AN ANALYSIS OF FACTORS INFLUENCING THE USE OF MARKETING RESEARCH BY MANUFACTURES IN BRAZIL

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ABSTRACT

AN ANALYSIS OF FACTORS INFLUENCING THE USE OF
MARKETING RESEARCH BY MANUFACTURERS IN BRAZIL

By

Andrew Foster Powell

This dissertation has a dual purpose. First, it investigates the marketing research practices of a representative cross-section of the larger manufacturers in Brazil. Second, it attempts to identify those factors which influence the use of marketing research in Brazil. An understanding of the process by which management techniques are adopted may reveal the way to manage their introduction.

The basic methodology uses inferential analysis to demonstrate the linkages which influence change in management values. Known users and non-users of marketing research are studied in order to determine differences in their respective market outlooks. The respondents' awareness levels of five hypothesized environmental factors are then analyzed. Where there are differences between users' and non-users' market outlook and awareness of the five hypothesized influences, it is inferred

that these specific environmental factors have influenced the market outlook and, subsequently, the use of marketing research.

Personal interviews were conducted in three Brazilian cities, each reflecting distinct regional characteristics. The sample consisted of 119 large manufacturing firms, representing twenty industries. Interviews were structured by a questionnaire consisting of four basic parts:

1. Classificatory information
2. Marketing research practices
3. Marketing outlooks
4. Awareness of selected influences.

Nearly one-third of the 119 respondents employed marketing research. While the use of research is predominantly by foreign subsidiaries in the highly-industrialized São Paulo (south central) area, some national firms were adopting research. There was little evidence that manufacturers in the northeast city of Salvador practice the technique. In the south, Porto Alegre manufacturers recognize the need for research, but have not yet implemented the technique. Resistances among non-users generally reflect perceived, rather than real, obstacles. The lack of statistics and qualified personnel, while important, are subordinate to more basic objections by non-practicing respondents.

Evidence demonstrated that firms employing marketing research generally had significantly broader market outlooks than their non-practicing counterparts. These outlooks were measured by scaling replies to questions regarding sales problems (and their solutions), preferred market locations and expansion policies.

Significant differences in awareness levels existed for the hypothesized influences--government, business administration graduates, competition, and foreign firms--when comparing research users and non-users. A fifth factor--advertising agencies--was found to be non-influential. Competition was the factor most frequently linked to the use of marketing research. Foreign firms and governments contributed not by demonstrating research techniques, but by encouraging competition.

Geographical variances in the analyses suggest that it is unsafe to generalize regarding the infusion of a management technique such as marketing research. A comparison of the three locations studied indicates that various levels of consideration exist.

In Salvador relatively low levels of production have limited the market range of manufacturers to a point where there is little need for firms to consider those elements of marketing dealing with expansion.

Porto Alegre manufacturers demonstrate a second level of consideration. While a relatively high percentage of these respondents had broad market outlooks, the structure of the firms is such that little administrative specialization exists.

In São Paulo, where professional talent is relatively abundant, there is a need to broaden the market outlook of many firms before this talent will be utilized.

From this research it is evident that there is a difference in the importance of specific environmental influencing factors in different geographical regions. This would imply that any attempt to manipulate the controllable factors for managing the adoption of market research requires detailed knowledge of the degree of influence of each factor in each region. Although the specific environmental factors studied in combination do influence the adoption of marketing research, there could be different adoption processes at work in each region.

AN ANALYSIS OF FACTORS INFLUENCING THE USE OF MARKETING RESEARCH BY MANUFACTURERS IN BRAZIL

By

Andrew Foster Powell

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To friends in three cities in Brazil I am extremely grateful for the successful completion of my research. Professors Gustavo de Sá e Silva, Ary Bouzan, Raimar Richers, and Alberto de Oliveira Lima, of the School of Business Administration in São Paulo, each played a role in the portion of the study completed in the São Paulo area. Contacts with manufacturers in Porto Alegre were made possible through the efforts of Mr. Brenno H. Sassen, Director of the Federation of Industries for that city. Professor Astor Hexsel of the Institute of Administration, University of Rio

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TABLE OF CONTENTS

Page

ACKNOWLEDGMENTS. ii

LIST OF TABLES vi

LIST OF FIGURES. viii

Chapter

I. INTRODUCTION. 1

Purpose of the Study
Relationships between Marketing and Economic Development

II. RESEARCH DESIGN 12

Methodology
Selection of Variables
Formulation of the Hypotheses
The Instrument
The Sample
Limitations of the Study
Order of Presentation

III. BRAZILIAN ENTERPRISE AND ITS ENVIRONMENT. 36

Industrialization Pattern to 1964

Industrialization and Inflation
Impact of Brazil's Industrialization Pattern on the Business Environment

Regional Economic Imbalances

The Role of Transportation

The Three Cities
São Paulo
Porto Alegre
Salvador

The Government's Program of Action

Page

IV. A SURVEY OF MARKETING RESEARCH PRACTICES IN BRAZILIAN ENTERPRISE 77

Degree of Use

Specific Research Activities

Regional Comparisons

Product Type
Product Line
Distribution Pattern
Competitive Factors
Market Expansion

Contractual Research

Resistances to the Use of Marketing Research

Findings of the Survey

Hypotheses 1 through 7

V. MARKET OUTLOOKS AND THE USE OF MARKETING RESEARCH 108

Differing Managerial Orientations
Management's Marketing Mentality

Major Sales Problems
Expansion into New Markets
Geographical Market Preferences
Perceptions of the Changed Environment

Placing Respondents on the Orientation Continuum

Geographical Differences in Marketing Mentalities

VI. ENVIRONMENTAL FACTORS AND THE USE OF MARKETING RESEARCH 132

The Hypothesized Environmental Factors

Government
Competition
Foreign Firms
Business Administration Students
Advertising Agencies

Marketing Research Practices and the Environmental Factors.

	Page
VII. CONCLUSIONS	154
Market Outlook and Awareness of Environmental Factors	
Regional Variations on the Influence of Environmental Factors on the Adoption Process	
BIBLIOGRAPHY	166
APPENDICES	175
A. Questionnaires	
B. List of Manufacturers Interviewed	
C. Table	

LIST OF TABLES

Table		Page
1.	Sample Distribution of Manufacturers Interviewed (by Industry and by Location)	28
2.	Median Size of Manufacturing Firms Interviewed by Selected Industries According to Number of Employees.	30
3.	Real Product Index by Sectors, 1947-1965.	44
4.	The Automotive Industry as an Example of Brazil's Economic Development 1960-1966	47
5.	Comparison of Active Population, Per Capita Income, National Income by Region and Economic Sector, 1950-1960.	59
6.	Domestic Intercity Freight Traffic by Mode of Transport--Brazil, 1950-1963 (in Billions of ton/km)	64
7.	Research Practices of 119 Manufacturers in Brazil by Geographic Location, National Origin, and Time of Origin.	80
8.	Percentage of Thirty-Seven Marketing Research Users Engaging in Specific Marketing Research Activities by Frequency of Use	84
9.	Product-Type, Product Line, and Distribution Policies of 119 Manufacturers in Brazil by Geographic Location and Marketing Research Use.	87
10.	Perceived Competition Conditioned by 119 Manufacturers in Brazil by Geographic Location and Marketing Research Use . .	93
11.	Expansion Patterns of 119 Manufacturers in Brazil by Geographic Location and Marketing Research Use.	97

LIST OF FIGURES

Figure Page

1. Percentage of Marketing Research Users and Non-Users with Market Mentality Score above and below the Average Score for All Respondents 126

2. Percentage of Marketing Research Users and Non-Users Having Awareness of Selected Environmental Factors Scores above and below the Average Score for All Respondents 146

3. A Comparison of Marketing Research Users and Non-Users Market Mentality and Awareness of Environmental Factors Influencing the Use of Marketing Research . 159

CHAPTER I

INTRODUCTION

Purpose of the Study

This dissertation has a dual purpose. First, it investigates the marketing research practices of a representative cross-section of the larger manufacturers in Brazil. Second, it attempts to identify those factors which influence the use of marketing research in Brazil. Emphasis is placed on the latter purpose because its implications are broader. There has developed a growing interest in understanding the way in which change takes place, frequently referred to as the adoption process.[1] Only recently this interest has focused on the way in which management techniques are adopted by the business firm. Since economic development is in part a function of the presence and effiency with which business enterprise operates, anything that can be done to increase management efficiency contributes to an improved economy, a matter of central concern to many of the developing

[1]For a review of studies in this area, see Everett M. Rogers, Diffusion of Innovations (New York: The MacMillan Company, 1962).

nations. An understanding of the process by which management techniques are adopted by the enterprise may reveal the way to manage their introduction and thus improve the efficiency of those enterprises responsible for the economic output of society.

Having delineated the general areas of consideration, the specific objectives of the study are the following:

(1) To describe the general environment (of Brazil) in which this study was conducted, emphasizing the marketing implications of each facet.

(2) To determine the extent of use of marketing research by those companies interviewed in Brazil, identifying users and non-users of the technique.

(3) To determine significant relationships between specific environmental factors and the attitudinal factors of firms.

(4) To determine the acceptance process of the use of marketing research by firms in Brazil.

The above objectives are studied within a conceptual framework established by earlier investigations. The literature to date emphasizes two different conceptual premises. Many scholars imply that the marketing behavior of the enterprise is adaptive, and consequently, are concerned with environmental factors in explaining some aspects of marketing's contribution to economic development. Others emphasize more the innovative characteristics of marketing's contribution to economic development and concentrate on attitudinal factors within the enterprise in establishing causal relationships between marketing and economic development. Since the present study uses a combination of these approaches a discussion of their origins follows.

Relationships between Marketing and Economic Development

As stated above, marketing's role in economic development is a controversial one. One of the central issues evolving from the controversy is whether marketing methods and practices are dependent or independent variables; that is, whether marketing's role is adaptive or innovative. Since significant interest in the field has developed only in the last decade, relatively few studies have empirically demonstrated marketing's contribution. Despite this lack of data, valuable insight has been provided by professionals in the field.

Peter Drucker contends that the factor which keeps a country "underdeveloped" is its inability to bring together resources, wants, and capacities to convert a self-limiting static system into one with creative, self-generating organic growth. A basic contribution of marketing is that its development makes possible economic int

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integration and the fullest utilization of whatever assets and productive capacity an economy already posseses. The result is a "multiplier" effect in development.[2]

Drucker's thesis suggests that marketing's contribution to economic growth can take two general forms: first, by using relatively advanced marketing techniques a more efficient use of presently existing productive resources exists; and, secondly, by inducing companies to seek market expansion. The criteria for economic development--increases in gross national product and per capita income--can be met by either or both processes. Because of this common objective, there is admittedly a close relationship, and even overlapping, between the two approaches. Perhaps the contribution toward a more efficient use of an existing distribution system is primarily dependent and adaptive, while the contribution toward market expansion is more innovative.

W. W. Rostow has expressed a concern for the development of a national market in the emerging nations.[3] The economies of many underdeveloped countries are characterized by limited and local markets fostering low

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[2]Peter F. Drucker, "Marketing and Economic Development," Journal of Marketing, Vol. XXII (January, 1958), p. 256.

[3]W. W. Rostow, see Chapter XI, "How to Make a National Market," View from the Seventh Floor (New York: Harper and Row Publishers, 1964).

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demand and high costs because of the lack of mass production and extremely high prices relative to income availability. Typically, the larger countries are dotted with population concentrations widely dispersed into regional nodes. The rural and urban sectors are separated geographically as well as economically. Thus, in a number of underdeveloped economies where rural areas have been neglected in terms of capital and technical investment, the agricultural population is not regarded as an effective market for manufactured products. A survey conducted in an emerging nation showed that ninety per cent of the durable and non-durable goods were sold to thirty-nine per cent of the population living in towns of over 10,000, whereas the sixty-one per cent of the population living in rural areas bought only ten per cent of such goods.[4] While the prices paid by the cities for the output (mainly food-stuffs) of rural areas are high, it is the cost of distribution rather than the farmers' prices (income) which elevates these costs. Thus, it is difficult for people in these rural areas to purchase manufactured products, prices of which are also relatively high.

Rostow's central proposition is that the operational task of development is to break down these structural distortions, to produce a self-reinforcing

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[4] *Ibid.*, p. 135.

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agricultural and industrial expansion, and to create truly national markets within the underdeveloped nations where possible. He suggests four major tasks, to be carried out simultaneously, which will accomplish this objective: (1) a build-up of agricultural productivity; (2) a revolution in the marketing of agricultural products in the cities; (3) a shift of industry to the production of simple agricultural equipment and consumer goods for the mass market; and (4) a revolution in marketing methods for such cheap manufactured goods, especially in rural areas.

The first task--increasing agricultural productivity--concerns primarily technological development. The second and fourth objectives relate to increasing distribution efficiency through advanced marketing methods and require adaptation of marketing methods to the environment. The remaining suggested goal--a shift to the production of simple agricultural and consumer goods for the mass market--has great significance in marketing's innovative contribution to economic development.

In a broader concept, Albert Lauterbach in his book, Enterprise in Latin America (1966) discusses the Western World's interpretations of the relationship between enterprise management and development needs in the poorer countries. Two of the four approaches reviewed reflect the conceptual framework developed here. The firs

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first approach is based upon the interpretation of economic development essentially as "entrepreneurship," usually defined in terms of competitive readiness to innovate and to take risks. This interpretation has, to a degree, been illustrated above, and is part of Drucker's main thesis. The decisive question is how to arouse such a spirit where it has been characteristically absent. The second interpretation, favored and implemented by Lauterbach in his empirical study of management attitudes, is based upon relating the nature and functioning of management in a given area to the prevailing social system and cultural values both before and during a major development effort. The specific attitudes and practices of management are put into the context of the socio-cultural heritage of the population involved. Lauterbach argues that, although business activities are often studied exclusively from an economic, financial, or administrative point of view, additional knowledge about the attitudes and motives of enterprise managers is indispensable.[5]

Professor Lauterbach briefly discusses the attitudes of the interviewees toward competition and market limitations.[6] The smallness of the market is perceived

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[5]Albert Lauterbach, Enterprise in Latin America (Ithaca, New York: Cornell Press, 1966).

[6]*Ibid.*, see Chapter VI, "Competition, Production, Investment, p. XI.

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by many as a kind of law of nature about which nothing can be done. The prevailing attitude assumes that the minority who constitute an effective market is eager to buy almost anything that is offered, and that this minority will increase in absolute terms with the constant growth of the population; but the rest of the people, especially in the countries in Latin America with a large Indian population, might as well not exist insofar as the national consumers' market is concerned.

A number of other scholars have dealt with the topic in part, although specific references to specialized areas have frequently been corroborated by individual observation rather than by empirical testing. Since there is considerable repetition in the literature, it seems more appropriate to quote specific passages rather than paraphrase the references.[7]

> The process of cross-cultural transfer, as it applies to marketing systems and the environmental factors influencing such systems, is also worthy of special attention.[8]

> Insofar as the role of marketing has truly been adaptive and responsive to certain environmental factors, and considering that so many aspects of the United States environment have been unique, it seems clear that extreme care should be exercised in attempting to transfer this nation's marketing institutions, concepts, and practices to other

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[7] Underlining added for emphasis.

[8] Stanley J. Shapiro, "Comparative Marketing and Economic Development," in George Schwartz, Science in Marketing (New York: John Wiley & Sons, Inc., 1967), p. 426.

societies.[9]

. . . the introduction of many American practices and institutions may become feasible only when . . . the environment is conducive to cultural innovation.[10]

The problem is to reinterpret our skills in terms of application to the local culture.[11]

Limited attention has been given to environmental factors.[12]

In marketing, all technical progress must be closely integrated with the cultural framework of the society into which it is introduced.[13]

The study of a single advanced marketing culture and the role which marketing has played in its economic development would yield patterns of change in marketing attitudes and techniques which might lead to useful generalizations.[14]

Developing markets in underdeveloped countries requires new attitudes toward development and market research.[15]

Perhaps the major obstacle to the use of marketing research in the emerging countries is the attitude toward marketing of business and government administrators.[16]

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[9] Kenneth H. Myers, "Marketing's Role in the Economy," ed. Stephen A. Greyser, American Marketing Association Proceedings (December, 1963), p. 364.

[10] Shapiro, op.cit., p. 490.

[11] Woodruff J. Emlen, "Let's Export Marketing Know-How," Harvard Business Review, Vol. XXXVI (November-December, 1958), p. 76.

[12] Shapiro, op.cit., p. 405.

[13] Emlen, op.cit., p. 71.

[14] Kenneth H. Myers and Orange A. Smalley, "Marketing and Economic Development," Business History View, Vol. XXXIII (Autumn, 1959), p. 395.

[15] William Copulsky, "Marketing Research in Underdeveloped Areas," American Marketing Association, ed. W. David Robins, Successful Marketing at Home and Abroad (1958),

[16] Harper W. Boyd, Ronald E. Frank, William F. Massy, and Mostafa Zoheir, "On the Use of Marketing Research in the Emerging Countries," Journal of Marketing Research, Vol. II, No. 4 (November, 1964), p. 20.

> As much of the implementation process is directly identified with company-wide managerial perceptions and comprehension of the (marketing) concept, the use of attitude scales should prove useful.[17]

> Certain studies must be undertaken: . . . attitudes of potential investors with regard to market concept and attitude about distribution problems are necessary to determine risk perception of potential investors.[18]

The tendency to emphasize either the adaptive or innovative relationship of marketing to economic development, as well as the influence of environmental factors or attitudinal factors, is seen in the above quotations.

There is a natural tendency to conclude that if marketing behavior is adaptive, environmental factors become more important, while if it is innovative, attitudinal factors are paramount. Unfortunately neither conclusion is sufficient to generalize on the topic. Utilizing the kind of functionalism elaborated by Taylor,[19] both the adaptive-innovative relationship and the influence of environmental and attitudinal factors are employed in the research design of the present study. Stated briefly, society is comprised of a number of entities with sets of relationships among them. These

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[17] Robert L. King, "The Marketing Concept," ed. George Schwartz, Science in Marketing (New York: John Wiley & Sons, Inc., 1965), p. 97.

[18] Donald A. Taylor, unpublished report to Agency for International Development officials, United States Government, (Recife, Brazil: 1966).

[19] Donald A. Taylor, Institution Building in Business Administration (East Lansing, Mich.: Division of Research, Graduate School of Business Administration, Michigan State University, 1968).

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relationships result in values and norms which influence the behavior of the entities and the structural form they take. Both the structural form and the actions in which the entities engage create the operating environment. In a dynamic society many entities are adapting to an environment which has changed because of the innovative actions of other entities. Consequently there is interaction between competitive readiness to innovate and to take risks, the change in environment resulting therefrom, and the adaptation of the entities to the new sets of environmental relationships.

More specifically, marketing research as a management technique is employed by a firm because of the way in which that firm's management interprets the environment and the influence of the environment on its goals. A study of the acceptance process of marketing research by firms in Brazil requires an examination of the firms' attitude toward the market and the way in which their interpretation of the environment affects that attitude.

With this elaboration of the conceptual orientation, the methodology used is developed in Chapter II.

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CHAPTER II

RESEARCH DESIGN

Methodology

An inventory of users and non-users of marketing research by firms in Brazil is necessary to investigate the adoption process. It can be expected that users of marketing research exhibit a higher level of marketing professionalism than non-users. This is particularly true if the environment is such that marketing research as a technique can contribute to the goals of the enterprise. The first step is to determine if the users' market outlook differs from that of non-users'. Inferentially, use or non-use is related to a positive or negative market outlook respectively. In keeping with the conceptual orientation established in Chapter I, market outlook is conditioned by management's interpretation of environmental factors at any given time. Since it is not expected that management personnel can report those environmental factors which have influenced them to use marketing research directly, indirect indicators are used. The second step requires an evaluation of users and non-users awareness of and interpretation of hypothesized environmental factors. The third step requires matching users' and non-users' market outlook and awareness and intepretation of hypothesized environmental factors. If differences between users and non-users are shown in step three, it is possible to infer the influence of environmental factors on market outlook and subsequently on the use of marketing research.

Selection of the Variables

Several reasons exist for having selected marketing research as the management technique to be investigated. Since change from non-user to user is the basic consideration in the analysis, a satisfactory number of users of the technique was necessary if comparisons were to be made. Boyd, et al, suggest that marketing research know-how should be one of the easiest "areas" in marketing to export.[1] Thus, the feasibility of its use is evident. A second reason for choosing marketing research is that it is a visible technique, in contrast to marketing concepts and principles whose use would be more difficult to establish. Finally, despite the need for planning in the less advanced nations, professionals in the field believe that marketing research will not assume

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[1]Harper W. Boyd, Ronald E. Frank, William F. Massy and Mostafa Zoheir, "On the Use of Marketing Research in the Emerging Countries," Journal of Marketing Research, Vol. II, No. 4 (November, 1964), p. 20.

great importance in the economic life of these nations for some time to come. The challenge of discovering what will induce firms to employ this technique, as well as investigating obstacles deterring its use, should not go unanswered.

Establishing the criteria used in differentiating the market outlook of the firm is the first step in the design followed. The breadth of the company's market outlook is based on its perception of (a) sales problems and solutions, and (b) potential markets. Because management's definition of its firm's market generally connotes whether the former is production or market-oriented, (b) is further broken down to include opinions regarding preferred market locations, expansion policies, and external factors affecting the firm's sales volume. On the basis of this analysis, manufacturers are classified as having narrow or broad market perceptions.

In order to keep the investigation within manageable boundaries, the number of potential environmental factors specifically probed was limited to five. Selection of these five were based on exploratory discussions in Brazil and reflect the general economic environment prevailing at the time of the study. They are as follows:

Government--Business activities in Brazil are closely tied to governmental controls. Based on a program of incentives, restrictions, and regulations, the nation's economic development has in recent years been planned by geographic sector, as well as by industry. Since the government requires a market feasibility study from firms applying for federal and state funds for investment purposes in selected regions, a lasting effect might well be expected after this experience.

Competition--Increased production, as well as reduced consumer buying resulting from deflationary policies imposed by a revolutionary government,[2] prevented most firms from selling all their production. Did the resulting competitive pressures, leading to excess capacities and surplus stocks, influence the use of marketing research?

Advertising Agencies--Although marketing research companies exist in Brazil, it is felt that the constant contact of manufacturers with their advertising agencies would be more likely to influence the manufacturers in the area of market planning.

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[2]In March, 1964, a bloodless coup forced President Jango Goulart to relinquish his powers to a group of Brazilian army officers. Marshal Castelo Branco subsequently was elected president by the Brazilian Congress.

Business Administration Professionals--While the development of business administration as a formal discipline is relatively new in Brazil,[3] many graduates and students work closely with the companies as part of their curriculum. There is a strong possibility of their directing management philosophy toward market orientation and subsequent use of the research technique.

Foreign Firms--A large number of foreign companies have either direct or indirect commitments in Brazil. In the past, marketing research had been used almost exclusively by foreign-linked firms; therefore, as pioneers in this field one would expect these firms to have had some influence on their national counterparts to adopt marketing research.

It should not be implied from the separate listing of these possible influences that they are mutually exclusive. To the contrary, it is a contention of this study that awareness of the positive contributions of each additional influence enhances the use of marketing

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[3]While business administration practices had been used for many years in Brazil, its formal recognition as a discipline was the establishment of the first school of business administration in Sao Paulo in 1954. For a complete review of the discipline's acceptance, see Donald A. Taylor's Institution Building in Business Administration, publication of the Bureau of Business and Economic Research (East Lansing, Mich.,: Graduate School of Business Administration, Michigan State University, 1968).

research. In addition, however, the relative importance of each factor will be determined.

