO, UNESCO, UNICEF) publish comprehensive sets of comparable statistics.
- The **Organisation for Economic Co-operation and Development** (OECD) provides a wide range of data on its website. Browse by topic within the data and then select 'table' within the desired indicator.
- The **World Bank** provides data for 250 indicators, which can be configured to produce your own reports (under the data tag).
- The **Official Website of the EU** lists many statistics by topic.
- The **World Economic Forum's** *Global Competitiveness Report 2016-2017* includes countries' competitiveness among 100 rankings, including intellectual property protection.
- The International Labour Organization provides labour statistics for over 200 countries.
- You may find a regional or global report on the industry or end-user sector you are investigating at www.marketresearch.com or www.researchandmarkets.com.
- The **International Trade Commission** (of the US Department of Commerce) *2016 Top Markets Report* gives information on building products and sustainable construction.



Ten tips for working with interpreters

1. The interpreter is a team player – establish a relationship with them

Treat the interpreter you commission as an important team player, as a colleague party to your strategy and an extension of yourself. In practice, this means giving reasonable notice of the assignment (at least two weeks before, if possible) coupled with a detailed induction just prior to the meeting itself. Using the same interpreter throughout will ensure that all become familiar with the participants, products and appropriate issues.

2. Spend time with the interpreter

Discuss with them the point and possible/desired outcome of the meeting: the format, agenda, participants etc. It is also very helpful to send relevant material such as complicated technical data, texts or topic guide several days beforehand. This allows the interpreter time to come back to you if they have any questions.

3. Allow sufficient time for the interpreter to keep up with the speaker

Never speak more than two sentences at a time. Give the interpreter time to process the information; this minimises the chances for lapses of memory and inaccuracies. Slowing down one's natural flow of speech is appropriate, especially the further East you travel. (Remember, languages do not 'think' in the same way: the less closely related the languages, the greater the mental somersaults for the interpreter. For example, in Eastern languages, repetition is a standard way to stress a point.)

4. Beware if the interpreter takes less time than the speaker

If an interpreter takes less time to translate what was said than the speaker did to say it, the interpreter may not have fully understood or may not have faithfully relayed the message.

5. KISS

'Keep it short and simple.' Apart from adjusting the tempo of discourse, try not to be verbose. Keep it simple, though obviously not to the extent that it makes the speaker embarrassed or too inhibited. Avoid using jargon, parochial references, acronyms, initials, the verb 'to get' and the British habit of phrasing questions in the negative (Q: 'Don't you understand?' A: 'Yes, I do' or 'Yes, I don't' or 'No, I do' or 'No, I don't?').





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6. Care with numbers

Numbers can also cause confusion, especially if reinforced with body language. In some societies, you relay a number by the number of fingers held down, not by the number of fingers held up. Bear in mind too that, for example, the Japanese calculate in units of 10,000, so always double-check with the interpreter that the figures mentioned are understood by all parties.

7. Use the interpreter as a resource

Close collaboration with the interpreter should continue once talks have finished. Use the interpreter as your resource centre. A debriefing immediately after the meeting is an excellent opportunity to gather valuable information. After all, the interpreter is the one person who knows exactly what was said by everyone and may be able to highlight problem areas that went unnoticed. Give the interpreter feedback from the session. Do not be afraid to ask the interpreter for advice on the way the interview is going, etc.

8. You get what you pay for

Unfortunately, not every interpreter will provide the highest standard of service. There can be wide variation in levels of professional competence. Generally, the better interpreters cost considerably more.

9. Partake in cross-cultural training

Even a proficient interpreter cannot avoid friction arising from the cultural divide. Working successfully in the Far East may require a significant change in business style and attitudes. Similarly, some nationalities prefer sustained eye contact, while other will often make religious reference.

10. Address the respondent

Talk to the person you are meeting, not to the interpreter by your side.



Guangzhou Airport, Shenzhen, China



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Royal Institute of British Architects
66 Portland Place
London
W1B 1AD

Charity No. 210566
Telephone: +44 (0)20 7580 5533
info@riba.org

RIBA 
Architecture.com