Description becomes an essential part of the design due to the general unfamiliarity of the setting in which this study takes place. Not only does the general environment influence the variables selected, but it also reflects the impact of the economic life of Brazil on existing business norms.

Extreme regional differences within Brazil make it possible to study business practices in varying stages of economic and industrial development. It has been estimated that there is a twenty year gap separating each of the three locations considered. Conscious efforts to narrow this gap, both on the part of government and private enterprise, add an element of dynamism to the analysis.

An unrelated event made possible a second comparison to reinforce the basic design. In an effort to contain the rampant inflation prevalent prior to 1964, the new government of Castelo Branco applied deflationary measures, subsequently changing the economic environment for many industries from a sellers' to a buyers' market. As the transition was artificial as well as abrupt, there was an immediate impact and the practical, micro implications became apparent in discussing the reversal with respondents in the sample.

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These two comparisons--the first designed, the other accidental--are superimposed over the basic design in an effort to provide as complete an analysis as possible.

Formulation of the Hypotheses

Having established a need for further research, as well as setting forth the objectives which the present study is to accomplish, specific guidelines must be established to implement the intent. These take the form of hypotheses and are necessary to implement the methodology for the study. While reflecting five months of preliminary investigation in Brazil, the following hypotheses cannot, standing alone, reflect the complexities of the change process under consideration. Rather, their formulation provides a spectrum of assumed facts which must be tested within the research design. Hypotheses relating to the first major purpose of the study--a survey of the marketing research practices of a representative cross section of large manufacturers in Brazil--are:

(1) The technique of marketing research is familiar to large manufacturers in Brazil.

(2) More companies have established marketing research departments in the last three years than were established prior to 1964.

(3) More consumer goods manufacturers are using marketing research than industrial goods manufacturers.

(4) More foreign-based firms use marketing research than do Brazilian companies.

(5) More Brazilian firms have established marketing research departments since 1964 than have foreign firms.

(6) Those companies having wider distribution--geographically and socio-economically--are more likely to be employing marketing research.

(7) Marketing research practices vary within different geographical regions in Brazil.

(8) Although advertising is a major expenditure for many firms, they do little or no marketing research.

Hypotheses related to the second major purpose of the study--to identify those factors which influence the use of marketing research in Brazil--are:

(1) Users of marketing research in Brazil have more positive market outlooks than do non-users.

(2) Users of marketing research in Brazil are more cognizant of the positive contributions of government, competition, foreign firms, advertising agencies and business administration professionals than are non-users.

(3) One or more of the five variables listed in hypothesis (2) above influence the use of marketing research in Brazil.

To examine the above hypotheses it is necessary to establish measures which identify users and non-users of marketing research, positive and negative market outlooks and positive and negative cognizance of the contributions of the selected environmental factors.

The measure of a user or non-user of marketing research poses no particular problems since it is a reasonably objective fact. It is recognized that there are degrees of use of marketing research among firms. These differences can be determined by care in developing the instruments for data collection. In the present study a firm is classified as a marketing research user if it regularly analyzes data in any one of the areas of product, sales or market analysis. The measure of market outlook of a firm as well as cognizance of the contributions of the selected environmental variables pose more difficult problems.

For purposes of this study an interpretation of market outlook is measured by the way in which the firm exploits its market opportunities. Those firms using marketing research have the following characteristics:

1. Define their market potential as encompassing the entire populace as potential consumers.

2. Perceive expansion to be a function of market opportunities.

3. Feel that product introduction or adjustment is a means of adjustment to markets.

4. Look internally as well as externally for solutions to marketing problems.

In contrast those firms not using marketing research may be characterized as follows:

1. Conceive their market to be constrained by production capacity or effective demand for their present product.

2. View expansion as a function of an increase in capital, production capabilities or personnel requirements.

3. Consider product introduction or adjustment only as a function of technological change.

4. View the solution to their marketing problems as functions of external factors rather than internal factors.

Measurement of the contribution of the selected environmental factors requires an examination of the way in which the firm interprets the presence of the selected factors on their own operations. More specifically the following possible interpretations are explored.

1. View government planning as providing positive steps for improving a firm's efficiency.

2. Recognize that graduates of business administration make specific contributions to the establishment of marketing planning within the organization.

3. View foreign firms as having made positive contributions in Brazilian industry.

4. View competition as a healthy condition in their industry.

5. View advertising agencies as an important information source for marketing planning.

Those firms not using marketing research may view the same factors as follows:

1. Tend to view government as a hindrance to the manner in which the firm does business.

2. Feel business school graduates make little, or only a general contribution to the company.

3. Have a hostile attitude toward the contribution that foreign manufacturers make in Brazil.

4. View competition as a negative force within the industry.

5. Feel advertising agencies can contribute little assistance in the marketing planning of the company.

The above dimensions of the firm's orientation must be structured in the design of the data collection instrument. Interpretation of a positive or negative market outlook as well as the extent of awareness of the contributions of the environmental factors is based upon a five-point scale. Depending upon the way in which the respondent answers a series of questions, the firm was rated by the interviewer on a scale from one to five. The actual basis for rating is elaborated upon in Chapters V and VI.

The Instrument

Because of the predominantly qualitative nature of the data sought, the interview method was used extensively in investigating a cross-section of manufacturers. Personal confrontation is of critical importance in successfully attaining information relative to a Brazilian company's activities. In addition to the need for establishing an atmosphere of confidence, the interaction afforded by the interview avoided any misrepresentation by the respondent of a relatively unfamiliar discipline; it also enhanced a deeper understanding by the interviewer of an extremely complex business environment.

A questionnaire provided the basic structure for the personal interviews; however, an element of flexibility was injected by using both open-end questions and the investigator's discretion in further probing specific replies. Results of the five pre-test interviews were included in the data as only minor modifications in the questionnaire format were necessary.

The interview covered four phases as reflected by the questionnaire appearing in its original (Portuguese) and translated form in Appendix A:

1. Classificatory information
2. Marketing research practices
3. Marketing concepts
4. Awareness of selected influences

While the first two sections present an objective look at a firm's current operations, parts three and four are subjective. This provided an opportunity to cross-check important points throughout the discussion. For example, a respondent who states that new products are developed on the basis of market need (Part 1), uses marketing research (Part 2), and expresses the opinion that the principal contribution of research is to guide new product introduction (Part 3), has been consistent in his answers and leaves little doubt as to the market orientation of the firm. On the other side, the danger of what Brazilians refer as as "chutando"[5] in answering questions is minimized by such controls.

Much additional information and insight into the general topic of marketing, and specifically marketing research, was obtained from informal discussions with professors and colleagues of business administration schools, executives of advertising and research agencies, and local businessmen in Brazil. Of particular value was the participation in a week-long management seminar on marketing research, conducted by the Brazilian affiliate of the American Management

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[5]"Chutando" is equivalent to the slang expression "Handing out a line." Literally it means "kicking" (the ball around).

Association.[6] A final source of valuable information was the materials, much of it unpublished, generously offered by official and private contacts to this writer. Although a micro-analysis of manufacturers provided the basic instrument for this project, the value of gaining a composite picture through using different research approaches cannot be over-emphasized.

The Sample

A total of 119 manufacturing firms in three major Brazilian cities--São Paulo, Porto Alegre and Salvador--comprises the sample for this study. A list of the manufacturers interview is presented in Appendix B. Three considerations were emphasized in developing a representative cross-section of manufacturers: relative contribution of each geographical region studied, relative importance of industries, and the size of the firms.

Although generally based on available economic indicators, the number of companies selected in each city was influenced by time as well as financial constraints. Thus, seventy-nine manufacturers were interviewed in São Paulo, while the number in Porto Alegre was twenty-five and in Salvador, fifteen. This

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[6]This researcher is indebted to Mr. A. M. Greig, General Manager, and Mr. A. D'Agostino, Program Director of the Management Center do Brasil for their kind cooperation.

breakdown represents sixty-six, twenty-one, and thirteen per cent, respectively, of the total sample of 119 firms.

References which compare the locations of the interviews generally substantiate the representativeness of the geographical distribution of the sample, with the exception of a relatively large group for Salvador. It was felt, however, that a minimum of fifteen interviews was necessary in that city in order to attain sufficient data. As all these cities are industrial centers for their respective states, and are estimated to produce at least seventy per cent of their industrial output, it was assumed that a sample drawn from each city was representative of the manufacturers in that state.

Manufacturers from twenty-one industries are represented in the sample. For São Paulo and Porte Alegre, the number of companies in each industry was determined by that industry's proportion of value-added contribution relative to the state's total. Thus, the higher the percentage of value added for an industry, the larger the number of companies represented. A similar breakdown was not possible for Salvador because of the lack of comparable data. Instead, the sample distribution was arbitrarily determined after discussions with government and academic officials of that community.

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A predominance of basic commodity manufacturers, characteristic of a relatively underdeveloped region, attests to the validity of the latter approach. A breakdown, according to geographical location and by industry, of the 119 manufacturers interviewed appears in Table 1.

The size of the manufacturer was an important consideration in developing a sample; emphasis was placed on the larger companies in each industry.

While it is generally believed that marketing research in the United States is used primarily by large firms,[7] this should be particularly true in Brazil, where formal organizational structure and specialization are typically missing in small and in many medium-sized firms. In addition, an earlier investigation of small business in Brazil found that there is little concern among management about sales problems, relative to the areas of production and finance. Nearly half of the respondents in that study stated they had no sales problems.[8]

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[7]See, for example, Richard D. Crisp, "Company Practices in Marketing Research," American Management Association, Report No. 22, 1953. "As the study confirms, marketing research has been developed to a greater degree in larger than in small organizations (Appendix, p. 61)."

[8]Claude Machline, Kurt E. Weil, and Ivan de SaMotta, "A Administração da Produção na Peguena Empresa Brasileira," Monograph published by the Research and Publications Center, Escola de Administração de São Paulo; Fundação Getulio Vargas, São Paulo, 1965, p. 16.

TABLE 1

SAMPLE DISTRIBUTION OF MANUFACTURERS INTERVIEWED (BY INDUSTRY AND BY LOCATION)

Industry *	São Paulo	Porto Alegre	Salvador	Total By Industry
Non-Metallic Minerals	3	1	1	5
Metallurgical Products	8	3		11
Machines	4	1		5
Electronic and Communications	7	1		8
Transportation Equipment	10			10
Wood	1	1		2
Furniture	2	1	1	4
Paper and Cardboard	2	1	1	4
Leather Products		1		1
Rubber	2			2
Chemicals	7	2		9
Pharmaceutical Products	3			3
Cosmetics	2			2
Plastic Products	2			2
Textile	6	2	4	12
Clothing, Shoes	2	3	1	6
Food Products	10	4	4	18
Beverages	2	2	1	5
Tobacco Products	2	1	2	5
Printing and Graphics	2	1		3
Other	2			2
TOTAL--BY CITY	79	25	15	119

*Classification by Instituto Brasileiro De Georgrafia E Estatística, Conselho Nacional De Estatística, Rio De Janeiro, Brazil.

Classification of manufacturers by size was based on "number of employees," primarily because of the availability of this information, but also because any financial measures would have little comparative value in view of the different financial reporting procedures used by the companies. Reflective again of regional differences, the median size of firms varied according to the three sample cities as shown by the selected industries and the total for all twenty-one industries in Table 2.

No attempt was made to emphasize consumer, as opposed to industrial, product manufacturers for several reasons. A lack of information concerning companies' product lines made it difficult to predetermine a categorization in many cases. Second, because no established patterns in the area had previously been determined in Brazil, it was felt that the initial survey should be indiscriminate in this respect. It should not be assumed that marketing research in Brazil is used predominantly by consumer-goods manufacturers, although this has been true in the United States.

Final selections of manufacturers within industries, using the above considerations, were made arbitrarily. It is interesting to note that of the 119 companies interviewed eighty-eight, or three-fourths of the respondents, appear on a list of the top 500

TABLE 2

MEDIAN SIZE OF MANUFACTURING FIRMS, INTERVIEWED, BY SELECTED INDUSTRIES ACCORDING TO NUMBER OF EMPLOYEES*

	São Paulo	Porto Alegre	Salvador
Metal	950	2500	X
Textile	2493	1200	300
Food	2550	300	200
Clothing	1650	477	157
Beverages	3350	575	400
Tobacco	500	350	1400

Median for All 21 Industries = 900

*Data Collected During Interviews

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corporations in Brazil which was published after the sample was selected. Nearly one-fifth of the largest firms would be represented in the sample if service companies were excluded from the list. The sample for the present study includes not only corporations, but also the "limitada,"[9] a second form of business structure found in Brazil.

The majority of interviews within firms were conducted with the Diretor Comercial (Commercial Director), a member of the executive committee who is generally responsible for marketing activities. Sales managers were the second most frequent respondents. Occasional interviewees were managing directors and marketing research managers. Only three of the original list of firms selected refused an interview, these three being in "concordata," the Brazilian form of receivership, at the time. Although the formal interview lasted approximately one hour, many respondents were interested in continuing the discussion informally.

This writer, having conversational ability in Portugese, conducted ninety-two of the 119 interviews completed. The remaining contacts were made by two

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[9]A "limitada" is an "entity" distinct from the members forming it. Capital is divided into shares; the responsibility of members is not limited to these shares, but is based on the total capital.

students from the business administration school in São Paulo (Escola de Administração de Emprêsas de São Paulo), who had previous research experience. Interviews were conducted in Portuguese, except for nine in English with executives who were either from the United States or Europe.

Limitations of the Study

The basic methodology--using inferential analysis to demonstrate linkages which influence a value change--has had little previous testing. Its validity as an instrument to determine causal relationships must be judged in general terms due to the heterogeneity of the data collected. As would be expected, conditions varied between industries, and these differences were made acute by discriminatory governmental policies which incentivated or protected some industries while restricting others. Because of the numerous variables affecting the measurements made, it is necessary to place more reliance on those cases which fall at the extremes of the market outlook and environmental factor influence scales. Though not as conclusive, data regarding manufacturers falling on intermediate points between the extremes can provide valuable information, particularly in view of the qualitative nature of the study. There are also certain limitations in drawing inferences from what people say as contrasted to what they do. This is particularly true regarding attitudes. However, the design of the questionnaire minimized these differences.

The choice of the five potential influences included in the study, to the exclusion of others, may also be subject to scrutiny. However, the intent was not to employ an all-inclusive list nor to suggest that each factor would be equally important. It could be argued also that, because the study was conducted while deflationary measures were being applied by the government and a general shortage of capital existed, interest concerning the use of marketing research would be at a minimum. While it is recognized that the availability of funds is certainly a criterion in the use of marketing research, it is felt that more basic motivations exist for the use of this analysis, as for example, a search for new markets under conditions of reduced consumer spending such as existed at the time. It should be apparent that, once having accepted the basic instrument, different variables could be substituted in future analysis.

The reliability of the supporting materials is always of concern. The degree of confidence concerning the statistical data used for analytical purposes is a function of the familiarity which one has with the sources from which the information was derived. The general criticism that data in Brazil are unreliable, if they exist at all, should not be taken at face value. The fact is that there are many sources--governmental agencies, foundations, and large banks--from which acceptable secondary data may be obtained. Difficulties arise with the delay in publication of statistics and also from attempts to compare information from various institutions. While economic statistics concerning Brazil are available, information at the industry and firm level generally is scarce. As a result, it was necessary to be adaptive while doing research under the varying conditions existent in Brazil. Compromises between the ideal and the feasibility of the situation were sometimes required.

Order of Presentation

Subsequent chapters basically reflect the research design. The general economic environmental conditions prevailing in Brazil at the time of the study are presented in Chapter III. Chapter IV provides details of the extent of use of marketing research by large firms in Brazil. Chapter V examines the differences in market outlook between users and non-users of marketing research. In Chapter VI the respondents' attitudes toward the contribution of the selected environmental factors are analyzed in terms of users and non-users of marketing research. The comparison between users' and non-users' market outlook and awareness of the contributions of selected environmental factors is the content of Chapter VII. Based on the findings of Chapter VII conclusions are drawn concerning the influence of the environmental factors on the use of marketing research in Brazil.

CHAPTER III

BRAZILIAN ENTERPRISE AND ITS ENVIRONMENT

While a general background for this study was developed in Chapter I, the purpose here is to describe the specific setting--Brazil--within which this analysis takes place. An examination of the marketing research practices of a cross-section of manufacturers prompted the selection of three sites where interviews were conducted: Salvador in the northeast; São Paulo in the south-central region; and Porto Alegre in the extreme south. Together, though not uniform proportionately, these three cities represent just under ten per cent of Brazil's total population of eighty million people, but over fifty per cent of the country's industrial output. At the same time, distinct characteristics differentiate the regions which each city typically represents.

The present environment surrounding Brazilian enterprise has been affected by three major factors:

(1) An industrialization pattern which has helped Brazil to attain one of the world's highest industrial growth rates during the last twenty years.

(2) Extreme imbalance in regional development

within this country of 3,286,270 square miles.

(3) An austerity program initiated by the revolutionary government of Castelo Branco in April, 1964.

Industrialization Pattern to 1964[1]

Brazil's economic development until World War II was characterized by a dependence on a succession of cycles of major export commodities. At the height of each cycle, Brazil occupied the leading position in world production but subsequently lost it as a result of several factors, including competition from other producing areas. From the middle of the sixteenth century until the second half of the seventeenth century sugar was its principal export crop. Sugar was one of the principle items of international trade at that time, and Brazil was the dominant source of supply until the expansion of West Indian sugar production. A gold-mining period lasted throughout most of the eighteenth century following discovery of the previous metal in the south-central portion of the country. A rubber cycle lasted from 1860 to 1910, during which

[1]Portions of the historical data presented in this section have been cynthesized and adapted from: Werner Baer, Industrialization and Economic Development in Brazil (Homewood, Ill.: Richard D. Irwin, Inc.); and Lincoln Gordon and Engelbert L. Grommers, United States Manufacturing Investment in Brazil (Boston: Harvard University Press, 1962).

period Brazil had a virtual world monopoly as a supplier of rubber. This domination came to an abrupt halt when the East Indian region first entered the world market in 1909. Coffee became the country's staple crop during the nineteenth century and has remained so, although its strength has fluctuated substantially with changes in world demand. Cotton, tobacco, and cocoa also were developed as important, though not as dominant, export items.

The development of manufacturing in Brazil did not begin seriously until the early decades of the 1900's. Still, sporadic industrialization efforts were encouraged principally by changes in the external section; that is, a market decline for the primary export crop resulting in declines in foreign exchange available. During World War I, the severe reduction in imports caused by the lack of shipping gave special impetus to the industrialization movement in Brazil. At the end of the war, however, the infant industries were overwhelmed by free competition from industrial countries. The government had no policy to protect actively, or to stimulate further, the small industrial base; its only policy was to protect the coffee interests of the old landholding aristocracy.

The Great Depression, followed by World War II and by a sustained period of deliberate promotion of manufacturing after the war, marked an important and lasting shift in Brazil's economic development.

The depression in the 1930's had a severe negative effect on Brazilian exports: their value fell from $445.9 million in 1929 to $180.6 million in 1932.[2] As coffee accounted for approximately seventy per cent of total exports, the Brazilian government's main concern was to support the coffee sector. This was accomplished by purchasing the surplus coffee and destroying large quantities of it, thus artificially protecting the income of the coffee sector from the full brunt of the depression. During this same period, Brazil became one of the first Latin American countries to use exchange and other import controls. The latter, combined with a depreciation of the Brazilian currency (making foreign goods expensive on the domestic market), caused imports to fall from $416.6 million in 1929 to $108.1 million in 1932.[3]

Curtailment by the Brazilian authorities of the quantity of imported goods caused internal shortages. However, demand for imported goods remained high, maintained by income support of the coffee sector. Thus, the lower supply and unchanged demand caused a

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[2]Baer, op.cit., p. 20.

[3]Ibid., p. 22.

substantial rise in the relative price of such goods. This created an incentive for increased domestic production of Brazilian import-competing industries. As a result, coffee growers shifted their available investment funds to industry. In addition, the political orientation of the dictatorial regime of Getulio Vargas (1930-1945) tended to favor budding industrialists and their interests.

The trend toward industrialization in Brazil was enhanced by the effects of World War II. Imports, particularly in capital goods and other manufactured products, declined drastically as a result of both overseas scarcities and shipping difficulties. Imports had to be substituted by domestic production. A substantial increase occurred in some of the more basic industries such as cement, iron, and steel, but the most notable development in the manufacturing sector during this period was the boom in the textile industry. By the end of the war Brazil was one of the world's leading textile exporters. Although the overall export quantum decreased, the value of the country's exports increased considerably, resulting in a substantial increase in Brazil's foreign exchange reserves, from \$71 million before the outbreak of the war to \$708 million in 1945.[4] In February of 1945 the Brazilian government established

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[4] *Ibid.*, p. 45.

a foreign exchange regime without any restrictions; in general, it held no quantitative restrictions on imports. The result of this liberal policy was that most of the accumulated wartime foreign exchange reserves had vanished by the end of 1946.

During the twenty-two years following the end of World War II, Brazil experienced considerable growth, with the development on the industrial sector far outpacing the agricultural and service sectors. The immediate cause for the post-war industrialization effort was similar to previous situations which led to industrialization advances; difficulties were encountered in the external sector. However, a basic difference was that the latest expansion was changed from a stop-gap effort to a determined policy by the government to alter significantly the structure of the Brazilian economy. The principal reason for this change was a realization by authorities that Brazil could not attain a high rate of future growth by relying chiefly on the export of its primary commodities. Measures for coping with balance-of-payment difficulties became conscious instruments for the active promotion of an industrial complex.

By the middle of 1947 Brazil had entered a phase of chronic foreign exchange difficulty which, with the exception of a few good coffee years, has lasted to the present time. From June, 1947, until January, 1953, exchange controls were employed. The cruzeiro-dollar exchange rate was maintained at an unrealistic figure, a highly over-valued rate that discouraged exports and created a demand for imports. A drastic system of import licensing was used to keep demand in check. In theory, under the system, all types of imports were allowed; but, importers had to join waiting lists for many categories of imports. The latter were determined by a system of priorities. Essential goods, such as drugs, insecticides, and fertilizers were allowed to be freely imported, while such goods as fuels and machinery received priority in the licensing system. At the other extreme, consumer goods were discouraged by long waiting lists for the necessary import licenses. The effect was an incentive for investment in specific industrial sectors once there was an elimination of external competition.

In October, 1953, a basic reform was instituted in the Brazilian exchange system with the establishment of a multiple exchange rate system. Imports were classified according to five categories, depending on the degree of their essentiality. Some imports were considered essential for the further development of the country and were placed in a preferential category allowing their importers to obtain foreign exchange at the official rate.

Still another basic change occurred in the exchange system in August, 1957. The old tariff, having been of a specific nature, had lost its effectiveness due to inflation and was now replaced by an ad valorem tariff, varying between zero and 150 per cent. In the exchange system, the five import categories were reduced to two. A "general" category included the imports of raw materials, capital goods and certain essential consumer goods, while the second "specific" category included all goods not considered essential. During these licensing periods the low import priority given to many consumer goods--resulting often in complete blockage of imports--constituted a distinct incentive to local manufacturing. An indication of the structural modification in the Brazilian economy is shown in Table 3, comparing real product by sector for the period 1947-1965.

Thus, the post-war period was characterized both by rapid growth and important modifications in the economic structure of Brazil. Between 1947 and 1961, the average annual rate of growth was 5.8 per cent, equivalent in per capita figures to approximately three per cent. There was a very evident increase in the growth rate during the second half of this fifteen year

TABLE 3

REAL PRODUCT INDEX BY SECTORS
1947-1965

Year	Agriculture	Industry	Commerce	Total Product
1947	89.5	81.4	81.4	86.5
1948	95.7	90.6	96.2	94.7
1949	100.0	100.0	100.0	100.0
1950	101.5	111.4	104.1	105.0
1951	102.2	118.5	117.9	110.4
1952	111.5	124.4	122.5	116.6
1953	111.7	135.2	119.0	120.3
1954	120.5	146.7	136.7	129.6
1955	129.8	162.3	143.5	138.4
1956	126.7	173.5	142.7	141.0
1957	138.5	183.2	160.2	150.7
1958	141.3	213.2	171.1	160.7
1959	148.8	240.7	186.9	172.5
1960	154.0	266.3	195.7	183.4
1961	167.0	295.0	211.8	197.5
1962*	177.0	317.3	215.6	207.8
1963*	177.2	326.2	218.0	212.0
1964*	166.4	324.9	N/A	205.6
1965*	183.7	N/A	N/A	N/A

SOURCE: Brazilian Institute of Economy (Rio de Janeiro, Brazil: Getulio Vargas Foundation).

*Provisional Data

span, and between 1957 and 1961, the rate rose to seven per cent or a 3.9 per cent increase per capita. The increase in the rate of growth during the second half of the period was due basically to the extraordinary expansion in manufacturing. Since the production of consumer goods grew at a rate identical to that of the gross product, it can be assumed that the basic factor which fostered this growth was the rapid expansion of capital goods industries. During six years, 1955 to 1961, capital goods production as a category increased by almost eighty per cent; steel production rose 100 per cent; machine industry, 125 per cent; the electronics and communication industry, 380 per cent; and, the transportation industry by 600 per cent.[5]

As shown by the preceding figures, the outstanding single effort by the Brazilian government in establishing new industries through favorable import treatment for manufacturing equipment, was made in the automotive industry. This program was instituted in 1956 under the direction of GEIA (Executive Group for the Automotive Industry), and set the precedent for similar programs in the shipbuilding, tractor and, on a limited basis, heavy machinery industries. The

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[5]Celso Furtado. Dialética do Desenvolvimento (Rio de Janeiro, Brazil: Editôra Fundo de Cultura 1964), p. 106.

essential features of this government-sponsored program involved far-reaching benefits in the importation of manufacturing equipment and of automotive components for a limited number of years, in return for a commitment by the automotive companies for the progressive replacement of imports by Brazilian-made components. Implicit in the program was the prospect that non-participating companies would be excluded from the Brazilian market, perhaps permanently. A total of eleven companies (ten foreign) accepted the proposal to manufacture vehicles under these conditions.

With the deterioration of Brazil's exchange position during the post-war period, automotive imports had to be restricted. At the same time, the automotive market was rapidly expanding due to the accelerated industrialization and to the increased emphasis on road building as a means of solving the transportation bottleneck. Table 4 demonstrates output at the establishment of the automobile industry and production levels attained by the end of 1966.

In addition to its direct contribution to industrialization, the GEIA program offers a striking example of "backward linkage" in the process of economic development. Because a basic policy was to promote a horizonal structure in the automotive industry, rather than a vertical integration, the program indirectly

TABLE 4

THE AUTOMOTIVE INDUSTRY AS AN EXAMPLE
OF BRAZIL'S ECONOMIC DEVELOPMENT
1960-1966

Year	L O C A L	P R O D U C	T I O N*
	Passenger	Commercial	Total
1960	43,852	90,347	134,199
1961	60,776	86,206	146,982
1962	83,258	108,064	191,322
1963	94,846	79,881	174,727
1964	104,589	76,505	181,094
1965	115,953	74,742	190,695
1966	129,246	93,869	223,115

*First vehicles produced in 1957.

Tables derived from industry figures furnished by Volkswagon do Brasil, São Paulo, Brazil.

created a Brazilian parts supply industry. The local production of important raw materials such as steel, synthetic rubber, and glass was also stimulated. Capacity was created for various types of castings, forgings and machinery that could now be used in the automotive field, but for which Brazilian demand had previously been too small to justify the necessary investment.

Evidence thus shows that the high rate of real growth experienced by the Brazilian economy in the post-war period can in large part be attributed to the industrialization policies reviewed above. The different sectoral growth rates tend to confirm this success. The gross domestic product increased by 128 per cent from 1947 to 1961; however, the real agricultural product increased by only eighty-seven per cent while the industrial product increased by 262 per cent.[6] However, this high rate of industrialization was not without its consequences.

Industrialization and Inflation

Chronic and large-scale inflation became a prominent feature of the Brazilian economic environment in the post-war period. Basically, the beginning of the high rate of inflation, which accompanied the high

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[6] *Ibid.*, p. 109.

rate of real growth, was the result of a dual-purpose governmental policy: the maintenance of the existing high rate of growth, and a simultaneous program of import-substitution requiring heavy investment outlays. The widespread investment activities in import-competing industries and in complementary infra-structure were only partially financed by foreign savings, thus applying pressure on internal capital. While in the earlier years after World War II, the expansion of private investment--financed partly by bank credit--was a leading factor in the inflation, government deficit financing became the major inflationary element after 1956. The major causes of the large governmental deficits were the increased burdens in financing coffee surpluses; large-scale public investment in developing the economic infra-structure, particularly transportation and electric power; and, the building of Brazilia, the new capital of Brazil. The short-term effect on business of the shift in the main source of inflationary pressure was to tighten private credit availabilities at a time when working capital needs were expanding. The result was inevitable; capital became scarce and costly.

In 1961 Brazil achieved one of its highest growth rates, 7.7 per cent. The following two years however were marked by substantial declines. Figures show that the real growth rate of the gross domestic product was 3.7 per cent in 1962 and only 2.1 per cent in 1963. Thus, with a population growth rate of 3.1 per cent, the per capita income actually fell in 1963. During this same period, inflation attained the alarming rate of over fifty per cent in 1962 and over eighty per cent in 1963.[7]

The immediate cause of the stagnation beginning in 1961 was the continuing condition of economic instability under which Brazil existed following the resignation of President Janio Quadros. Congressional resistance to his socio-economic reform programs and opposition to his efforts for controlling the inflation rate caused Quadros to resign in August, 1961. Jango Goulart, the vice president who had run on another party ticket and had been elected by substantially less than fifty per cent of the popular vote, was allowed to take office with a substantial curtailment of presidential authority; he had to share power with a newly created system of parliamentary government. The year 1962 was marked by a lack of firm leadership since there was continuous conflict between congress and the president. In January, 1963, a national plebiscite returned

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[7] Mário Henrique Simonsen, A Experiência Inflacionária no Brasil (Guanabara, Brazil: Instituto de Pesquisas e Estudos Sociais, 1964), p. 10.

to the president his full power. Goulart did not, however, subsequently exhibit firmness in dealing with the country's problems. In the matter of inflation, Goulart's weakness resulted in his giving in to the demands of both the unions and the business community, readjusting wages more frequently and in greater increments than previously, He also shied away from meaningful credit restrictions. The result was runaway inflation. Although aware of the need for fundamental socio-economic reform, Goulart evaded the issues. He played one socio-economic class against the other. Ultimately he lost control of the situation, and was overthrown on March 31, 1964.

Impact of Brazil's Industrialization Pattern on the Business Environment

While there are many factors--for example, culture and heritage--which might have influenced the traditional business practices of Brazilian management, the country's pattern of economic development indicates at least a partial explanation.

The dependence over the centuries on the production of staple agricultural or extractive raw materials for export has had several significant effects. First, it has generally caused management to have an externally-oriented outlook in seeking solutions to their business problems. In the agricultural sector particularly, where supply is dependent on nature and demand is a function of world trade conditions, the fortunes of plantation owners were basically beyond their control. Recalling that the subsidized agricultural export sector invested its resources in industry once it became apparent that a protected domestic market for manufactured goods had become available, it is not surprising that this agrarian mentality might continue to influence managerial practices in industry today. Reinforcing this dependence on solutions external to the firm was the support provided by the government in the form of protective tariffs and a high support system for the coffee sector.

A second effect which appears to stem from Brazil's economic history of successive cycles of major export commodities is the traditional business philosophy of high margin per unit of sale, and consequently, lower volume. The cycle normally followed the pattern of an intensive exploitation of commodities highly prized in the international market until competition developed. At this point, Brazilian producers, apparently unable to meet competition by reducing costs, have historically either withdrawn from the market, or shifted to another commodity. Another suggested explanation for the lack of emphasis on turnover and volume prices rests with the widely accepted assumption on the part of

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manufacturers that their market is limited. Demand was considered relatively inelastic and hence cutting prices (and margins) would have an insignificant effect on volume. Again, the assumption of inelasticity can be traced to earlier trade experience with staple export commodities.

Two factors in the industrialization pattern were influential in creating what might be termed a "sellers' market psychology" among manufacturers during the post-World War II era. As might be expected from a country embarking on an import substitution program, sufficient local capacity did not initially exist to meet a growing demand. This fact, together with the government's import restrictions, meant limited supplies. An additional factor which intensified shortages was the prevailing inflation. During this period business depended on a policy of "preventive buying," whereby they built inventories in advance of price increases. Consumers also hoarded goods; "buy today because it will cost more tomorrow" became the criterion for purchasing behavior. In addition, many Brazilians bought such goods as automobiles as a convenient way of protecting their capital from depreciation. As a result, the condition existed where "every company is selling everything it can make; a number of factory managers say that they are producing beyond their theoretical capacity and still cannot keep up with orders."[8] Under these circumstances most manufacturers underwent some operational as well as psychological adjustments.

The central operating problems posed for the participating companies by the inflationary environment involved keeping prices ahead of costs and obtaining sufficient working capital. The normal business objective in an inflationary situation would be to adjust prices in such a way that increasing costs could be fully passed on to the consumer. The difficulty in the Brazilian case arose when the actual rate of inflation accelerated considerably and unpredictably. As seen earlier, during 1962, 1963, and the first three months of 1964, when the situation became chaotic, firms often held back price adjustments, not because they did not intend to keep prices ahead of costs, but because they fell victim to the money "illusion;" that is, they were not always fully aware of the great decline in monetary values. They were satisfied with large paper profits (which did not make adequate provision for depreciation allowance), not recognizing that their companies were gradually being decapitalized by virtue of the inflation.

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[8] P. Siekman, "When Executives Turned Revolutionaries," Fortune, LXXVII (September, 1964), pp. 147-149.

Capital was both scarce and costly in Brazil. The resultant difficulties for companies seeking local financing were compounded by an inflationary environment which placed heavy pressures on the banks. In addition, working capital requirements tend to be much larger in Brazil than for comparable operations in the United States. First, larger inventories are required due to the uncertainty of the supply of raw materials and components. Buffer stocks are required since many local suppliers have only recently begun production and cannot yet be fully relied on to meet delivery schedules. As mentioned earlier, inflationary pressure on costs led to even larger investments in inventory due to the tendency to buy as far ahead as possible under conditions of constantly increasing prices. While these conditions varied according to industry and companies, they absorbed abnormal amounts of executive attention which might have been reserved for other operations or long-term planning. The effects of the ease of selling one's products and the difficulty in meeting working capital requirements, provide at least a partial explanation for the relative disinterest or unawareness of the marketing problems of enterprise in Brazil.

Some additional symptoms of the "sellers' market psychology," existing before March, 1964, were not as general or concrete. Speculation in selling became a basic strategy employed by many firms. Items were stockpiled with the anticipation that they could be sold "more profitably" at a future date; as a result, retail inventories generally skyrocketed. Products were placed on the market indiscriminantly, with little planning. If a particular item did not move at a given time, it was taken from the shelf and stored. A seller waited for the product to become "cheaper" (since the cost was already absorbed) before attempting its sale "when the time was right." Alternatively, losses for product failures were absorbed by simply raising the prices of the manufacturer's other products. There was little concern on the part of manufacturers regarding <u>who</u> was buying the products. In many cases, the <u>why</u> could be attributed to consumers desires to possess commodities rather than money.

While these provide only a few examples of thinking which typically prevailed during the postwar period up to March, 1964, they indicate several important tendencies specifically relevant to the use of marketing research in Brazil during this period. First, there was little effort, or necessity, to do any planning (other than financial). It was of little importance to analyze consumers, or even markets, since it was possible for manufacturers to sell under almost any market condition. Another consequence was the almost complete lack of necessity for manufacturers to seek new markets for their products because of the ease of replacement.

Having traced Brazil's industrialization process and its effects through March, 1964, it is not necessary to consider briefly the specific geographical regions represented in the present study to show how the industrialization pattern affected regional development. Sharp contrasts characterize the extent and pattern of industrialization in each of the areas represented by the cities of Salvador, São Paulo, and Porto Alegre. The effect these regional differences have had on local business practices will be a key consideration in the analysis presented in subsequent chapters.

Regional Economic Imbalances

Disequilibrium between the regions represented by the three Brazilian cities in the sample results from several causes. At the root of the economic disparities lies the difference in topography and the endowment of known natural resources. These disparities were intensified by historical circumstances as well as by several cumulative processes

Historically, the dominance of each of the export-commodity items discussed earlier was associated with the development of a different region in Brazil. The sugar cycle was associated with the development of the northeast; the gold cycle with the central region of Minas Gerais; and, the coffee cycle, whose dominance still persists, with the south-central part of the country.

Although it was the investment of coffee growers of the state of São Paulo in manufacturing which provided the impetus to the heavy industrialization that has dominated the south-central region, several other factors also contributed. The transfer of the capital from Salvador in the northeast to Rio de Janeiro in the south-central area undoubtedly aided in the creation of a larger market in the latter region. European migration to the southern regions also contributed to the higher social mobility and development of entrepreneurial spirit in that sector.

The extent of regional inequality in Brazil is illustrated by several measures as shown in Table 5. While the northeastern region contains approximately twenty-five per cent of the population, it only earns about ten per cent of the national income; and while the south has approximately thirty-five per cent of the population, it earns about fifty per cent of the national income.[9] It should be noted that changes between 1950 and 1960 were slight, although they did tend to accentuate the inequality between the two principal regions of

[9] Baer, op.cit., p. 168.

TABLE 5

COMPARISON OF ACTIVE POPULATION, PER CAPITA INCOME, NATIONAL INCOME BY REGION AND ECONOMIC SECTION, 1950 AND 1960

		Active Population			Per Capita Income By Region			National Income		
		Sector Population as % of Region		%	Sector Income as % of Region Income		%	Sector Income as % of National Income		%
		1950	1960	Change	1950	1960	Change	1950	1960	Change
São Paulo										
Primary	1	42.0	33.6	-8.4	29.8	23.4	-6.4	7.2	5.7	-1.5
Secondary	2	24.5	29.3	+4.8	28.3	33.2	+4.9	6.9	8.0	+1.1
Tertiary	3	33.5	37.1	+3.6	41.9	43.4	+1.5	10.2	10.5	+ .3
Total		100.0	100.0		100.0	100.0		24.3	24.2	- .1
North-east	1	72.1	68.0	-4.1	42.1	47.3	+5.2	3.5	3.8	+ .3
	2	9.6	9.9	+ .3	13.4	11.1	-2.9	1.1	.8	- .3
	3	18.3	22.1	+3.8	44.5	41.6	-2.9	3.7	3.3	- .4
Total		100.0	100.0		100.0	100.0		8.3	7.9	- .4
South	1	50.7	44.1	-6.6	35.3	33.2	-2.1	12.8	12.7	- .1
	2	19.8	23.3	+3.5	24.5	26.5	+2.0	8.9	10.1	+1.2
	3	29.5	32.6	+3.1	40.2	40.2	.0	14.6	15.4	+ .8
Total		100.00	100.00		100.0	100.0		36.3	38.2	+1.9

SOURCE: Table compiled from data included in Contrastes Regionais No Desenvolvimento Economico Brasiliero by Heinrich Rattner.

the country.

The sharp differences between the regions with regard to degree of economic development are better evidenced by their annual per capita income which amounts to about $450 in the south and under $200 in the northeast. However, a comparison of these figures by themselves does not demonstrate completely the seriousness of the pauperism characteristic of the rural northeast, brought about by the disparity in trends in prices of agricultural products in relation to industry. Thus, the imbalances would be even greater considering that in São Paulo state, 33.6 per cent of the active population earned their income from primary activities, at a per capita rate of $440 in 1960. For the same year, in the northeast, sixty-eight per cent of the active population was employed in the agricultural-pecuary sector and earned an income per capita of only $150. In the industrial sector, 29.3 per cent of the active population of São Paulo contributed 33.2 per cent of the state income at a per capita rate of $710; in the northeast, 9.8 per cent of the active population contributed 11.1 per cent of the regional income, representing an income per capita of $240.[10] Thus, characterized by a situation

[10]Heinrich Rattner, "Contrastes Regionais no Desenvolvimento Econômico Brasileiro," Volume IV, No. 11, Revista de Administração de Empresas (June, 1964), p. 153. The exchange rate used to convert these figures was that of December 30, 1960 or $cr198 to the dollar.

of extreme underdevelopment, the northeast region, even in the industrial sector, shows levels of income far below the agricultural sector of the most developed states in the country. Summarizing, between 1947 and 1960, the increases in the primary, secondary, and terciary sectors for São Paulo were 67.4 per cent, 252.4 per cent, and 100 per cent respectively. On the other hand, increases in the northeast were, correspondingly, 64.1 per cent, 164.0 per cent and eighty per cent.

While the disparaities in income levels and rates of economic growth have basically been attributed to demographic and historical factors, it has been claimed that the general economic policies of the government (aimed at the industrialization of the country behind a wall of import restrictions) have widened the disparities. Since the northeast was deprived of the use of its earned foreign exchange to import goods it needed from abroad, it has to turn to the south-central's new high-cost industries for supplies. Figures demonstrate that the state of Bahia (in which Salvador is located) imports approximately eighty per cent of its products from without the state but within the country.[11] This implies, in effect, a transfer of income from the poor

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[11]"Projeto de Desenvolvimento da Industrialização de Produtos Agro-Pecuários," (Rio de Janeiro: Banco do Brazil, January, 1967).

to the relative richer sector of the country. The Superintendency of the Development of the Northeast Region (Sudene) has attempted, by intensifying the industrial base, to make this region more resistant to adverse natural (drought) and economic forces that have continually drained it of its strength.

The Role of Transportation

While not mentioned as a major cause of the regional imbalance just discussed, the influence of Brazil's transportation system on the pattern of the country's economic development must not be underestimated. Except for aviation, which by its very nature is largely restricted to passenger traffic, Brazil does not as yet have a nationwide transportation network.

Since the early period of industrialization, the Brazilian market has been predominantly an urban one, largely because of the concentration of wealth in the seaport cities created by exporting and its facilitating activities. These same cities have become the industrial centers for their respective states. Roads and railroads developed a fan-like pattern, from the interior to these coastal cities. Few and deficient interconnections exist between the latter points as most development was to channel raw materials from the hinterland to the nearest port, rather than to provide a national transportation system.

Since 1960 there has been a dramatic shift away from the railroads and coastal shipping to highway transport as indicated by Table 6. Trucking increased approximately six-fold from 1950 to 1963, compared to less than a doubling by the other transportation modes. The proportion of traffic carried on highways increased from approximately forty per cent in 1950 to nearly seventy per cent in 1963. This increase has resulted from serious deficiencies of the railroads and shipping; shipments ordinarily more suitable to these means have been transferred to the highways resulting in uneconomical transportation. The heavy reliance on, and preference for, highways over railways and shipping is a result of better service by the former and not because of freight rates, since these are much higher for trucking.[12]

The high cost of transportation and the heavy reliance on trucking, even for long hauls, have distorted the location of industry, particularly those with a heavy transport component. On one hand, inadequate transportation has served as a form of

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[12]"Transportation," Survey of the Brazilian Economy (Washington, D.C.: Brazilian Embassy, 1965).

TABLE 6

DOMESTIC INTERCITY FREIGHT TRAFFIC BY MODE
OF TRANSPORT--BRAZIL, 1950-1963
(In Billions of ton/km)

Year	Highways	Railways	Maritime	Aviation	Total
1950	10.8	8.3	9.2	0.1	28.4
1951	13.4	8.8	10.5	0.1	32.8
1952	16.3	9.1	10.1	0.1	35.6
1953	19.7	9.2	10.6	0.1	39.6
1954	22.3	9.4	11.1	0.1	43.0
1955	23.1	9.3	11.3	0.1	43.8
1956	25.5	9.7	13.5	0.1	48.9
1957	26.8	10.2	13.7	0.1	50.8
1958	32.0	10.5	13.9	0.1	56.4
1959	37.3	12.0	14.5	0.1	63.9
1960	42.6	12.1	14.5	0.1	69.3
1961	47.9	12.9	15.4	0.1	76.3
1962	54.4	14.8	16.2	0.1	85.5
1963	62.1	15.3	16.4	0.1	93.9

SOURCE: "Survey of the Brazilian Economy, 1965," Published by the Brazilian Embassy in Washington, D.C.

protection for the less developed regions of Brazil, such as the northeast, by encouraging local development of light industries which cater essentially to regional markets. On the other side, high transportation costs in industries whose economic operation requires large output and wide markets, have encouraged centralization within the industrial south-central region, and discouraged growth in other sectors of the country. Inadequate transportation has also resulted in shortages and surpluses at locations not far apart, simultaneously.

The Three Cities

Having demonstrated the differences in the regions under consideration, together with a national transportation system which forms a weak link between them, the cities in which this study took place are examined next.

São Paulo:--São Paulo is one of the world's fastest-growing cities, boasting a metropolitan population approaching six million inhabitants in 1967. The concentration of industry within and surrounding the city is the principal reason for its spectacular growth. Only twenty years ago São Paulo was primarily the center of a vast coffee-producing region. Today, coffee has taken a back seat in favor of industry, although coffee still dominates the large agricultural hinterland.

Many factors have combined to favor São Paulo's industrialization: the proximity of a good port (Santos is located forty-five miles away); the vast hydroelectric potential which has been developed; its location in the most highly developed agricultural state in South America; and, highways connecting the city to the mineralogical wealth of Minas Gerais and Volta Redonda's iron and steel mills. As a result the city has become a center for commerce and banking, as well as for the manufacturing of consumer and capital goods. The Brazilian automobile industry and its supporting sectors are located in São Paulo and the surrounding municipalities.

Foreign influence is an additional factor contributing to the city's development. Immigrants from many countries have arrived as laborers and entrepreneurs. While forming a base for a mushrooming skilled and semi-skilled labor force, they also contributed the necessary know-how for the new manufacturing enterprises. In addition, it is estimated that more than two-thirds of all foreign investment in Brazil is in São Paulo. United States direct investment alone totalled $1.1 billion in Brazil by the beginning of 1966.[13]

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[13]Samuel Pizer and Frederick Cutler, "Foreign Investments 1965-66," Survey of Current Business, Vol. 46 (September, 1966), p. 32.

<u>Porto Alegre</u>:--The city of Porto Alegre, with its population of slightly over 800,000, is an important commercial center and port for southern Brazil. It is the focal point of a rich agricultural and livestock region, the chief products being grains, tobacco, wool, fruits, wine, and cattle. Historically, the development of industry has paralleled the state's concentration in the primary sector; textile mills, food processors and meat-packing plants have been prevalent. However, in recent years, inadequate offerings relative to demand requirements in the agricultural sector, and inferior competitive performance in the traditional industries, have been the basis for a deacceleration in the area's growth rate. Consequently, there has been a migration to the city on the part of agricultural workers and a shift of emphasis to the "dynamic" steel, electronic, and chemical industries by industrialists. Porto Alegre is presently developing a large industrial complex, although small and medium-sized firms still predominate.

The city's temperate climate and economic opportunities have also attracted a large number of Italian and German immigrants who have brought with them the drive and industry of Western Europe. As a result, the area has the highest proportion of middle class in its population in the country, approximately sixty per cent being in this income range.[14]

Salvador:--While the population of Salvador (808,000 in 1965) approximated that of Porto Alegre, the similarities end there. Situated in the northeast region, Salvador is characterized by a standard of living far below the national average. A more serious consequence is that its basic economy is hindered by a rising population of unskilled and unemployed inhabitants.

Relative to the state of Bahia in which it is located, Salvador boasts a strong concentration of the state income and a per capita income double that of the state.[15] Until recently the major economic activity for Salvador had been confined to the agricultural processing and exportation of its principal crop, cacao.

During the last ten years, the industrialization rate has been rising (though slowly) for several reasons: (a) the establishment of SUDENE which has promoted the area through fiscal and financial incentives; (b) the construction of a highway connecting Salvador with the industrial complex to the south; and (c) the benefits from area oil explorations by the National Oil Monopoly,

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[14] Based on a study of television audiences by Professor Georges Le Brun de Vielmond, Faculty member at Portifilia Universidade Catolica (Porto Alegre, Brazil: 1966).

[15] Bahia--Industrialização do Interior, Office of the Secretary for Economic Development (State of Bahia, 1966).

Petrobas. Thus, between 1956 and February, 1966, a total of forty-eight companies were started in, or expanded into, Salvador. While the potential within the commercial radius is good considering that 25,000,000 people live in the northeast, Salvador does not have the advantages which are favorably influencing São Paulo and, to a lesser extent, Porto Alegre's industrial development.

The Government's Program of Action

The prospective of Brazil's future was rapidly deteriorating by March 31, 1964. Inflation was rampant; wages pushed costs up and prices pulled up wages. The 1963 inflationary rate was over eighty per cent, and a cumulative projection for 1964--taking the first quarter as a basis--showed a 144 per cent yearly rate. Interest rates reached five per cent, per month. Wages were readjusted every quarter and in March, 1964, President Goulart approved a wage increase of 100 per cent! Laborers, conscious of the fast-burning cruzeiro, contributed to the inflationary process by financing their purchases through inflationary credit and the pledging of future pay boosts. A substantial deterioration had taken place in the Brazilian economy and the per capita Gross Domestic Product rate for 1963 fell to a negative 1.8 per cent.

It was against this background that the Castelo Branco government took measures to achieve economic stability. The objective of the Government's Program of Economic Action (PAEG) was to reduce the inflationary process while achieving a real growth rate of six per cent in the economy. Policies in the following sectors were placed into effect to achieve this objective:

(1) reduction of the budgetary deficit

(2) curtailment of bank credit to business

(3) control of wage increases

(4) resumption of productive investments

(5) attraction of both public and private external capital in the forms of loans and direct investment.

The struggle against inflation has had appreciable success. Two major factors had much to do with this: an austere treasury budget performance and strict adherence to the wage policy. In the first case, the federal deficit was kept within the limits of the budget; fiscal expenditures actually fell below estimates. Furthermore, it was financed almost entirely by non-inflationary means, namely, the selling of treasury bonds (as opposed to the printing and placing in circulation of additional currency). As a result, by 1965 government spending was no longer the prime cause of inflation. With regard to wages, the government succeeded in overcoming opposition and established the principle that wages should be raised in line with the average real wage rather than the peak.

The results of these governmental efforts were evident in a radical change in Brazilian inflation. Beginning in 1965, the growth rate in inflation began gradually to diminish. The cost of living index in Rio de Janeiro rose 41.1 per cent in 1966 against 45.4 per cent the year before; the increase had been as high as 86.8 per cent in 1964. More encouraging still was the wholesale price index, which rose by 37.1 per cent in 1966 compared to a 93.3 per cent increase in 1964. The general price index increased only by 34.2 per cent in 1966, as opposed to 92.1 per cent in 1964.[16]

The deflationary policy of the government required an adjustment period on the part of industry. Constantly rising prices had considerably distorted the norms of operation of many firms, which had become accustomed to the accumulation of speculative stocks and the use of excessive outside capital in place of their own. The system of constantly remarking prices

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[16] A Economia Brasileira e Suas Perspectivas (Rio de Janeiro, Brazil: APEC Editôra S.A., 1966).

was abandoned only when prices were rejected by the market and channels became clogged. Consumers complained that prices continued to rise while firms protested against the retraction of sales, caused by wage ceilings. In the same manner, the liquidation of speculative stocks led to the temporary reduction of factory orders. No less painful was the adaption of companies to the financial situation. Paper profits were substituted by real profits and capital structures required reinforcement. Companies were invited by the government to commit themselves to holding the line on prices. As an incentive to participate, signers had easier access to foreign exchange for imports and to credit facilities. Volunteers also received a reduced rate on their profits tax, while offenders faced a stiff tax penalty.

The impact of the change in governmental economic policy resulted in an industrial recession during the first half of 1965. During the high inflation years, the consumer had been transforming his liquid assets into goods safeguarding against monetary depreciation. This increased the demand and maintained industrial production at high levels, thus stimulating enterprises which had been working with exceptionally high costs to remain in business since goods that were produced could be sold at any price. With a leveling of the price index, the consumer was no longer obliged to buy indiscriminately. Firms that stocked up goods to profit later from the rising prices had to draw on such stocks; unable to obtain financing, they were forced to dispose of their stocks and to reduce output. The electrical materials, paper, rubber, and textile industries were forced to reduce their activities. These branches were responsible for approximately twenty-eight per cent of the total industrial output.[17]

While the per capita gross domestic product for 1965 again began to rise, the year's performance was greatly enhanced by the largest agricultural crop in Brazil's history. Results for the industrial sector indicated that production remained more or less stationary, primarily due to a recovery in the second half of the year. After April and May, during which there was a considerable cutback in industry, the federal government took various steps to recover the former rate of industrial output; for example, reductions were made in the excise tax on domestic electric appliances and on automobiles.

Industry, during the first half of 1966, appeared to have continued registering the recovery of the latter

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[17] "Conjuntura Econômica," Fundacão Getulia Vargas, Vol. XIII, No. 8 (August, 1966), p. 21.

part of 1965, and at a faster rate. While there are no general measures available at this time there are some specific indicators. The automobile industry, for example, produced a total of 223,115 vehicles in 1966, or a seventeen per cent increase from 1965.[18] Despite this continuing recovery, a certain uneasiness persisted in the industrial sector, and the recovery was not basic to all branches. Temporary recurrences in the inflationary process, together with measures taken by the government to control it, indicated inconsistent progress. The textile, electro-domestic, clothing, and footwear industries experienced difficulties as a consequence of economy measures adopted by consumers. On the other hand, the basic metal industries were stimulated by expansion programs of state-aided enterprises or by financings for investment, promoted by the development banks.

The uneasiness became general during the early months of 1967, prior to the inauguration of the new president of Brazil, Marshall Costa e Silva, elected by congress to continue the revolutionary policies of his predecessor. The feeling of the business community was, "let's not do anything until we see what is going to happen when Costa e Silva takes office."

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[18]Calculated from figures provided by Volkswagon Corporation, São Paulo, Brazil, February, 1967.

The field work for this dissertation took place during the transitional period described above; that is, during the latter months of 1966 and early 1967. Short-run business policy was undoubtedly dictated by the specific governmental actions attempting to control inflation. For example, one toy manufacturer interviewed found it necessary to temporarily halt production while an official reviewing board considered the prices on new items which comprised one-third of his entire line. However, the question of employing marketing research is an investment consideration. Therefore, it is necessary to isolate those factors which are pertinent to management in the long run.

Brazil's long history of dependence on exporting staple products has not yet been erased by its recent industrial upsurgence. It will be seen in a subsequent section that many industrialists prefer to deal with exporting, rather than to sell to the hetereogeneous home market. Because industrialization has been virtually concentrated in a relatively small area of Brazil, there generally has not been the growth of large corporate complexes in other than the south-central sector. As a result, there are wide disparities in business activities. And, finally, there exists the situation favored by Lauterbach--the relating and functioning of management in a given area to the prevailing values both before and during a major development effort. Of particular relevance to this study is the government's longer range goals of increasing the efficiency of firms and of encouraging their expansion into new markets.

CHAPTER IV

A SURVEY OF MARKETING RESEARCH PRACTICES IN BRAZILIAN ENTERPRISE

This chapter focuses on the extent to which Brazilian industry utilizes marketing research; specifically, the practices of 119 manufacturers are analyzed in light of the background discussed in Chapter 3.

Past discussions about the use of research in the emerging countries have been limited to generalizations. "There is little evidence that marketing research is being used to any extent in the underdeveloped countries;"[1] and " . . . the use of market research is tending to increase because of the continuing transformation of the Brazilian market,"[2] are typical examples. Such statements are not based on empirical data. Thus, the following survey provides much-needed evidence; however, it also identifies "users" and "non-users" of research, the initial step in analyzing the adoption process under consideration.

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[1]Boyd, et.al., op.cit., p. 20.

[2]"Market Research as Seen by 100 Businessmen." A Study conducted in Brazil by the Brazilian subsidiary of Marplan (São Paulo, 1961).

For the purpose of the present study, indications of planned marketing data gathering and analysis are considered marketing research. The respondents correct interpretation of the practice was of critical importance in obtaining accurate results. To this end, the interviewer explicitly differentiated the narrower view of a "consumer survey" (pesquisa de mercado) from the broader meaning applied in this study--product, sales and market analysis. The term "marketing research" and the academic term "pesquisas mercadologia"[3] were both used when referring to this management technique during an interview.

Degree of Use

Twenty per cent, or twenty-three, of the 119 manufacturers represented in this study had formal marketing research departments.[4] More significantly, a majority of these firms had established their departments during the three years preceding the interview. Predictably, however, the total number of

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[3]This term was adopted by faculty members of EAESP (School of Business Administration in São Paulo). Until the late 1950's no equivalent of "marketing" was available in Portuguese. "Mercadologia," derived from "markets," is not yet totally recognized throughout Brazil.

[4]Defined as one or more persons assigned specifically to perform the marketing research task as their principal function of employment

companies employing marketing research--thirty-seven--was greater than those with formal departments. Thus, contrary to what might be expected, those manufacturers which treated the practice as a task of the sales department represented only fourteen, one-third, of all users of research. A breakdown of users and non-users by geographical regions is shown in Table 7.

An explanation of the relative greater importande of organization specialization in research lies in the fact that the Brazilian sales manager is generally not technically equipped to carry on the research function. For example, while eighty per cent of all respondents acknowledged that their company used sales forecasts provided by sales personnel, these estimates admittedly were generally arbitrary and not backed by research. Most manufacturers interviewed depended on forecasts only to predict production needs more accurately. A need to trim inventory levels had become essential in view of the reduction in speculative selling and because of the difficulty in obtaining working capital from external sources. Only one-fourth of the forecast users stated that forecasts also formed the basis for sales planning or marketing activities. In these cases, forecasts typically originated in the research department.

A general impression, confirmed by this study,

TABLE 7

RESEARCH PRACTICES OF 119 MANUFACTURERS IN BRAZIL BY GEOGRAPHIC LOCATION, NATIONAL ORIGIN AND THE TIME OF ORIGIN

	Total	São Paulo	Porto Alegre	Salvador
Number of Respondents	119	79	25	15
Use Marketing Research Regularly	37	32	3	2
Foreign	23	22	1	0
Brazilian	14	10	2	2
Research Departments	23	21	2	0
Foreign	16	16	0	0
Brazilian	7	5	2	0
Established Departments Since 1964	12	10	2	0
Foreign	6	6	0	0
Brazilian	6	4	2	0

is that manufacturing firms in which foreign interest[5] prevail are the principal users of marketing research in Brazil; they represented sixty-two per cent of the sample users. However, six of the twelve firms initiating departments in the last three years were nationals. Only one Brazilian company of the 119 firms interviewed supported a marketing research department prior to 1964; the remaining ten firms having departments that early were foreign. Thus, it is evident that national firms were beginning to emphasize the research function. The director of a leading marketing research agency confirmed this trend in a classification of his new clients.

The underlying reason for a larger use of marketing research among international companies is obvious; they normally come from more advanced markets where the use of market planning is routine. It is natural that they should continue to employ the practice in Brazil. Not as easily explained is the fact that many United States companies recognized for their marketing research endeavors in their home operations, do not employ the practice in Brazil. This situation exists in spite of the importance given to marketing by United

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[5]Defined as those firms in which there is evidence of foreign capital participation or a licensing agreement requiring continuing relationships between the parties.

States' firms in Brazil, as indicated by a survey which showed that most of the top executives of these subsidiaries have a marketing background.[6] In addition to United States companies, Japanese firms were cited as being the principal users of marketing research among foreign firms in Brazil.

A high proportion of respondents states that research results were forwarded to top management accompanied by recommendations for action, thus indicating that the function was used actively, rather than merely as an information service. More importantly, the studies were considered "highly" influential in over forty per cent of the practicing firms. Only ten per cent said the research findings had "little" influence. The remaining respondents felt that research findings were of "medium" influence in making company decisions.

Specific Research Activities

The marketing research activities varied widely among respondents. A checklist was included in the questionnaire in order to determine the relative importance of specific activities.

The research activities most frequently

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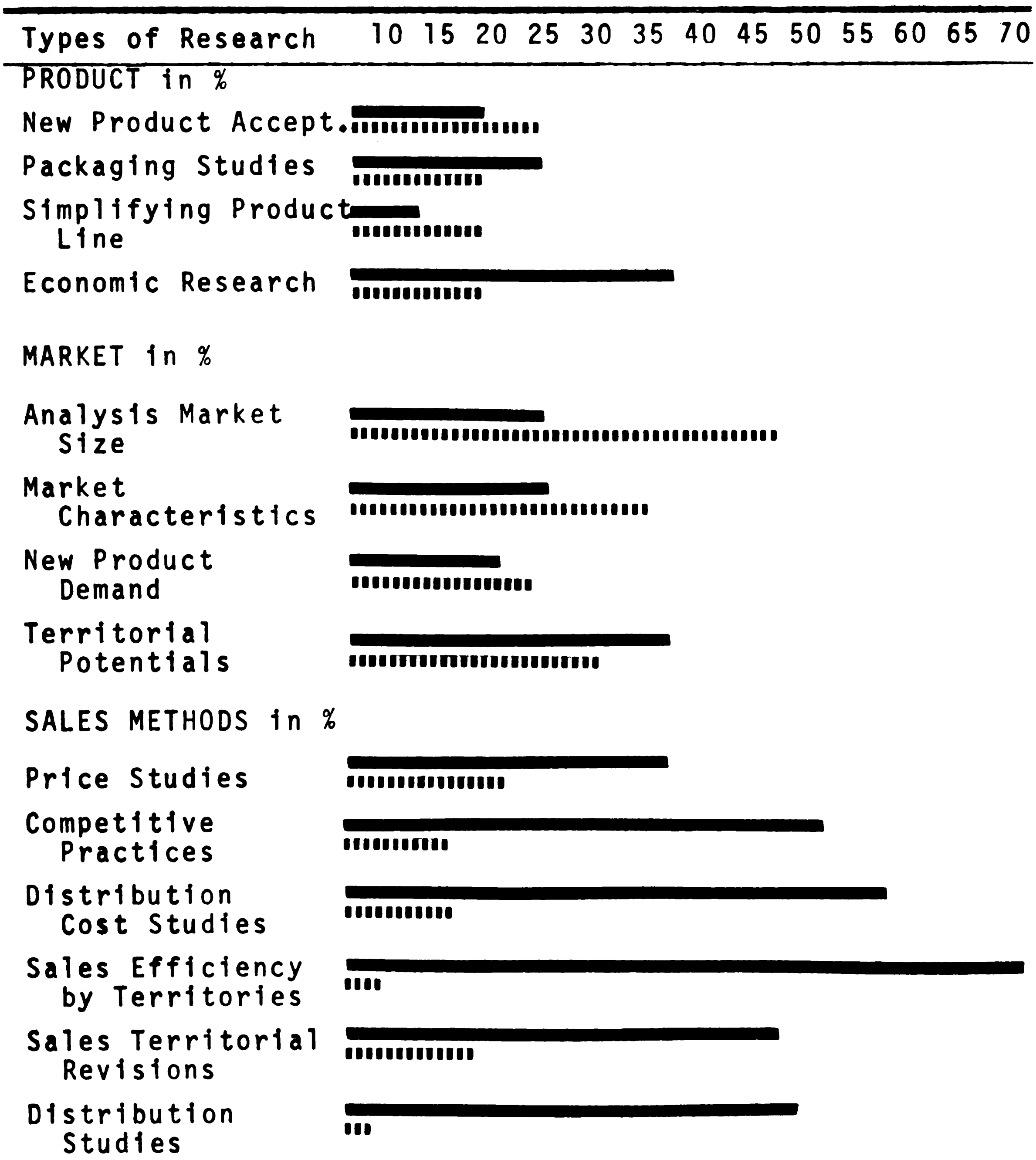
[6] Leo G. Erickson, "Marketing Management of Firm's Brazil Subsidiary," a chapter in: Claude McMillan and Richard F. Gonzalez, International Enterprise in a Developing Economy (East Lansing, Michigan: Bureau of Business and Economic Research, Michigan State University, 1964).

mentioned by marketing research practitioners applied to "sales methods." The tasks of determining industry volume, the size of the market for specific products, and the competitive position of company products within the industry, were secondary among the manufacturers' research activities. This finding underlines an important factor. Companies were primarily concerned with absolute performance; that is, they attempted to increase the efficiency of their sales operations, rather than trying to improve their relative market position. Thus, a majority of respondents depended on internally-generated information--sales reports--for their research data. Firms continued to lack confidence both in official statistics and outside surveys. This factor may also explain the relative neglect of the market and product research areas. However, this neglect might also reflect a complacency among firms, resulting from the ease of disposing of their production output prior to the revolution in 1964.

Table 8 presents a detailed picture of the extent to which specific functions were performed by the thirty-seven users. The emphasis on sales efficiency is evident; nearly eighty per cent of these users evaluated sales by territories. This is not surprising in view of the size of the country and its varied, scattered markets. In addition, the shortage of capital from

TABLE 8

PERCENTAGE OF THIRTY-SEVEN MARKETING RESEARCH USERS ENGAGING IN SPECIFIC MARKETING RESEARCH ACTIVITIES BY FREQUENCY OF USE OF PRODUCT, MARKET, SALES METHODS[a]



[a]Continually ▬▬▬
Sporadically ▮▮▮

external sources (principally bank loans), pressured firms to generate additional funds internally through increased efficiency. For the same reason, manufacturers were increasingly emphasizing market potential analysis. The evidence shows that a majority of respondents were becoming concerned with competitive practices and the size of the market. Market share analysis was gaining importance with the closing of the gap between an expanding production capacity and demand, and the existing recessive market conditions.

"New product acceptance" and "simplifying product lines" were the least important functions performed by the research practitioners interviewed. It appears that companies maintained relatively stable product mixes. One reason for a de-emphasis of new product introduction is, again, the lack of capital necessary to make major investments. Infrequent studies to eliminate products were partially explained by a general unconcern or inability to derive cost data. There was also a need to alleviate excess plant capacities, prevalent in most industries after 1964, so that production of items was maintained with little regard for profitability.

The fact that a majority of activities are carried on continually again indicates a relatively high commitment by manufacturers once they have initiated research practices. Approximately two-thirds of the users interviewed performed research in all three general areas (either continually or sporadically). Conversely, only ten per cent of the practitioners limited research to one area.

Regional Comparisons

Differences in the use of marketing research are easily discernable on the basis of regional comparisons. As indicated by Table 7, the technique is sparingly used in Porto Alegre and Salvador. Manufacturers in the former city are just now becoming generally aware of the technique; the cases in Salvador represent isolated instances. On the other hand, the practice has reached a meaningful proportion in São Paulo, where thirty-two firms or forty per cent of the respondents used research. The disparities are partially attributable to the level of industrial development within each region. However, the differences are more precisely reflected in the manfacturers' patterns of operations in their respective areas, as seen in Table 9. Among these considerations are the manufacturer's product line, distribution pattern, competitive environment, and expansion policies.

TABLE 9

PRODUCT-TYPE, PRODUCT LINE AND DISTRIBUTION POLICIES OF 119 MANUFACTURERS IN BRAZIL BY GEOGRAPHIC LOCATION AND MARKETING RESEARCH USE

	By City			Total	By Research Practices	
	São Paulo	Porto Alegre	Salvador		User	Non-User
Product-Type						
Industrial	14	3	6	23	5	18
Consumer	26	11	6	43	13	30
Industrial & Consumer	39	11	3	53	19	34
Product Line						
Single-Line	13	8	6	27	4	23
Multi-Line	66	17	9	92	33	59
Distribution						
National	62	9	5	76	27	49
Regional	15	16	5	36	9	27
State	2	0	5	7	1	6

Product Type

As shown in Table 9, industrial product manufacturers total twenty-three or nineteen per cent of the total sample, while consumer-product firms equal forty-three or thirty-six per cent. The remaining fifty-three respondents, or forty-five per cent of the total, marketed both types. The relative importance of each type varied by region. Approximately one-half of São Paulo and Porto Alegre manufacturers included both categories of products while nearly all firms in Salvador concentrated on one type or the other. The difference is partially explained by the scales of production characteristic of the northeast area, reflected both in the smaller size of the manufacturers in Salvador, as well as by the area's inability to meet local consumer demand

Product Line

Nearly eighty per cent of all respondents were multi-line, as opposed to single-line,[7] manufacturers. As might be expected, the complexity of the product-line was relatively greater in the vast industrial center of São Paulo. A greater dependence on staple agricultural commodities in the Porto Alegre and Salvador sectors

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[7]Single line refers here to a general category of items; for example, dishes, tires, or cosmetics.

limited diversification opportunities. Four, or ten per cent, of marketing research practitioners were single-line manufacturers, while twenty-three firms, or thirty per cent, of the non-users carried only one product line.

Two reasons explain the general tendency for manufacturers in Brazil to include a wide product assortment. First, many products do not yet have sufficient markets to justify their production alone. Thus, a plastic manufacturer produces not only a line of toys, but also kitchen wares, floral decorations, and scores of other non-related plastic products. Fortunately, from a distribution standpoint, the company can turn to a large number of retail outlets that specialize in such variety. Many firms also manufacture both industrial and consumer products because of fluctuating conditions' characteristic of the Brazilian economy. Various sectors are frequently affected differently by government action, by natural catastrophes (the transportation system is particularly vulnerable because of its limited facilities), or by unpredictable crop yields.[8] Planning becomes increasingly essential as a company expands to spread operational risks. This is

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[8]As indicated earlier, there is still a great dependence on agriculture for income. A drop in crop yields greatly affects purchasing power, particularly discretionary spending.

partially supported by the findings presented above.

Distribution Patterns

Manufacturers in the three cities differed significantly in their market coverage. The majority of large companies in the São Paulo area are organized for national distribution; they have the financial capacity and administrative capabilities to expand anywhere. Thus, the distribution patterns followed by the manufacturers appear to affect research practices. A larger proportion of companies having national coverage used marketing research in contrast to firms distributing regionally or within the state. As shown in Table 9, sixty-two firms or eighty per cent of the São Paulo respondents distributed their products nationally, although not employing uniform efforts in all sectors of the country. Since three times as many research practitioners distributed nationally, as opposed to regionally or within the state, it is perhaps not surprising that most firms using research were found in the São Paulo area. By contrast, manufacturers in Porto Alegre tended to emphasize regional distribution; in Salvador, respondents were equally divided as to state, regional or national distribution.

The concentration of market coverage by manufacturers in the two smaller cities is again explained by limited scales of operations. A smaller output and the lack of functional specialization within their organization deter wide distribution. One half of the Porto Alegre respondents did not have a formal sales department; however, many were in the process of organizing one. The absence of sales administration was even more noticeable in Salvador. If the use of marketing research is a function of an evolutionary process of internal organization, it is not difficult to see why the practice is uncommon under these latter circumstances.

In considering distribution channels, the direct-to-retailer route was generally prevalent for manufacturers in all three cities. São Paulo firms relied heavily on wholesalers; however, this emphasis was in addition to, rather than in lieu of direct distribution. Although nearly all manufacturers believed that wholesalers were disappearing,[9] the wholesalers nevertheless filled a gap in the distribution network of approximately one-fourth of the companies interviewed. In these cases, wholesalers were used to cover the less-densely populated regions of the country. Thus a majority of

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[9] Several factors are responsible for this trend. First, the accumulative taxation system, which existed until early 1967, influenced some manufacturers to eliminate middlemen, where operationally feasible, in order to reduce prices to ultimate consumers. Other manufacturers believed that wholesalers were not aggressive, particularly in regard to new product introductions and market expansion.

manufacturers were vertically integrated in sales, down to the retail level. Manufacturer representatives were utilized principally in Porto Alegre. Perhaps reflective of the transition toward sales administration and the desire for greater control over their sales, one-half of the manufacturers in this area had replaced wholesalers with representatives. One respondent said that, "formerly, once the product left the factory, it was considered dead as far as my company was concerned." Market information was of minor concern to the manufacturer incorporating a distribution system which emphasizes wholesalers.

Competitive Factors

The data collected demonstrates a relationship between the use of marketing research in Brazil and attitudes about the levels of competition prevailing. Table 10 reveals that half of all respondents felt that a "high" degree of competition existed within their industry; 106 firms or ninety per cent stated that the competition was either "high" or "medium." The proportion of marketing research practitioners was greater in the former group. Conversely, a majority of non-users indicated "medium" or "low" competitive levels for their products. Replies corresponded closely among the three sample cities.

TABLE 10

PERCEIVED COMPETITIVE CONDITIONS BY 119 MANUFACTURERS IN BRAZIL
BY GEOGRAPHIA LOCATION AND MARKETING RESEARCH USE

Degree of Competition

	BY CITY			TOTAL	BY RESEARCH PRACTICES	
	São Paulo	Porto Alegre	Salvador		Users	Non-Users
High	42	13	8	63	20	43
Medium	30	7	6	43	13	30
Low	7	3	1	11	3	8
N.A.	0	2	0	2		

State of Market

	BY CITY			TOTAL	BY RESEARCH PRACTICES	
	São Paulo	Porto Alegre	Salvador		Users	Non-Users
Buyer's Market	58	17	8	83	27	56
Seller's Market	18	3	3	24	8	16
Varies	3	3	2	8	0	8
No Answer	0	2	2	4	2	3

A shift to more competitive market conditions was evident from the interviews. Although not true of all industries, eighty-three firms, or eighty per cent of the manufacturers expressed the opinion that a "buyers" market existed for their products; notable exceptions were some of the industrial producers in São Paulo. As mentioned earlier, federal projects accounted for relatively smaller sales declines in specific industrial sectors. Over one-third of the respondents specifically mentioned 1964 or early 1965 as the period of market transformation in their respective industry. It appears that the principal cause of increased competitive pressures was the general reduction in the consumer's purchasing power resulting from rigorous wage controls imposed by the revolutionary government.

Manufacturers in Porto Alegre faced a slightly different competitive problem. Partly due to the regressive trend in the economy, but principally due to increased manufacturing output, regional consumers could no longer absorb local production. Previously, being relatively isolated from the industrial south-central sector, firms in Rio Grande do Sul had been in a privileged position; exceedingly high transportation costs gave local firms an advantage in competing against the more efficient São Paulo manufacturers.

Now, having saturated their local markets, Porto Alegre firms were forced to seek new markets. They had difficulty in entering the established markets of the "industrial triangle" dominated by São Paulo. A Porto Alegre manufacturer of home appliances elected to by-pass the central sector of Brazil and concentrated instead on the relatively uncultivated markets of the northeast. The company decided to introduce products of lower quality for this low-income sector. Efforts to expand have led many manufacturers in the Porto Alegre area to re-evaluate their organizations, and specifically, to emphasize the sales administration function.

Market Expansion

Since 1964, firms in Brazil have focused their attention on market expansion. Under the government's price control system, it was no longer possible for companies to increase revenue by arbitrarily raising prices on fixed quantities. Instead, manufacturers had to increase unit sales if they were to grow. As nearly all respondents emphasized expansion as an important objective of their firm, the effect of this policy resulted in increased concern in studying new markets.

Manufacturers in the three sample cities varied their sales expansion patterns regarding the number of alternatives employed and the relative emphasis on each means of expansion. As indicated by Table 11, São Paulo manufacturers place relatively greater weight on "new customers" expansion; Porto Alegre firms, as previously indicated, favor geographical expansion. In contrast, it is not surprising that Salvador industrialists have not yet been forced to seek new markets. Due to inherent production limitations, they have not been able to fulfill local demand, and these firms therefore expand via additional sales in their present market.

When linked to research practices, these expansion patterns varied significantly. Over one-half of the marketing research users expanded by more than one means. Expansion by means of new products was the single most important means among this group, although the search for new customer types closely followed. Conversely, two-thirds of non-using respondents expanded by only one method--primarily, by additional sales to the same markets. These findings suggest that research is used more by firms developing new markets.

Contractual Research

The discussion thus far has concerned thirty-seven manufacturers employing marketing research on a continuing basis. Additional respondents found a need

TABLE 11

EXPANSION PATTERNS OF 119 MANUFACTURERS IN BRAZIL BY GEOGRAPHIC LOCATION AND MARKETING RESEARCH USE

Expansion	By City				By Research Practices	
Alternative Used	São Paulo	Porto Alegre	Salvador	Total	Users	Non-Users
By New Products	33	10	3	46	17	29
Geographically	12	9	2	23	7	16
New Customer Classes	31	1	4	36	17	19
Additional Units to Same Market	41	16	9	66	23	43
Only One	42	10	10	62	16	46
Two	17	8	4	29	14	15
Three	7	3	0	10	4	6
All Four	3	1	0	4	2	2
No Expansion	5	0	0	5	0	5
No Answer	5	3	1	9	1	8

for marketing information occasionally; normally, they contracted outside agencies on an ad hoc basis to do a specific research project. Most turned to one of a number of research or management service companies; some utilized the research arm of their advertising agencies. Approximately thirty per cent of all 119 respondents had sought outside assistance. Of these, one-half of the companies did not normally use marketing research. They generally turned to specialized organization for market information to evaluate new product potentials. On the other hand, firms employing research usually contracted for regular services--audits or media surveys--offered by various agencies.

The managing directors of three of the largest marketing research agencies in São Paulo expressed the opinion that their organization most likely would not survive without offering some form of continuous information service to which companies subscribed. In spite of a surprising number of research agencies in Brazil (most located in the São Paulo-Rio de Janiero area), the demand for market information has not yet built up to where these specialized firms can operate with economies of scale. Many research organizations cannot afford to employ qualified statisticians (they are in short supply); and, the agencies could not provide enough work to use the statistician full time. Inflation has also had an adverse affect on agencies; costs rose extremely rapidly during the contract period and many projects resulted in financial losses to the agencies. Under these circumstances, it appears strange that agencies should be in long supply, relative to demand.

A hypothesized source of research services available to the firms is the advertising agency. A total of eighty-six of the 119 respondents contracted agencies for advertising purposes. A question to be answered in a later chapter concerns the role of the advertising agency in influencing a manufacturer's use of marketing research. The survey indicates a positive relation between the use of research and "high" advertising expenditures. When asked whether their advertising outlays were "high, medium, or low," forty per cent of marketing research practitioners responded "high." On the other hand only eleven per cent of the larger group of non-users had "high" expenditures. Even among those firms having "medium" outlays there was a greater proportion of research users. Advertising levels were verified by a follow-up question regarding the manufacturer's use of media within the advertising program; relative rates correspond to those in the United States, television costs being the highest. It is perhaps not unusual that marketing research users also have high promotional outlays; the firms in each case usually manufacture consumer products. But, it could also be inferred that much of the advertising was rationalized on the basis of research. Over twenty per cent of the respondents determined advertising budgets from sales forecasts; an additional thirty-nine per cent used past sales as the criteria.

Resistances to the Use of Marketing Research

The eighty-two manufacturers in the survey not using marketing research provided a number of reasons for its absence within their firms. Responses varied according to regional sectors, particularly when comparing Salvador to the two southern cities.

The largest proportion of replies were in the general category "no necessity," to do research. Some respondents justified this answer by stating that their companies were selling all of their output. Others cited the rampant inflation, which had previously existed, as the explanation. They subsequently explained that changing conditions might prompt them to employ the technique. A typical reply was that "the market until now did not require marketing research;

perhaps we're moving toward a period of scientific sales." A smaller percentage of respondents felt there was no need for research because a seller's market continued to exist for their products. In this case the implication was that plant capacities had not yet caught up to demand. The same reason was cited by manufacturers in Salvador who stated that bottlenecks existed in their production capabilities--obsolete equipment and the scarcity of some basic raw materials.

These findings, in themselves, are not unique. They result from the manufacturers' production orientation, perhaps the most frequently discussed deterrent to the use of marketing research. However, there is a basic distinction to be made in the preceding comparison; that is, a firm may be forced to concentrate on its production problems, as in the case of manufacturers in Salvador. On the other hand, some manufacturers may be production-oriented as a result of tradition; management's philosophy is directed toward the product rather than the market. The first may be a valid argument for not using marketing research. The second approach is questionnable in that it reflects a narrow market outlook. Furthermore, it could be debated that all firms, despite a facility for disposing of their entire production, could improve their selling efficiency through the use of research.

Some manufacturers emphasized the difficulties of researching Brazil's markets. Of specific concern was the heterogeneity and fluctuations characteristic of consumer markets; the instability of economic conditions, and, the confusion created by government interference. Under these conditions a significant number of respondents felt that "research just does not work." They expressed the opinion that customer contacts were more valuable. The familiarity with their industry caused many manufacturers to refrain from using outside agencies for research purposes; their management felt that they could analyze the firm's markets more accurately than could an outside organization.

Over one-fourth of the respondents in Salvador explained that their organizations were too small and could not support the marketing research function from an administrative viewpoint. They perceived its use as a step in the distant future, the result of an evolutionary process within their company. Manufacturers in Porto Alegre viewed the problem differently; they emphasized that their narrow markets required a minimum of formal analysis.

Few manufacturers referred to the more familiar reasons for not practicing marketing research: the lack of data; insufficient people competent in the subject;

and, the cost of doing research. While these are all relevant, particularly in Brazil, it is significant that respondents considered underlying factors relatively more important. The latter appear to be the principal barriers to the use of marketing research in Brazil.

Findings of the Survey

A common assumption is that marketing research is little used in the underdeveloped or emerging nations. To check the validity of this assumption, manufacturers were examined under varying conditions. The results can best be summarized with reference to the series of hypotheses corresponding to this section.

Hypothesis 1.--*The technique of marketing re-research is familiar to large manufacturers in Brazil*. *Supported*. Nearly one-third of all respondents employed marketing research practices. With a few exceptions (primarily in Salvador), respondents were aware of the practice and its purposes. Many referred to it as a means of making decisions "scientifically" or "rationally." However, the level of knowledge within the area varied greatly. Thus, some respondents spoke specifically of "motivational research," "audits," and "consumer panel discussions." Others referred to "sales analysis" or "consumer surveys," though they were not necessarily familiar with what each entailed. It was the opinion of all participants in the marketing research seminar referred to earlier, that most large manufacturers in Brazil are concerned with the "sales concept" rather than the "marketing concept." It is logical to expect, then, that a majority of firms are concerned with research in the sales area.

Hypothesis 2.-- More companies have established marketing research departments in the last three years than were established prior to 1964. Supported. The significance of this statement lies in the possibility that the changed business environment created by the deflationary policies of the revolutionary government was instrumental in manufacturers establishing departments. A change in market conditions and increased competition in many industries was a new phenomenon.

Hypothesis 3.--More consumer goods manufacturers are using marketing research than industrial goods manufacturers. Partially Supported. The findings indicate that manufacturers carrying both product types were the principal employers of research. The complexity of a manufacturer's operations appear to be an important pre-condition for users. The same conclusions can be drawn when comparing the width of product lines carried by the respondents.

Hypothesis 3.--More foreign based firms use marketing research than do Brazilian companies. Supported. This does not indicate, however, that a majority of foreign firms employ research; in this survey only sixteen did. Many United States subsidiaries ignore the technique, although their parent company is actively engaged in the practice at home.

Hypothesis 4.--More Brazilian firms have established marketing research departments since 1964 than have foreign firms. Partially Supported. There were an equal number of national and foreign manufacturers establishing departments during this period. However, the relative percentage increase for local firms was far greater, demonstrating the growing emphasis placed on research by Brazilian manufacturers.

Hypothesis 5.--Those companies having wider distribution--geographically and socio-economically--are more likely to be employing marketing research. Supported. Almost all of the practicing respondents sold their product on a national basis; only two sold at the regional level. In addition, the sales expansion patterns of marketing research users encompassed more alternatives than those considered by non-users. There was also more frequent usage of the alternatives among the users.

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Hypothesis 6.--Marketing research practices vary within different geographical regions in Brazil. Supported. The practice was centered in the industrial complex of São Paulo. Manufacturers in Porto Alegre were becoming increasingly interested in the practice, perhaps as a result of the efforts to expand their sales nationally. Firms in Salvador were generally preoccupied with production problems; they were relatively unconcerned with sales administration and basically unaware of the potentials of marketing research.

Hypothesis 7.--Although advertising is a major expenditure for many firms, they do little or no marketing research. Not Supported. There appears to be a positive relation between high advertising expenditures and the use of research. While manufacturers carrying consumer products would be more likely to employ both practices, the data infer a direct relationship. Advertising budgets are based on a percentage of past or forecasted sales figures in these cases; the implication is a rational approach to advertising.

These findings provide a perspective of marketing research practices in Brazil. The evidence also demonstrates that certain conditions are conducive to the use of research. Distinct differences in these conditions existed when comparing São Paulo to Porto Alegre or Salvador, and, these differences were reflected in the extent to which marketing research was practiced in each of the three cities. But, even under similar conditions, firms varied in their research practices. Perhaps the best indications as to why these disparities exist can be implied from the resistances discussed by the respondents regarding the use of research.

The fundamental objections were based on the degree of need for the research function as perceived by each respondent. Thus, some respondents felt that the hetereogeneity of the Brazilian markets precluded the use of research; by contrast, others gave this as their basic reason for collecting and analyzing market information. Differences in these market perceptions appear to be an explanation as to why behavior between the respondents varied in regard to the use of marketing research.

CHAPTER V

MARKET OUTLOOKS AND THE USE OF MARKETING RESEARCH

A central proposition of the present study suggests that management's business orientation significantly affects marketing research practices. Manufacturers having a limited market perception rely less on the use of market information than do firms discerning alternative market opportunities. If this relationship is found to exist, then a basic criterion for the use of marketing research can be established.

Differing Managerial Orientations

Past efforts to classify such managerial orientations have resulted in the establishment of a continuum. At one extreme are those firms broadly classified as "customer or market-oriented." While present in many countries, these firms are most notable in the United States. By contrast, manufacturers in the emerging countries--including Brazil--are typically considered "production-oriented." At this end of the scale, management regards its firm's manufacturing capabilities as the determining element in delineating its markets.

Admittedly, there is some justification for the latter, restricted outlook, in a degree that varies with a firm's stage of development or its environment. Thus, extremely low purchasing power, as well as the firm's production capacity automatically limit the market for many products. At the same time, there exists a "false" rationalization on the part of many manufacturers which ultimately impedes the use of marketing research. They assume that demand for their product line is given, thus ignoring the demand creation function of marketing. Rather than actively seeking to expand effective demand by product or price adjustments, management believes that expansion is a function of non-controllable factors, such as increased consumer income. Somewhat misleadingly, both of these restricted viewpoints have been labelled as "production-oriented" in comparative marketing literature.

Unlike past references, those manufacturers who perceive their markets to be limited by effective demand in contrast to those with limited production facilities are referred to as being <u>product-oriented</u> in the present study. They represent an intermediate step in the production-market orientation continuum. The firms' output are restricted not by bottlenecks in production but by failure to visualize alternate market opportunities. By producing commodities for which they feel there is a ready demand, these manufacturers are, in effect, attempting to eliminate the uncertainty of their ventures; thus, the risk function in marketing is minimized. To illustrate, a manufacturer might enlarge his market considerably by manufacturing an economic prototype of a product which previously could not be afforded by consumers. It should not be inferred that such an approach will automatically solve accompanying problems such as working capital requirements. Yet, there is a possibility that a broadening of the firm's operational base may overcome working capital limitations imposed by continuing to operate in markets limited by management's perception of effective demand. It is not uncommon for many managers to view their firm as a going concern only in terms of their lifetime; thus, their decisions are relatively short range. What is missing is a mass marketing outlook, with its accompanying economies of scale--in production, distribution and possibly finance (internally generated capital).

While the product-oriented firm is contrasted to production and marketing oriented firms, it should not be implied that the product orientation state is a necessary step in the evolution of the firm. A firm may move from a production to a market orientation directly. On the other hand, a product orientation on the part of management sometimes persists even after the manufacturer has attained large scale production and functional specialization in its organization. This has been particularly true in many of the underdeveloped areas; due to monopolistic conditions or rapid population growth, the market does not pressure the firm to do more than physically distribute its product. In most cases, management has come to recognize marketing problems (and the need for research) only under duress--for example, when heavy inventories have accumulated, or when intense foreign competition is present. A logical first step for such businessmen would be to gather information pertinent to these problems; hence, the first indications of the use of marketing research.

Management's Marketing Mentality

Because marketing encompasses various areas in which firms might demonstrate varying perceptions, the overall outlook has been labelled here as the manufacturers' "market mentality." Specifically, the breadth of a firm's market mentality was based on management's perception regarding its firm's:

(a) Sales problems and solutions. While many of these problems might be common to the manufacturers interviewed, the solutions perceived by the respondents varied in their marketing implications.

(b) Potential Markets. The markets served by manufacturers have been elaborated in Chapter IV. Recognition by specific firms of the potentials available varied greatly regarding preferred market locations, expansion policies and the values to be derived from marketing research. Management's marketing outlooks were also reflected in Chapter III in the discussion of the deflationary effects on the firm's present markets.

For interpretive purposes a classification of firms along a production-product-market orientation continuum is used to ascertain the breadth of a firm's market mentality. Questions 87 through 94, in Part III of the questionnaire were designed for the purpose. Each of these questions on sales problems, solutions, and perceptions of markets, was scored from 1 through 5 depending upon whether the answer was consistant with a production, product, or market orientation. If the answer to a question revealed that the firm was production oriented it received a rating of 1 or 2; 3 for a product oriented answer; and 4 or 5 for a market oriented answer. In most cases the answer to one question was either supported by or in conflict with the answer to another question and both were scored accordingly. Consequently, the scores given to the answer to each question are not mutually exclusive. The average of the score on each question was calculated to determine the market mentality of the firm--a score near five representing a broad market mentality and a score near one representing a narrow market mentality.

As expected, firms do not fall precisely into one classification or another and it is necessary to view the number of firms at different points in the continuum as tending toward one orientation or another. For purposes of analysis, firms are considered to have broad market mentalities if their average score is four through five and narrow market mentalities if the average score is below four.

It should be reiterated that a production oriented firm may limit its market because of technological difficulties in production--the typical interpretation--or because of its inability to seek new markets through remerchandising its product lines. In either case, the result is the same. Consequently, the product oriented firm is considered to have a narrow market mentality.

Since the scoring of the considered questions is judgmental, extreme caution was exercised in giving firms a high score on any question. The kind of scoring procedure followed is discussed in detail below. A breakdown of the manufacturers' responses, according to the elements of the marketing mentality, illustrates the disparities in the orientations of the 119 respondents.

Major Sales Problems

Some interviewees claimed that their firms had no sales problems, "since all production is being sold." Depending on the individual situation (determined by the manufacturer's other replies), this response was classified as either being production or product-oriented. In one case, a company was deemed market-oriented despite this reply. A definite sellers market existed for its basic commodity--aluminum. However, using research, the manufacturer continued to successfully introduce new consumer products.

It was not very surprising that a majority of the interviewed firms cited the lower purchasing power of the consumer as their major sales problem. The deflationary policy of the government, imposed after years of rampant inflation, did not allow wage increases to correspond to price increases (which also were being controlled). The net effect was a curtailment in consumer spending. The solutions to this problem as suggested by the respondents varied considerably as to their marketing implications. Many manufacturers indicated that the only solution would be to wait until "things got better," or until the government changed its policies; that is, there was little the company itself could do. Because the government had created the "crisis," these respondents felt that the solutions were external to the firm. In the case of some industrial product firms the blame was placed on banks for having restrictive loan policies and extremely high interest rates. This made it almost impossible for prospective buyers to use this type of financing for capital equipment.[1] Because of their myopic outlook regarding possible action to counteract declining sales, manufacturers' solutions to major sales problems indicated a narrow market mentality in this area.

On the other hand, there were some manufacturers that, while stating the same problem, had turned to internal strategies for solutions. They cited better and more aggressive sales coverage, reduced prices for their present products, diversification, or introduction

[1]A capital market, previously non-existent, was beginning to emerge at the time of the interviews.

of lower priced goods, as solutions to combating the lower consumption levels. These latter practices imply a market-orientation. Recognizing the importance of turnover, these manufacturers were taking steps to increase, or at least maintain, their sales levels. In addition, the majority of these same firms were becoming increasingly concerned with efficiency within their organization (to offset profit losses resulting from lower margins); as a result, respondents indicated they were taking a careful look at costs (including sales and distribution) for the first time. The use of research is essential for many of the steps indicated above.

Expansion into New Markets

The search for new markets became an important factor in the programs of some companies during the deflationary program. Faced with a curtailment of sales to their present consumers, manufacturers had to look elsewhere for additional sales.

At one point on the scale were firms which stated that there were no new markets for their products. Generally, these were the companies that had also responded that there was little that could be done until the economic crisis had passed. Several industrial manufacturers continued to focus on their present

markets because a strong sellers market existed for their products and there was little need to find new sales outlets. Despite having marketing research departments, several of these latter companies received a "low" rating (3.0 or below) for this category.

Approximately twenty per cent of the respondents replied "the export market" to the question concerning expansion. In order to be meaningful, these answers had to be evaluated within the context of each company's position. Thus, a manufacturer of automobile pistons might be justified in seeking export outlets in view of the relatively limited number of automobiles being produced in the country. On the other hand, a clothing manufacturer selling to a small sector of Brazil could hardly say that he was exporting surplus goods, before even attempting to sell his product in other areas of the domestic market. In the latter case, it must be assumed that the effort to export is less than the effort to sell to the national market. Whether the perception of the national market is limited, or exporting is relatively more attractive, these viewpoints are considered narrow.

Many manufacturers asserted their intention to expand their markets geographically; generally, this implied a market-orientation. In the case of the São

Paulo manufacturers, the northern part of the country offered the best apparent opportunity. In view of the lower standard of living prevalent in that area, it was apparent that these manufacturers had a relatively broader perspective of the market for their product; that is, the restriction to "premium" markets was being lifted. It was indicated earlier that the firms in Porto Alegre expanded principally by geographical means. Since their previous market coverage had been intensive (as opposed to the extensive program they were beginning to follow), the same rationale (as in São Paulo) does not apply. Nevertheless, in considering new areas for expansion, Porto Alegre manufacturers indicated indifference regarding potential markets. While their eventual goal might be to establish themselves in the market composed of the concentrated industrial sector centered in São Paulo, less important markets were also under consideration; the potential of all markets continued to be apparent to them.

Expansion in Salvador was seen earlier to be of a local nature. It could be conjectured that the process of expansion will follow the same pattern as in Porto Alegre, perhaps not evolving as rapidly due to the considerably lower standard of living characteristic of the area.

A final group of respondents indicated that their expansion objectives included new types of customers. New market segments were to be reached by finding new uses for existing products, through product adjustments, and through a diversification of product line. A few manufacturers indicated they were changing their emphasis to lower priced items. While this action was a direct result of the "crisis" which existed, it must be assumed that this broader outlook is lasting. In addition to three firms already known for their integrated marketing approach, manufacturers in this last category most nearly approached the use of the marketing concept as applied in the United States.

Geographical Market Preferences

The problem of market perception was viewed from still another angle--a preference for selling to selected cities, regardless of their distance from manufacturing facilities, as opposed to selling to satellite towns in the interior located much nearer the factory and which, in the aggregate contained the same number of consumers. For example, it is not uncommon to find São Paulo manufacturers selling their product in Recife, several thousand miles to the north, while ignoring towns in the interior of the state of São Paulo perhaps only two hundred miles away from the source of supply. The lack of cost analysis, mentioned previously, is vividly reflected in this illustration.

One-half of the respondents indicated a preference for selling to only the state capitals (normally the major cities in Brazil). The remaining manufacturers were split as to a preference for selling to the interior of the state in which they manufactured or covering both markets. The reasons provided by the respondents, explaining this split, varied considerably and contributed an additional basis for evaluating market perceptions.

The emphasis on selling only to major cities was justified by the following reasons. First, the higher standard of living in these cities provided better markets. In addition, these markets were concentrated and the marketing effort could be more easily controlled. Another reason was that the major cities were diffusion points with reference to the interior; eventually the product would "trickle" to the smaller towns through middlemen attempting to sell surplus goods to other merchants in the hinterland. However, there was no conscious effort on the part of the manufacturers to insure that distribution for their product included other than the major cities. The difficulty of billing and collection was the major factor frequently mentioned for not selling to smaller cities. Because of the inefficient banking and communication systems in the less populated areas, manufacturers had long delays in receiving their payments. This problem was further accentuated by an acute shortage of working capital prevalent at the time of the study.

While these problems may appear real as perceived by some respondents, they would be difficult to justify on marketing grounds. For example, by concentrating sales in areas nearer to the source of production, the resultant savings on the high cost of transporting goods to distant markets could be passed on to lower-income groups closer to the factories through lower prices. Yet, by perceiving their consumers as only a privileged group in major cities regardless of distance, many manufacturers virtually were ignoring potential markets short distances away, demonstrating narrow perceptions.

Those manufacturers who showed a preference for selling to the interior towns surrounding the capital in which they were located gave two very different reasons for their approach. In one case, the size of the firm was a very important factor. This was particularly true of the smaller Porto Alegre and Salvador manufacturers whose plants did not enjoy the economies of scale which gave São Paulo firms an advantage when entering distant markets. Therefore, it was essential that the former develop the interior of their state as a defensive move. Secondly, there were large manufacturers in São Paulo whose objective was to spread the marketing risk by doing business in smaller and more numerous markets. Thus, using the city of São Paulo as a nucleus, they developed the state's interior towns rather than concentrating on the widely scattered, larger cities in the whole of Brazil. In either case, there was a recognition of the potential offered by the less developed markets.

Approximately twenty per cent of the respondents were indifferent to the alternative markets: they viewed the two sectors as having equal marketing potential. The firm's efforts were dictated by such rational considerations as costs of transportation, selling expenses, etc. In several instances the respondents demonstrated that they had different products to fit each of the market segments, thus demonstrating a strong market orientation.

Perceptions of the Changed Environment

The change in Brazil's economic environment after March, 1964, has been covered in earlier chapters. Its effect upon the market mentality of the firm, if any, was deemed to be an important consideration in the analysis. As indicated under "problems and solutions," a number of manufacturers felt that there was little that could be done, except to wait, to offset the lower purchasing power reflective of the change in environment. Many of these firms did indicate that they were screening their customers more rigidly and eliminating those they believed to be credit risks. While this reduced the possibility of losses due to bad debts, it did not enhance the possibility of increasing volume. Thus, it would appear that, to a degree, the "crisis" was psychological in that this cautious approach taken by many firms further contributed to reducing sales during a period when they were most needed.

The reversal from a sellers' to a buyers' market which resulted from the inflationary controls influenced approximately one-third of the respondents to alter their policies. Rather than depending on price increases to generate profits, these firms realized that the same results could now be achieved only by increasing turnover. While some manufacturers turned to more aggressive selling techniques to increase volume, others felt that more sales could be attained only through lower prices. Product line adjustments, emphasizing lower quality items, was also a step taken to meet the challenge. The number of respondents actually taking these actions was relatively small and included the more market-oriented firms.

Placing Respondents on the Orientation Continuum

The average market mentality for all respondents was 3.6, representing a level half way between product and market orientation but nearer the former. Approximately one-third of the respondents could be identified as being product-oriented with scores ranging between 2.8 and 3.8 on the scale. The total of market-oriented firms was relatively lower, representing twenty-five per cent of the manufacturers interviewed; these companies had scores of 4.0 or higher. Seven firms, or less than ten per cent, could be definitely considered production-oriented and were primarily located in Salvador, or the northeast region. The remaining one-third of the respondents could not be positively identified, although falling somewhere between a product or market orientation.

The above difficulty in positive identification was due primarily to the fact that replies generally centered on financial considerations. The effects of a shortage in working capital or the relatively inefficient banking system in the interior were often cited as limitations to market expansion. Rather than risking an element of bias, these answers were accepted. Furthermore, this area represents a very important dimension, particularly in an industrializing nation, and cannot be ignored.

Of particular significance to the overall study is a comparison of the market mentality scores of the users and non-users of marketing research departments. Among the twenty-three firms having marketing research departments, eighteen had market mentalities of 4.0 or over, the average being 4.2. Interestingly, three of the five exceptions are foreign companies, indicating perhaps that the parent companies were forcing these subsidiaries to perform marketing research as a matter of practice rather than out of necessity. In one case this was confirmed during the interview. When broadening the analysis to include thirty-six regular marketing research users, the results are not as conclusive.[2] Thirteen firms (or just over one-third) employing marketing research had scores of under 4.0. It can be seen in Figure 1 that a larger proportion of users have marketing mentalities above the average of 3.6 for all respondents. A 4.0 and above, the cut off point for a broad market mentality. The number of users with an average score of 4.0 and above is twenty, or fifty-five per cent, of the thirty-six research practitioners. In

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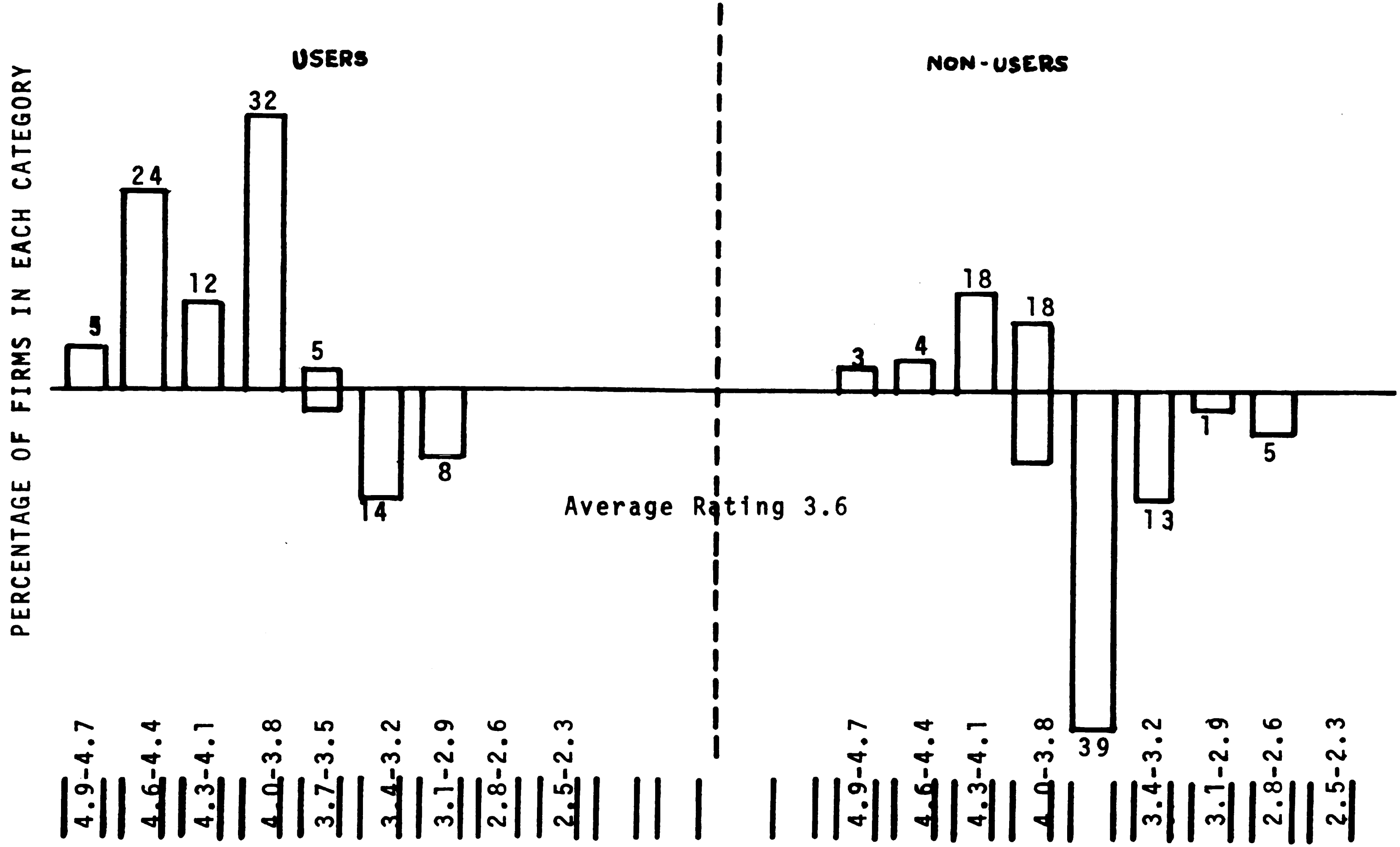
[2]One user was discarded at this point because of an incomplete interview.

Figure 1.--Percentage of Marketing Research Users and Non-Users with Market Mentality Scores above and below the Average Score for All Respondents



contrast, a large proportion of non-users have a marketing mentality below the average of 3.6 for all respondents and below 4.0. The number of the seventy-nine non-users with an average score below 4.0 in the sample is seventy-five or ninety per cent.[3]

From these results, it is apparent that there is a difference between the market mentalities of users and non-users of marketing research.

<u>Geographical Differences in Market Mentalities</u>

Relative differences in mentalities existed between the geographical areas examined. Earlier discussion has demonstrated that the larger firms in each of three cities studied differed considerably in respect to size, state of development, and market coverage. The disparity in market mentalities is not as wide, but still is evident.

The average market mentality of manufacturers in Salvador was lower (3.3) of those either in Porto Alegre (3.6) or São Paulo (3.6). Only one firm studied in Salvador could be considered marketing oriented; based on respondents' replies it was evident that a concern with manufacturing problems precluded a concern

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[3]Three firms in the non-users category were discarded from the analysis because of incomplete replies to questions in Part III of the questionnaire.

even with the sales function. In several cases it was pointed out by manufacturers in Salvador that customers would approach them, and it was generally not necessary to solicit sales.

The same average rating of manufacturers in São Paulo and Porto Alegre is particularly significant. From these results, as well as general impressions gained in interviewing firms in these two cities, it appears that beyond a certain point, the stage of a firm's development does not necessarily affect management's perception or marketing mentality. This is further supported by the fact that many of the largest firms are product oriented. However, size or organizational specialization does appear to limit the implementation of marketing techniques, such as sales administration and marketing research.

While the overall market mentalities in São Paulo and Porto Alegre were at the same level, the outlooks differed significantly when considering the specific elements. Surprisingly, the perceptions of market potential were higher for manufacturers in Porto Alegre than those in São Paulo. Several possible explanations exist. Since firms located in Porto Alegre generally distributed their products on a regional basis, coverage was more intensive. Thus, these manufacturers were penetrating the interior towns as well as the urban centers. In this manner, these firms have become aware of rural potential over the years. By contrast, manufacturers in the São Paulo area have been conditioned to rely on large, concentrated markets while relatively ignoring the smaller, outlying areas. Primarily this is a function of the proximity of cities such as Rio de Janeiro and Belo Horizonte. Easy accessibility however does not explain the preference for distributing to cities far to the north as opposed to selling to the interior of the state of São Paulo. It is noteworthy that many of these manufacturers set sales quotas based on the population of key cities in the country rather than using the state or region concept.

The perception of marketing research's function is not as broad in Porto Alegre as in São Paulo. While possible influences will be discussed in the next chapter, one factor should be stressed here--the difference in the evolvement of the firms in the two cities. Basically, the manufacturing company in Porto Alegre is traditionally family-owned and managed; the business professional does not yet exist there. In addition, exposure to outside influences, such as foreign subsidiaries, has been limited. Conversely, the larger enterprises in Sao Paulo consist of complex corporations with professional management. The influx of foreign technology has, at least, exposed (though not necessarily converted) manufacturers in São Paulo to the tools used in scientific management. Thus, while the entrepreneural spirit has broadened the outlook of Porto Alegre manufacturers, the opportunity to replace intuitive behavior with analytical techniques has not been as apparent as in São Paulo.

Summarizing, the evidence in this chapter indicates that firms employing marketing research techniques generally have significantly broader marketing mentalities than their non-practicing counterparts, as hypothesized in Chapter II. Since many of the latter manufacturers have been traditionally highly discriminatory regarding market selection, there has been little effort on their part to seek market information. This complacency has been enhanced by rampant inflation and sellers' market conditions which existed until 1964. A second, smaller, group of respondents falling into the category of narrow mentalities found little need for the research function since production limitations would preclude expanding their market horizons. Thus, it cannot be generalized that all firms lacking a market orientation are governed by comparable conditions. The difference appears to result from "perceived" versus "real" market conditions.

A significant number of respondents were found to have broad marketing mentalities, yet did not employ research techniques. Manufacturers in the Porto Alegre area typically fit this category. It is apparent that beyond having a market orientation, two additional prerequisites must exist before a company uses marketing research. A firm's structure should be advanced to a point where sales administration prevails, that is where there is a shift from an intuitive to a rational approach. Secondly, the non-practitioner must be in a position to be exposed to an agent familiar with research techniques.

CHAPTER VI

ENVIRONMENTAL FACTORS AND THE USE OF MARKETING RESEARCH

The survey of marketing research practices which forms the basis for this dissertation demonstrates an increasing usage of this technique among the larger manufacturers in Brazil. Specific factors which may have influenced respondents to adopt the research practice are analyzed in the present chapter.

The Hypothesized Environmental Factors

Five factors which, after preliminary research, seemed to best reflect the Brazilian business environment were tested: the influences of (1) government; (2) business administration students; (3) advertising agencies; (4) foreign firms; and, (5) competition. This is not to imply that these factors are unique to that country; they obviously are not. Yet, in some situations, one or more factors may not be applicable. One need not even leave Brazil to reinforce this point. For example, many of the larger manufacturing firms in São Paulo are subsidiaries of foreign companies; at the same time, this type of organization rarely is found in either Porto Alegre or Salvador, and therefore is not potentially as strong an influence in the latter cities. Nevertheless, this did not preclude respondents from expressing their viewpoints concerning this factor.

A differentiation is made between these five influences and conditions which might make it conducive to use marketing research. For example, while the availability of surplus funds may be a prerequisite for many firms to adopt the technique, it is doubtful that it is a basic influencing element in the decision to initiate the practice other than in cases involving superficial imitation or emulation for prestige purposes. Also, if one accepts the notion that a broad market mentality must exist before research is used, the implication is that the availability of funds is responsible for changes in basic business attitudes. In short, the hypothesized influences are considered active forces rather than passive variables.

Respondents replied subjectively to questions concerning each of the principal factors thought to influence the use of marketing research. (See part IV of the questionnaire.) The questions were structured so that answers would (a) indicate the respondent's awareness of the degree of influence each factor exerted; and (b) reflect each factor's role (if any) in the firm's marketing process. Specifically, replies were used to

determine if each factor was recognized more as a positive influence by users of marketing research than by non-practitioners. These findings are a critical link in the principal argument being tested in the overall study--that is, one or more of the factors under investigation influences the initial use of marketing research, through affecting the market mentality of the firm. A second objective of the analysis in this chapter is to compare the relative influence of each of the factors considered.

A second five-point scale was used to classify the respondents' replies. References to a negative contribution of any of the factors considered are classified as _1_ or _2_ depending on the degree of intensity of the reply. A comment that foreign firms have contributed to the failures of many of their Brazilian competitors is obviously more extreme than a respondent stating that foreign firms do not share management techniques, though both reflect awareness of negative contributions. No awareness on the part of the manufacturer is rated a neutral _3_. Awareness of a positive contribution by the factor is scored either as a _4_ or _5_, again depending on the forcefulness of the reply. As in the case of the market mentalities discussed in the previous chapter, a total measure of awareness for the firm was calculated by averaging the scores on each question. Most of the respondents had an average score of above 3 (neutral). For all practical purposes, a neutral response is the same as a negative response insofar as the hypothesized factor influences the market mentality and the subsequent use of marketing research. Because most of the respondents had average scores of 3 or better, above and below the overall average of 3.4 is interpreted as high and low awareness. It is the negative reactions and extreme positive awarenesses that will demonstrate the validity of any relationship existing between marketing research and the hypothesized influences. As in the case of the market mentalities discussed in the previous chapter, specific comments by the respondents help place the findings reflected in the scaling in perspective.

Government

The awareness toward government was reflected, for the most part, in references to the specific regime of Castelo Branco, rather than to "governments" generally. Thus, the degree of awareness indicated the manner in which the strong, "positive" measures taken by the regime to combat inflation were affecting the respondent's firm. For example, the deflationary policies were detrimental to marginal firms, which in turn was

expressed as an awareness of the negative contribution of the government. Several firms fitting this category were in receivership at the time they were interviewed. On the other hand, while many respondents were not happy with the recession, they recognized that the government's actions would be beneficial in the long run, and that it was necessary for their firms to make some basic adjustments. There were also many respondents who believed that the government had little influence on their marketing programs.

Replies among those respondents aware of the government's positive influence varied in degree. The more general comments alluded to "a more sophisticated business environment." That is, the government was stabilizing the economy and attempting to eliminate erratic business practices stemming from rampant inflation. Reference in these cases was made to the necessity for organizing, but there was no specific indication of marketing research. Although a positive awareness exists, these replies rated a notch below the highest score.

A second group of responses also fit the 4 classification. Approximately eighteen per cent of the respondents referred to the government's incentive laws, most pinpointing the SUDENE program mentioned earlier.

Under this plan manufacturers were eligible to receive up to fifty per cent in tax rebates for investment in the northeast section of Brazil, a relatively underdeveloped area as seen in Chapter III. In order to be considered an applicant, the firm had to first submit a market study for the product(s) it proposed to manufacture in that area. In many cases this was the company's first exposure to marketing research. Rather than undertake the task themselves most firms used specialized research agencies, frequently started by former SUDENE officials specifically for this function. These agencies' expertise was less in the area of conducting research, and more in the submitting of market studies acceptable to the government. Consequently it is assumed here that, unless a respondent refers to marketing research as well as SUDENE, this market survey requirement had no conclusive influence. The more general of the replies, therefore could not be included in the upper limit on the scale.

Approximately ten per cent of the respondents identified the role of the government specifically with research, and consequently gained the highest rating. However, the stated contribution was not as a provider of statistics and official data as one might suspect; rather, these replies emphasized the role the government was currently playing in forcing the use of (market) studies and showing the need for planned expansion into new markets. Another aspect was a recognition by the firms of the necessity to reduce costs, or "eliminating the fat" which existed during the period of uncontrolled inflation. Because costing had been virtually ignored, any such program would also require studies; cost analysis had been next to impossible under the varying conditions which had existed previous to the new government. Several "traditional" Brazilian firms had already initiated distribution cost analysis programs.

At the opposite extreme of the scale and also representing ten per cent of all respondents, were those firms viewing the government's role as negative. This interpretation was based on two consequences of the government's action--a general sales decline and a reduction in credit availability. Both results tended to squeeze a firm's capital position. In extreme cases, the respondent was quite bitter and saw no solution except for a modification of policies or even a change in government.

Competition

Nearly seventy per cent of the respondents were aware of the positive influence of competition. As seen in Chapter II a buyers' market had existed only a

short time for most products, and adjustments to these conditions were in process. Increased use of price cuts, installment buying, and advertising was very evident, after a period during which these actions were virtually nonexistent.

Most references to the influence exerted by competition were general. The most frequent comments stated that competition was necessary in that it provided incentives to progress; that is, it stimulated development. Elaborating, respondents referred generally to business administration techniques, while a few mentioned product or technological improvement. Approximately fifteen per cent of those responding to the question linked competition directly to the use of analytical methods in market determination. The latter firms rated highest on the awareness code, while the more general positive comments received a rating of 4.

The fourteen companies (ten per cent) whose replies received a negative rating represented either of two viewpoints regarding competition. The extreme group considered all competition detrimental to its operations. These firms had operated in a monopolistic "pocket" in which decisions previously had not reflected the actions of their competitors. Under the new conditions of restricted consumption it became imperative for these firms to cope with competition. Some were not able to withstand this pressure and expressed awareness of only the negative influence of competition. The implication of the negative awareness among the second group was less serious and therefore was rated more moderately. These respondents were primarily aware of the damaging effects on their sales caused by "disloyal" competitors using price cutting methods. These competitors were selling products at a loss in order to attract customers and sell accumulated inventories for much needed working capital, no longer available from banks. It was evident from some replies that the "disloyal" competition became an excuse for the respondents' non-aggressive selling techniques.

Foreign Firms

A majority of respondents expressed an awareness of the positive contribution of foreign firms to the Brazilian business environment. Significantly, this contribution was viewed not in terms of teaching advanced methods and technology, but in terms of the foreign firms stimulating competition and "pulling" the nationals forward. Again, most of the comments were general and could not be linked directly to marketing research. Typical statements included the verb _pressures_--"their (foreign firms') rationalization process pressures us to modernize," "they contribute by forcing us to compete more aggressively;" "nationals have to better themselves to survive;" "by stimulating with the aggressive and modern administrative methods that they bring (into Brazil)." While research is implied by "rational" and "modern" methods, such replies were scored only as a 4 on the scale.

Receiving top ratings were comments with direct reference to marketing research or alluding to it; for example, influence came about from the emulation of the foreign firms' "scientification of marketing" or of the analytical sales methods they employed. Less than ten per cent of the manufacturers responding to the question were included in this category.

Eight companies viewed the foreign firms' contribution negatively. The extreme cases felt that the foreign firms provided "unfair competition" in that they had the advantages of better technology, administrative know-how and foreign capital. As a result these respondents believed that it was impossible for the national firm to compete effectively. Several respondents in São Paulo believed that the methods used by the foreign firms did not yet fit the Brazilian market. Others felt that foreign management did not share relatively advanced business techniques which they brought

to Brazil. This last group of responses represented a less serious objection and rated a step above the other replies, though still carrying negative implications.

Business Administration Students

A stricter criteria was applied in determining awareness of the positive influence of business administration students. Thus, one of the more frequent comments "they contribute a broader vision for the firm," was considered a neutral reply because of its generality. Replies such as "generally helpful" and "they introduce a new viewpoint" were placed into this category as well. There were also the obviously neutral replies. Some respondents expressed the opinion that it was too early to tell the effect of the business student. Others indicated that the business graduates employed by their company had shown few advantages thus far. Elaborating, these respondents confided that the structure of their companies had not permitted these men to function effectively. Surprisingly, two-thirds of the respondents were included in the neutral classification, a far greater proportion than any other influence except advertising agencies.

There were only a few cases of respondents being aware of a negative influence by business administration students. This was caused principally by a feeling that the graduates were too theoretical. Two respondents cited examples of graduates disrupting the firm by wanting to create new departments when this was not feasible. While these comments may have been valid to a degree, there were also indications of a resistance on the part of these respondents to business administration generally.

The consensus of those respondents aware of a positive influence by business administration students was that the latter enabled a firm to program its efforts rather than experimenting with decisions. Approximately one-third of this group referred specifically to marketing--sales or market analysis--and received the highest rating. The remainder cited general contributions such as controls, costing programs, and scientific management; these were rated a step below on the scale.

Advertising Agencies

Manufacturers interviewed showed little awareness of any influence--positive or negative--upon their marketing efforts by advertising agencies. One-third of the respondents using the services of advertising agencies stated that they received information from their agencies. Yet, only ten per cent indicated that the advertising agency contributed positively. This disparity is explained primarily by the fact that most

of the assistance provided consisted of media cost information, rather than market data to support advertising campaigns. The isolated instances of agencies providing market forecasts or surveys typically involved a United States affiliated agency and a foreign manufacturing subsidiary.

Most comments concerning the advertising agencies' role were variations of "no influence;" that is, a neutral position. "We order our agency to do research," or "We would like to see our agency do more research," were typical replies fitting this category. There was only a single instance of a respondent considering advertising agencies negatively. This was attributed to agencies applying standardized approaches to industries having different advertising requirements. The respondent felt that manufacturers normally had a much better feel of their market than did the agency.

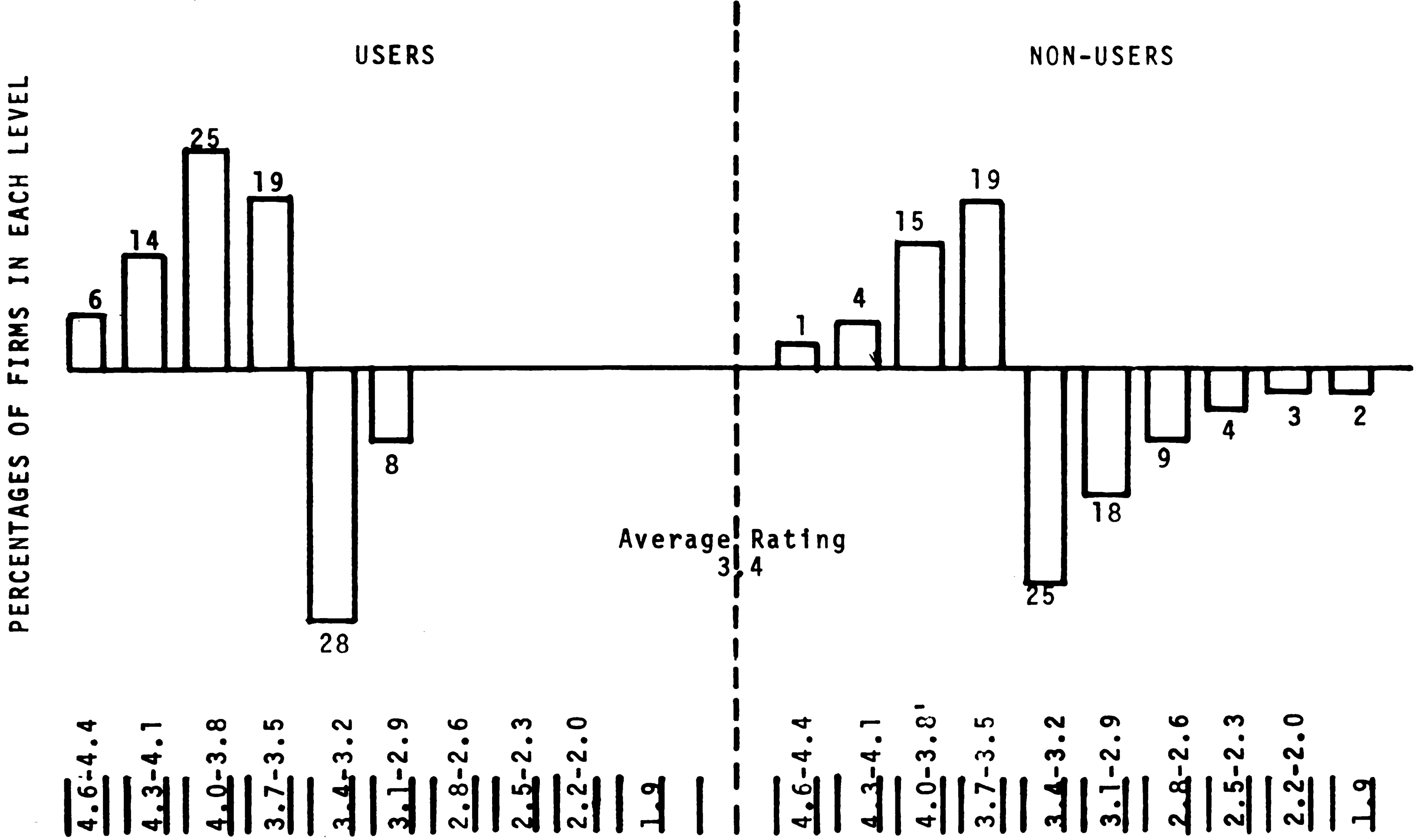
The preceding section has served two purposes. First, it explains the manner by which the responses reflecting awareness of the five influences under study were classified for scaling purposes. Second, it provides a qualitative framework within which specific findings regarding awareness could be placed into context. Basically, the findings presented below attempt to demonstrate that differences exist between users and non-users of marketing research regarding the hypothesized environmental factors and the relative importance of each.

Marketing Research Practices and the Environmental Factors

Marketing research users showed a higher awareness (3.6 average) of the aggregate positive contribution of the five factors studied than did non-users, (3.3 average) as hypothesized in Chapter II. Approximately one-third of the users had an average awareness of 4.0 or better. Only seven non-users, or less than ten per cent, had a rating of at least 4.0. At the other extreme, the proportion of non-users having an awareness of less than 3.0 (negative contribution) was twice as great as among users of research. Four respondents had averages of below 2.0; all were non-users of marketing research. These comparisons are shown graphically in Figure 2.

A comparison of individual influences provides some significant differences in awareness between users and non-users of research. The data supporting the following findings may be found in Appendix C. The average awareness was higher for all five influences among users. The largest variance in awareness (3.7 versus 3.2) occurs for the business administration student. Three other influences--government, foreign

Figure 2.--Percentage of Marketing Research Users and Non-Users Awareness of Selected Environmental Factors Scores above and below the Average Score for all Respondents



firms and competition--had a 0.4 difference. As indicated earlier, however, the degree of awareness differed only slightly (3.1 versus 3.0) between the two respondent categories for the advertising agency.

The awareness of competition received not only the highest score among both users (3.9) and non-users (3.5), but was often reflected positively in the replies concerning the contribution of foreign firms and occasionally in terms of the government's role. Competition would have scored considerably higher had it not been for the references to the "disloyal" price cutting. For example, if one were to discount the four users of research who replied in this manner, and thus received below average ratings, the average rating for competition for users would have been 4.6. The effect would not have been as great among non-users, where reference was more frequently made to "unfair" competition from foreign firms.

Foreign firms were felt to be the second most important positive influence on their management practices by respondents, averaging 3.8 among users and 3.4 among non-users of research. Not a single negative reference was made by users, while twelve per cent of non-users felt that foreign firms contributed negatively to the Brazilizn business environment.

The difference in the awareness toward the government on the part of users (3.6) and non-users (3.2) was accounted for by the fact that sixty per cent of the users viewed this influence as being positive; by contrast, approximately the same percentage of non-users felt that the government was either non-influential or had a negative effect. It should be reiterated that the users of research were mainly foreign, and generally have a capital structure that could better absorb the pressures applied by the government. Nevertheless, the relevant point is that the marginal firms tended to blame the government, rather than themselves, for their unfortunate position.

While the business administration student showed the greatest difference in awareness between users (3.7) and non-users (3.2) of marketing research, these average ratings are not as high as might be anticipated. One principal factor is the general lack of exposure to this possible influence. Only one-third of the firms interviewed stated having ever employed business students. Also, through December, 1966, only an estimated 400 students received bachelor degrees in the field from the three prominent business schools in the country. A second possible reason is that business administration is contrary to the traditional practice of intuitive decision-making by family-owned and managed firms.

There were only a few instances of awareness of negative influence. One-half of the research practitioners demonstrated awareness of the positive effects of the business student; in comparison, only twenty per cent of non-users indicated the same. Thus, the wide disparity in these ratings lies in the fact that the specific role of this influence is more clearly seen by those firms already using research techniques, rather than a rejection on the part of a number of non-users as in the case of government, competition and foreign firms.

The advertising agency gained little support as a possible influence by either of the two measures used to determine awareness. There was only a slight difference between users (3.2) and non-users (3.1) of research. In addition, both ratings represent positions only slightly above the no-influence level. Specifically, only seven of the eighty-one respondents using agencies indicated that the agency (as opposed to advertising) made any type of positive contribution to their marketing program. These findings verified that client-agency relations are not as close as has been traditionally experienced in the United States. Again, the apparent explanation is the individualistic attitude on the part

of Brazilian enterprise, a result of family ownership patterns and a basic distrust of outsiders. Indeed this characteristic has limited the flow of information generally as has been illustrated several times.

Significant differences in awareness levels existed for four of the five factors tested, when comparing users and non-users of research. Yet, the absolute levels of awareness among the four factors were not exceedingly high. Therefore, it appears that any influence exerted by these factors is indeed indirect as had been conjectured. This finding is supported by statements regarding the role of two of the potential influences--"foreign firms" and "government." Awareness of a positive contribution typically emphasized the opinion that these factors created a desirable business environment, one which stressed the need for efficiency and innovation in order for firms to remain competitive. The advantages of employing marketing research become apparent in either case.

Further evidence that the influence process is not direct is provided by the case of advertising agencies. It was concluded in an earlier chapter that advertising decisions <u>among the firms interviewed</u> were generally supported by market analysis. Yet, only a few respondents admitted that their agencies exerted any influence on their firm's marketing efforts. Despite the fact that the larger agencies in Brazil are either subsidiaries of United States agencies, or are managed by persons known to have an extensive background in research methodology,[1] it must be inferred that agencies are not influential.

The findings regarding the business administration student suggest that he plays an active role in implementing research rather than influencing the decision to employ it. In many cases the decision to hire a business graduate came after management recognized a need for the "scientific approach." This is not to suggest that the business student cannot instill this change within a company; however, he normally must be in a high-ranking position to do so. In other words, the basic decision to use research is inherent in the decision to hire the business student. His role thus seems to be to teach (administration and research), rather than to persuade.

Of the five influences considered in this section, competition was the factor most frequently and emphatically linked to the use of marketing research. Evidence to this effect permeates this entire study.

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[1]Several agencies had been started by professors of business administration.

It should be remembered that competition, practically speaking, was a new phenomenon to Brazilian enterprise. The results were some basic changes in managerial attitudes and practices.

CONCLUSIONS

CHAPTER VII

CONCLUSIONS

Discussion in this concluding chapter relates to the study's overall objective of identifying the adoption process of marketing research within Brazilian enterprise. The complexity of this process has been underscored by the numerous variables emerging from earlier analysis.

Wide disparities exist in the composition of the Brazilian market. Regional differences relative to demographic factors, natural resource endowment, and economic development, are reflected in the varying size, structure, and operating methods of the respondents in three sample cities. Geographical separation of these three large cities, together with a limited infrastructure, tend to accentuate these differences. Distribution coverage, particularly, has been characterized by varying approaches, some of which appear to be less than efficient.

Internally, managerial perceptions have been molded by two principal elements. A traditional approach to business, extending over several centuries, has caused many businessmen to think in terms of quick returns on investment or a low-volume--high-profits approach to marketing. Also, a dependence on government support programs has caused a heavy reliance on external solutions to internal business problems. Secondly, spiralling inflation from the early 1950's to 1964, instilled a complacency among manufacturers regarding the necessity for aggressive selling on their part. Reinforcing these basic attitudes are such factors as a limited purchasing power by a majority of the population on one hand, and a scarcity of professional management on the other hand. These forces tend to have a limiting effect on apparent market size. As a result, there appears to be lacking a motivation to expand, other than by natural growth. Under these circumstances the need for marketing research is not as readily apparent.

While the use of marketing research is predominantly by foreign subsidiaries in the highly-industrialized São Paulo area, national firms had begun practicing research in the three years prior to the interviews in 1967. However, there is little evidence that manufacturers in the northeast city of Salvador will turn to the practice in the near future. In the south, Porto Alegre manufacturers recognize the need for research in view of their plans for geographical expansion, but have not yet been able to implement research techniques. Resistances among many non-users generally reflect perceived, rather than real, obstacles. The lack of statistics and qualified personnel, while important, are subordinate to more basic objections by non-practicing respondents.

Differences, as well as changes, in the general economic environment afforded the opportunity to study countervailing forces at work on traditional managerial norms and practices in Brazil. Five specific environmental factors were found to have varying effects on the employment of marketing research. The hetereogeniety and interdependence of the variables studied makes it difficult to establish precise criteria which will lead to the use of marketing research by a given firm. On the other hand, the results obtained from this study demonstrate some definite patterns in the adoption process.

Market Outlook and Awareness of Environmental Factors

As stated in Chapter II the methodology employed to examine the adoption process was divided into three steps as follows:

1. To determine if there is a difference in users' versus non-users' market outlook.

2. To evaluate users' and non-users' awareness of and interpretation of hypothesized environmental factors.

3. To match users' and non-users' market outlook and awareness of and interpretation of hypothesized environmental factors.

The methodology reflects the conceptual orientation conveyed in Chapter I. Namely, that market outlook is conditioned by management's interpretation of environmental factors at any given time. If there are differences between users' and non-users' market outlook and awareness of and interpretation of hypothesized environmental influences it is inferred that the environmental factors have influenced the market outlook and subsequently the use of marketing research.

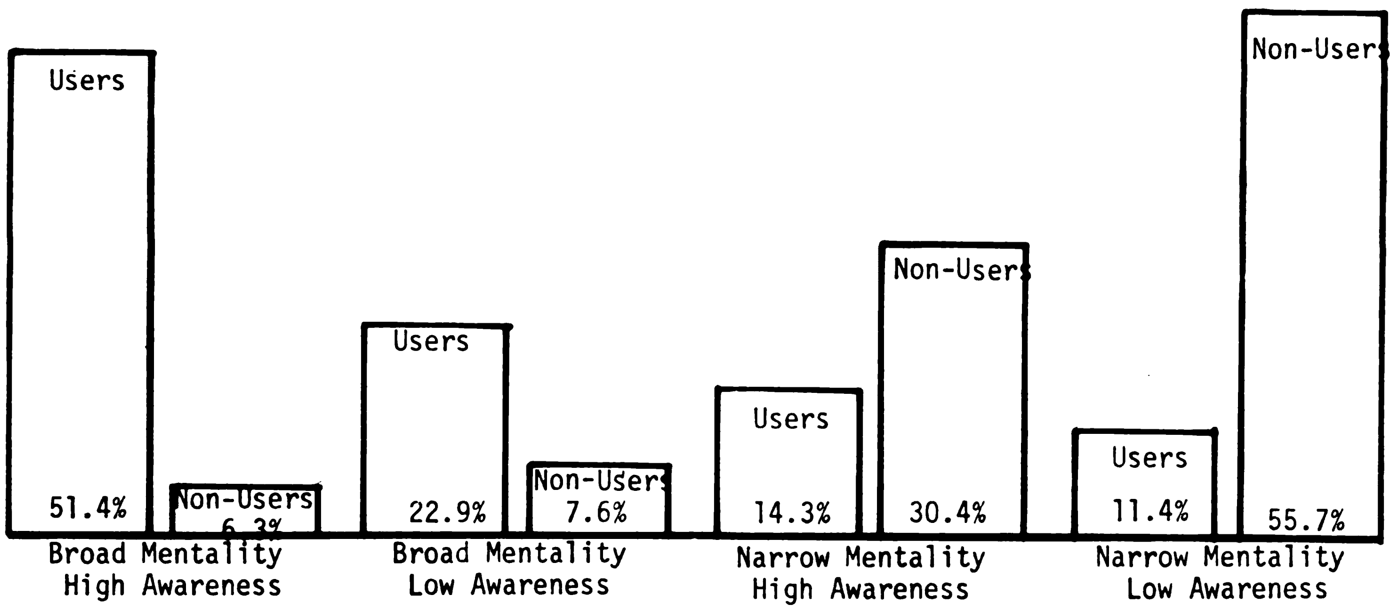
In Chapter V it is shown that firms employing market research have a more positive market outlook than their non-practicing counterparts. This finding might be expected. The pertinent question in analyzing the adoption process for marketing research is to determine what environmental factors have influenced the market outlook either positively or negatively.

In Chapter VI it is shown that marketing research users have a higher awareness of the aggregrate positive contribution of the five hypothesized environmental factors than do non-users. When the specific hypothesized environmental factors were analyzed it was found that there were some differences in degree of influence. The ratings given to users' and non-users' awareness of the hypothesized influences varied in two ways. First, there are differences in the absolute average rating for each influence. Second, there are differences in the variance in awareness between users and non-users for each influence. The largest average rating was given to competition by both non-users and users. But, the variance in rating between users and non-users for competition equalled the variance for foreign firms and government. The influence of the business administration student showed the greatest variance between users and non-users, while the influence of the advertising agency was lowest in absolute score and in variance. It is concluded that competition is the most influential factor, with foreign firms, government and business administration students placing a close second. Advertising agencies seem to have little influence.

The above analysis reflects an aggregative situation. As shown below there are geographical differences in the influence of the specific environmental factors.

The findings in step three support the principal proposition of the present investigation. As indicated by Figure 3, the predicted inverse relationship exists when contrasting users and non-users of marketing research

Figure 3.--A Comparison of Marketing Research Users' and Non-Users' Market Mentality and Awareness of Environmental Factors Influencing the Use of Marketing Research



with regard to levels of influence awareness and market mentality.

At one extreme fifty-one per cent of the respondents employing research were identified as having a market orientation (4.0 or above) or broad market mentality as well as having an above-average or high awareness of the hypothesized influences. Less than ten per cent of non-users were classified in this category.

A reversal of these proportions exists at the other extreme. Fifty-six per cent of the non-users of marketing research were found to have market mentalities in the production or product category, and have sub-average or low awareness. Only four companies or about ten per cent, using research demonstrated the same relationship. Although nearly forty per cent of all respondents are excluded from either extreme category, the representation at the extremes of the continuum is significant and indicates basic differences between users and non-users of marketing research.

Conclusions regarding the breakdown of respondents into the mixed categories of "narrow mentality-high awareness" and "broad-mentality-low awareness" are not as obvious. It is not surprising that nearly one-third of non-users of research techniques were in the high-awareness--narrow mentality grouping. The inference is that these respondents are in the process of changing their market perceptions due to the high awareness of the positive contribution of the hypothesized influences. Interestingly, most of the firms in this category are Brazilian, supporting the evidence in earlier sections which indicates that a significant number of Brazilian nationals are turning to marketing research. Firms practicing research despite having narrow market mentalities are conceivably emulators, or perhaps, use the techniques in a narrow sense.

Perhaps more difficult to explain are the seven firms using research that have broad marketing mentalities yet are relatively unaware of the positive influence of the five environmental factors tested. One possible interpretation may be inferred from the fact that the companies are foreign. Thus, having been in contact with the same factors in their home markets, it is likely that these firms take the influences for granted, without perceiving their contribution. In fact, several of these respondents tended to be critical of these influences, for not fulfilling their expected role. In the case of competition, the foreign companies cited the price-cutting of marginal firms as being unfair. Also, these respondents felt that advertising agencies did not perform as full a research function as those agencies located in their parent country. Non-users in the high mentality--low awareness grouping were generally from Porto Alegre. The importance of this fact will be subsequently elaborated.

Regional Variations on the Influence of Environmental Factors on the Adoption Process

These findings indicate that market mentalities are a critical element in the potential use of marketing research by a firm. Companies having restricted market outlooks, whatever the reason, do not perceive a need for market information. The importance of the general economic environment lies in the fact that it <u>might</u> condition this mentality; it is apparent that even under the same external circumstances, firms comparable in operational structure have different practices regarding marketing research. Likewise, specific environmental factors vary in their influence on the market mentality in different regions. For example, changes in competitive conditions resulted in increased usage or interest in research by firms in two of the areas studied, São Paulo and Porto Alegre. On the other hand, despite heavy competition from firms to the south, manufacturers in Salvador were concerned principally with manufacturing rather than marketing problems.

The analysis suggests that it is unsafe to generalize regarding the infusion of a management technique such as marketing research into a country, or even into a given region. A comparison of the three locations studied indicates that various levels of consideration exist, when viewing the feasibility of introducing marketing research, particularly in an emerging country such as Brazil.

In Salvador relatively low levels of production have limited the market range of manufacturers to a point where there is little need for firms to consider those elements of marketing dealing with expansion. Under these circumstances research has little place, except perhaps in contributing to increasing the distribution efficiency. However, because the firms are production-oriented, most tend also to ignore this aspect.

A second level of consideration is demonstrated by manufacturers interviewed in Porto Alegre. While a relatively high percentage of these respondents had broad market mentalities, the structure of the firms is such that little administrative specialization exists. The need for research is apparent to management, particularly in firms expanding into other sectors of Brazil. However, specific knowledge regarding research techniques is missing in this area where professional management is scarce.

The São Paulo respondents demonstrate a third level of consideration. In spite of having attained high levels in both production and administration, the major proportion of firms interviewed did not use marketing research. The major obstacle among non-users was a narrow market mentality. This"product orientation" was reflected in these firms' distribution practices in which only major cities--regardless of distance--were considered as potential marketplaces. While this approach may be justified on a sales/cost ratio, the fallacy lies in that there is an automatic rejection of the smaller, but closer, interior markets. The narrow mentality is also exemplified by an over-dependence on external market changes, rather than internal product adjustments, in attaining additional sales. A change in orientations would necessitate greater market information and enhance the use of marketing research.

From the above it is evident that there is a difference in the importance of specific environmental influencing factors in different geographical regions. This would imply that any attempt to manipulate the controllable factors for managing the adoption of marketing research requires detailed knowledge of the degree of influence of each factor in each region. Although the specific environmental factors studied in combination do influence the adoption of marketing research, there could be different adoption processes at work in each region. For example, the basic task in Porto Alegre appears to be provision of professional talent to capitalize on the broad market mentality which is already present. In São Paulo, where professional talent is relatively abundant, there is a need to broaden the market mentality of many firms before the talent will be utilized. In Salvador, there is a need to stimulate a broader market mentality, but with respect to concern for efficiency of current marketing activities rather than in terms of market expansion, as well as provide professional talent.

In conclusion the present study has provided an understanding of the adoption process for marketing research in Brazil. The management of change through the manipulation of controllable environmental factors, although not a part of this study, hopefully will be served by the findings presented.

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APPENDICES

APPENDIX A

1.

INTRODUÇÃO

1. Há quanto tempo o senhor está na _____?
_____ meses _____anos _____ muito tempo _____ pouco tempo

2. Quando se estabeleceu essa emprêsa?
há _____ anos _____ há poucos anos _____ não sei

3. Quantos empregados tem sua emprèsa?
_____ mais de _____ não sei _____

4. Dêsses, quantos são ligados ao departamento de venda?
_____% aproximadamente _____ não sei _____

5. Existe alguém encarregado especificamente do planejamento de vendas?
sim _____ não _____ não sei _____ quem _____

6. Essas pessoas tem apenas essa função ou alguma outra também?
só essa_____ outras_____ não sei _____

7. Sua emprêsa têm departamento de pesquisas de marketing; isto é de mercadologia?
sim _____ não _____ não sei _____

8. Quando se estabeleceu êsse departamento?
há _____ anos não sei _____

9. Existe aqui em seu departamento algum aluno de administração de emprêsas?
sim _____ não _____ que é isso _____ não sei _____

10. E nos outras departamentos da emprêsa?
sim _____ não _____ não sei _____

11. Seus produtos são para consumo industrial _____ ou de particulares _____ ou ambos _____?

12. (si ambos) É o mesmo departamento que os vende?
sim _____ não _____ mistura _____ não sei _____

13. (se de particulares) Que nivel socio-economico seu produto atinge?

14. Seus produtos são vendidos principalmente em certas épocas do ano?
sim _____ não _____ durante _____ meses _____
verão _____ inverno _____

15. Quais são seus principais produtos?
_____ _____ _____ _____

16. Estes produtos foram introduzidos juntos no mercado ou em épocas diferentes?
juntos _____ épocas diferentes _____ não sei _____

17. Em que base foi resolvida a introdução desses produtos?

18. Sua emprêsa é sociedade anônima? O que é?
sim _____ não ___

19. A maioria do capital é brasileiro _____ ou estrangeiro _____? E totalmente brasileiro _____%
B. _____% E. _____%

20. Decisões como: realizar uma pesquisa ou lançar um produto novo ou modificar o sistema de distribuição são tomados pelo seu departamento ou pela diretoria
departamento _____ diretoria _____ em conjunto _____
observacão _____

21. Como o senhor encara sua concorrência?

22. Seu ramo industrial sofre concorrência:
pesada _____ moderada _____ leve _____ ou não têm concorrência?

23. Pode se considerar o mercado para seu ramo industrial mais como um mercado em que todos vendem tudo o que produzem _____ ou mais um mercado em que o comprador

pode escolher melhor para comprar _____
Porque?

24. Quantos são seus principais concorrêntes?
muitos _____ poucos _____

25. Qual é sua participacão no mercado total?
_____% não sei _____ prefiro não dizer _____

26. Já fêz pesquisas sôbre seus concorrêntes?
sim _____ não _____ não sei _____
Pode dar-me alguns exemplos?

27. Tem feito intercambio de informações de marketing con seus concorrêntes?
sim _____ não _____ não sei _____
Que tipo? _________

28. Através de que vias seus produtos são distribuidos? (se revendedores) Que tipo?

29. Que tipo de atividades desempenha para auxiliar a venda de seus produtos?

30. Que tipo de controle é desenvolvido por sua emprêsa acompanhando a distribuição de seus produtos?
nenhum _____

31. Providencia alguma ajuda no esforca de venda de seus distribuidores?
sim _____ não _____
Qual ajuda?

32. Em que áreas geográfica é vendido seu produto?
no estado _____ nas capitais _____ em _____ estados

33. Seu produto é vendido nas capitais ou no interior?
capital _____ interior _____ ambos _____

34. O senhor mantém contrôle de estoques para cada um de seus centros regionais de distribuição?
sim _____ não _____ não sei _____

35. Sua emprêsa costuma estabelecer quotas de venda para cada centro de distribuicão?
sim _____ não _____ quando falta produto _____

36. Como são estabelecidas essas quotas?

37. Ocorre geralmente, também, com sua emprêsa a existencia de estoques superiores as necessidades de consumo em alguns locais?
sim _____ não _____ onde _____

38. E ão contrario, há falta de produto em estoques de alguns locais?
sim _____ não _____ onde _____

39. Em relação ão mercado sua emprêsa têm por objectivo: manter posicão atual ou aumentar a participação no mercado total?
manter posição atual _____
aumentar a participação _____

40. Quais são os criterios de avalição dos resultados obtidos pela sua emprêsa?
lucros _____ vendas _____ expansão _____
% do mercado atual _____ outros _____

41. Sua emprêsa têm expandido principalmente por intermedio de novos territórios _____ introdução de novos produtos _____ da alteração dos produtos atuais _____ servico de novos consumidores _____ aumento de venda dos produtos atuais? _____

42. De que modo sua emprêsa expandiu suas vendas?

43. Durante os ultimos 5 anos sua emprèsa fêz investimentos em instalacões fabris?
sim _____ não _____ quando _____ onde _____

44. Durante os ultimos 5 anos sua emprêsa expandiu o sistema de distribuicão de seus produtos?
quando? _____ para onde _____

45. Quais os motivos determinantes de sua expansão?

46. Em quantos turnos de trabalho sua fabrica produz?
1 _____ 2 _____ 3 _____ varia _____

47. O seu nível de produção varia entre periodos de capacidade maxima á outros com certa capacidade ociosa?
sim _____ não _____ não sei _____

2.

PESQUISAS

48. A sua emprêsa faz atualmente alguma forma de pesquisas de marketing (mercadologia)?
sim _____ não _____ não sei _____ de vez em quando___

49. Que tipo do estudos desenvolve?

PRODUTOS		R	T.T
Aceitação de produtos novos....	_____	_____	_____
Pesquisa de embalagem e Aspectos fisicos...............	_____	_____	_____
Estudos que visam eliminação de produtos......................	_____	_____	_____
Pesquisas econômicas...........	_____	_____	_____
Análise de vendas.............	_____	_____	_____
Outros........................	_____	_____	_____
MERCADO			
Análise sôbre o tomanho do mercado........................	_____	_____	_____
Análise das caracteristicas do mercado......................	_____	_____	_____
Estimativas da demanda de produtos novos................	_____	_____	_____
Análise para potencias de venda ou mercado...................	_____	_____	_____
Estudos sobre prêcos...........	_____	_____	_____
Estudo sobre concorrentes......	_____	_____	_____
Outros........................	_____	_____	_____
VENDAS E DISTRIBUICÃO			
Estudos sobre custos de distruicão..................	_____	_____	_____
Análise de eficiencia de vendas por território................	_____	_____	_____

Revisão de territórios......... _____ _____ _____
Análise de atividades de
revendedores................... _____ _____ _____
Outras

50. Pode dar me alguns exemplos de projetos que estão atualmente sendo desenvolvido em sua emprêsa?
Não sei _____

51. Que tipo de estudos são feitos regularmente aqui? (em cima)

52. Quais são suas finalidades?

53. Que tipos de estudos são feitos de tempo em tempo?

Se não usa pesquisas de marketing

54. Porque sua emprêsa não utiliza atualmente pesquisa de marketing?

55. A sua emprêsa fêz no passado, algum estudo de marketing?
sim _____ não _____ não sei _____

56. (se sim) Com que objetivo foram utilizados esses estudos?

57. Porque deixou de usar pesquisas de marketing?

58. Pretende usar pesquisa de marketing no futuro?
sim _____ não _____ não sei _____

59. Porque tomou essa decisão?

60. Esses estudos serão conduzidos por emprêsas especializadas _____ ou por sua proprio emprêsa?

61. Pretende criar um departamento de pesquisa de marketing proprio?
sim _____ não _____ não sei _____

volta aos utilizadores de pesquisas

62. Se fossemos diferenciar entre informacões internas tais como os dados de vendas da companhia e externas, tais como informacões sôbre o consumidor, qual o senhor considera mais usadas em sua emprêsa?
ambos _____

63. A sua emprêsa dá preferencia as informacões colhidas especialmente para sua emprêsa _____ ou informacões obtidas em censos estatísticos e outras publicacões?
_____ Purque?

64. O seu departamento faz previsão para seus produtos?
sim _____ não _____ departamento de pesquisa_____

65. (se sim) Com que finalidade são utilizadas essas previsões de venda?

66. (se não) Porque não faz previsão de vendas?

67. Presentemente há contrato com alguma emprêsa especializada para fazer estudos de marketing?
sim _____ não _____ não sei _____

68. Que tipo de estudo?_____

69. No passado teve oportunidade de fazer algum estudo de marketing através de emprêsas especializadas?
sim _____ não _____ não sei _____

70. Que tipo de estudos? _____

71. Com que proposito foram utilizados êsses estudos?

72. A sua emprêsa é assinante de algum servico de informacões baseado em pesquisa?
sim _____ não _____ não sei _____

73. Como são utilizadas essas informacões?

74. Seus estudos rotineiros são enviados ao pessoal de outros departamentos da companhia?
sim _____ não _____
Quais?

75. Quanto a estudos especiais, para quem são mandadas as copias?

76. Os resultados desses estudos especiais são enviados pelo seu departamento acompanhados _____ ou não _____ de recomendacões?

77. Geralmente os estudos especiais são originados pelo seu proprio departamento _____ ou requeridos por pessoas de outros departamentos? _____

78. Geralmente quem?

79. O senhor diria que o resultado de sua pesquisas têm influenciado:
grandemente _____ modernadamente _____
superficialmente _____ ou não têm influenciado _____
a politica de sua emprêsa?

80. A sua emprêsa é cliente de alguma agência de propaganda?
sim _____ não _____

81. Que tipo do informacões a agência fornece a sua emprêsa normalmente?
nenhuma _____

82. Sua propaganda é intensiva _____ moderda _____
mínima _____ ou a sua emprêsa não usa propaganda?
_____

83. Que veículos de propaganda são utilizados pela sua emprêsa?
televisão _____ radio _____ revistas _____ journais _____
revistas técnicas _____ cartas promocionais _____

84. Quais deles se utiliza principalmente?

85. Como o senhor determina o valor de sua verba de propaganda?

3.

CONCEITOS

86. Na sua opinião, quais os maiores problemas de venda da emprêsa?

87. Quais são as solucões que o senhor vislumbra para esses problemas?

88. Quais, na sua opinião são os fatores externos que determinarão o futuro volume de vendas da emprêsa?

89. Se o senhor desejasse ampliar as vendas da sua emprêsa, que mercados novos procuraria desenvolver?

90. Na sua opinião, o que contribui mais para a lucratividade total da emprêsa: o volume de vendas ou a margem do produto?
volume _____ maraem _____ os dois _____

91. Na sua opinião, qual é a principal vantagem do uso de estudos de marketing?

92. Comparando dois mercados:
um a cidade de Belo Horizonte, outro três cidades do interior do estado de S. Paulo proximas entre si, que juntas perfacam a mesma populacão de B. Horizonte, para qual mercado o senhor prefere vender? Porque?

93. Quais as razões que determinam modificacões nas características de suas produtos?

94. Qual é o criterio de expansão de suas fabricas para fora de S. Paulo?
não temos _____

4.

INFLUÊNCIAS

95. Como as recentes modificacões no ambiente econômico influenciariam suas atividades de marketing e de vendas?
não influenciam _____ não sei _____

96. E em relacão a concorrência?

97. Os programas de incentivos de govêrno atual têm influido sobre a politica de expansão de sua emprêsa?
sim _____ não _____ não sei _____
Como?

98. Na sua opinião, qual a principal contribuicão que os formados em administracão de emprêsas têm dado a sua emprêsa?

99. As agências de propaganda ou assessorias especializades influenciam o planejamento de vendas em sua emprêsa?
sim _____ não _____ não sei _____
De que modo?

100. Acredita que a presenca de companhias estrangeiras no Brasil aumente a eficiência das atividades das emprêsas em geral?
sim _____ não _____ não sei _____
Como?

101. No mesmo sentido da questão anterior; qual a influência do pessoal treinado em outros paises?

102. Acredita que concorrêntes ou outras emprêsas contribuiram para modificar a forma com que o senhor administra seu departamento?
sim _____não _____ não sei _____
De que modo?

103. O que o senhor pensa a respeito de troca de informacões com seus concorrêntes?

APPENDIX A
English Translation

1.

INTRODUCTION

1. How long have you been with _____? _____ months _____ years _____ a long time _____ short time

2. When was the company established?
_____ years ago _____ few years ago _____ I do not know

3. How many employees does your company have?
_____ over _____ I do not know _____

4. Of these how many are in the sales department?
_____ approximately _____ I do not know _____

5. Is there anyone specifically in charge of sales planning?
Yes _____ No _____ I do not know _____ Who _____

6. Do these people have any other function?
Only that _____ Others _____ I do not know _____

7. Does your company have a department of Marketing Research?
Yes _____ No _____ I do not know _____

8. When was that department established?
_____ I do not know _____

9. Are there any students of Business Administration in your department?
Yes _____ No _____ What is that?_____ I do not know _____

10. In any other departments of the company?
Yes _____ No _____ I do not know _____

11. Are your products industrial?
industrial _____ consumer _____ both _____

12. (If both) Does the same department sell both?
Yes _____ No _____ I do not know _____

13. (If consumer) What socio-economical level of consumer does your product reach? __________

14. Are your products sold mainly during certain times of the year?
Yes _____ No _____ During _____ Summer _____
Winter _____

15. What are your principal products? __________

16. Were these products introduced in the market together or separately?
Together _____ Separately _____ I do not know _____

17. What basis was used for the introduction of these products?

18. Is your company incorporated?
Yes _____ No _____ Other _____

19. Is the majority of the capital Brazilian _____%
or foreign _____%?

20. Decisions on how to conduct research, introduce a new product, or change the distribution system are made by your department or by the board of directors?
Department _____ Board of Directors _____ Both _____

21. What is your opinion regarding competition in your industry?

22. Does your industry have heavy _____ moderate _____
light _____ no _____ competition?

23. Would you consider your market more as a market where everybody sells what one produces, or a market in which the consumer may choose in order to buy _____? Why?

24. How many significant competitors do you have?
Many _____ Few _____

25. What is your share of the total market?
_____% I do not know _____ I would rather not say_____

26. Have you ever done research covering your competitors?
Yes _____ No _____ I do not know _____
Could you give me some examples?

27. Have you ever exchanged marketing information with your competitors?
Yes _____ No _____ I do not know _____ What type?
____

28. Through what channels are your products distributed?

29. What type of activities do you exert in order to promote the sale of your products?

30. What type of control does your company have over the distribution of its products?

31. Do you, in any way, help your distributors in their sales effort?
Yes _____ No _____
What type of help do you give them?__________

32. In what geographical areas is your product sold?
In the state _____ In the capitals _____ In _____ states

33. Is your product sold in the capitals or in the interiors?
Capitals _____ Interior _____ both _____

34. Do you keep inventory controls on each of your regional distribution centers?
Yes _____ No _____ I do not know _____

35. Does your company usually establish sales quotas for each distribution center?
Yes _____ No _____ when there is shortage of the product _____

36. How are these quotas established?

37. Does the existence of inventories larger than your needs usually occur in your company?
Yes _____ No _____ Where?_____

38. On the other hand, is there inventory shortage in some places?
Yes _____ No _____ Where?_____

39. In regard to the market, does your company aim at: keeping its present position or increasing its market share?
Keeping present position _____ Increasing market share _____

40. What are the criteria for the evaluation of your company's performance?
Profits _____ Sales _____ Expansion _____ % present market _____ Others _____

41. How has your company expanded? Via new geographical markets _____ Introduction of new products _____ Changes in present products _____ Service to new customers _____ Increase in sale of present products _____

42. How has your company expanded its sales?

43. Has your company made any investments in production facilities in the past five years?
Yes _____ No _____ When? _____ Where? _____

44. Has your company expanded the distribution system for its products in the past five years?
When? _____ Where to? _____

45. What influenced this expansion?

46. How many shifts does your plant operate?
1 _____ 2 _____ 3 _____ It Varies _____

47. Does your production level vary between periods of full capacity and idle capacity?
Yes _____ No _____ I do not know _____

2.

MARKETING RESEARCH PRACTICES

48. Is your company presently doing any type of marketing research?
Yes _____ No _____ I do not know _____
Occasionally _____

49. What type of studies?

PRODUCTS

		R	T.T
Acceptance of new products.....	_____	_____	_____
Research on packaging and physical aspects...............	_____	_____	_____
Studies on the elimination of products......................	_____	_____	_____
Economic research.............	_____	_____	_____
Sales Analysis................	_____	_____	_____
Others........................	_____	_____	_____

MARKET

Analysis of market size........	_____	_____	_____
Analysis of market characteristics........................	_____	_____	_____
Forecast of new products demand.........................	_____	_____	_____
Analysis of market or sales potential.....................	_____	_____	_____
Price Studies.................	_____	_____	_____
Studies on competitors.........	_____	_____	_____
Others........................	_____	_____	_____

SALES AND DISTRIBUTION

Studies on costs of distribution........................	_____	_____	_____
Analysis of sales efficiency per territory.................	_____	_____	_____
Territory reallocation........	_____	_____	_____
Analysis of wholesaler's activities....................	_____	_____	_____
Others.......................	_____	_____	_____

50. Could you give me some examples of projects presently being developed by your company?

51. What type of studies are usually done here? (above)

52. What are its purposes?

53. What types of studies are done from time to time?

(If does not perform marketing research)

54. Why does your company not presently use marketing research?

55. Has your company done any marketing study in the past?
Yes _____ No _____ I do not know _____

56. (If Yes) For what purpose were those studies used?

57. Why has your company stopped using marketing research?

58. Do you intend to use marketing research in the future?
Yes _____ No _____ I do not know _____

59. Why was that decision made?

60. Will those studies be done by specialized companies _____ or by your company_____?

61. Do you intend to create a marketing research department?
Yes _____ No _____ I do not know _____

Back to research users

62. Assuming a difference between internal information, such as company sales data, and external data such as information on the consumer, which one do you consider as being more used in your company?

63. Does your company give preference to information collected for your company _____ or information obtained from census books and other publications _____?

64. Does your department make sales forecases?
Yes _____ No _____ Research department _____

65. (If Yes) For what purpose are these sales forecasts used?

66. (If Not) Why do you not make sales forecasts?

67. Do you presently have a contract with any specialized company for marketing studies?
Yes _____ No _____ I do not know _____

68. What type of studies?___________

69. Have you in the past had any opportunity of doing a marketing study through specialized companies?
Yes _____ No _____ I do not know _____

70. What type of studies? ___________

71. For what purpose were those studies used?

72. Does your company subscribe to any information service based on research?
Yes_____ No _____ I do not know_____

73. How is that information used?

74. Are your routine studies sent to people of the other departments of your company?
Yes _____ No _____ Which? _____

75. As to specific studies, to whom are copies sent?

76. Are the results of these specific studies sent by your department accompanied _____ or not _____ by recommendations?

77. Are requests for these specific studies usually originated in your department _____ or requested by people of other departments? _____

78. Who usually requests these?

79. Would you say that the result of your research has influenced: strongly _____ moderately _____ superficially _____ has not influenced _____ your company's policies?

80. Is your company a client of an advertising agency?
Yes _____ No _____

81. What type of information does the agency usually supply your company?
None _____

82. Is your advertising intensive _____ moderate _____ minimal _____ or the company does not use advertising?_____

83. What advertising media are used by your company?
television _____ radio _____ magazine _____
newspapers_____ technical magazines _____

84. Which ones are used the most?

85. How do you determine your advertising budget?

3.

MARKETING CONCEPTS

86. In your opinion, what are the biggest sales problems of the company?

87. What solutions do you visualize for these problems?

88. In your opinion, which are the external factors that will determine the future sales volume of your company?

89. What new markets would you try to develop if an increase in your company sales were desired?

90. In your opinion, which contributes more to the total profitability of the company: sales volume or profit margin?
volume _____ margin _____ both _____

91. In your opinion, what is the main advantage of using marketing studies?

92. Comparing two markets:
One is the city of Belo Horizonte; the other, three cities of the interior of the state of Sao Paulo (close to each other) and which together have the same population as Belo Horizonte, to which market would you prefer to sell? Why?

93. What are the reasons that determine changes in the characteristics of your products?

94. What are the criteria for the expansion of your plants out of São Paulo?

4.

AWARENESS OF SELECTED INFLUENCES

95. How have the recent changes in the economic environment influenced your marketing and sales activities?
They do not influence _____ I do not know _____

96. And in regard to competition?

97. Have the present government incentive programs influenced the expansion policy of your company?
Yes _____ No _____ I do not know _____

98. In your opinion, what is the main contribution that business administration graduates have contributed to your company?

99. Do advertising agencies or consulting firms influence sales planning in your company?
Yes _____ No _____ I do not know _____
In what way?

100. Do you believe that the presence of foreign companies in Brazil increases the efficiency of the activities of companies, in general?
Yes _____ No _____ I do not know _____
How?

101. Along the same line of the previous question, what is the influence of people trained in foreign countries?

102. Do you believe that competitors or other companies have contributed to change the way you manage your department?
Yes _____ No _____ I do not know _____
In what way?

103. What do you think regarding exchanging information with your competitors?

APPENDIX B

A listing of the 119 manufacturers in São Paulo, Porto Alegre, and Salvador, Brazil, which constitute the sample of this study.

PORTO ALEGRE

A.J. Renner S.A.
Araucaria S.A.
Celupa
CIA Industria Celulose e Papel Guahyba-Celupa
Cigarros Sinimbu
Distribuidora de Produtos de Petroleo Ipiranga S.A.
Ernesto Neugebauer, S.A. Industrias Reunidas
Frigorífico Ideal S.A.
Ind. de Conservas "Ritter" S.A.
Industrias Micheletto S.A.
Lanificio Sulriograndense S.A.
Livraria do Globo S.A.
Metalúrgica Wallig S.A.
Pagueta S.A.
Rafael Guaspari-Tecidos e Confecções S.A.
Refrigerantes Sul Rio Grandense S.A.
Renner Hermann S.A. Industria de Tintas e Oleos
S.A. de Cimento Portland Rio Grande do Sul
S.A. Moinhos Rio Grandenses
Siderurgica Rio Grandenses S.A.
Teleuniao S.A. Industria de Radios e Televisao
Vacchi S.A. Industria e Comércio
Vinicola Rio Grandense
Walter Gerdau, S.A.
Zivi - Hercules

SALVADOR

Barreto de Araujo
Chadler Industrial da Bahia S.A.
CIA Emporio Industrial do Norte
CIA Fabril do Fiaes
Cimento Aratu, S.A.
Correa Ribeiro S.A. - Comércio e Industria
Fabrica de Papel da Bahia
Fabrica de Tecidos Nazaré S.A.
Fagip S.A.
Fratelli-Vita - Industria e Comércio S.A.
Joanes Industrial S.A.
Mirca, S.A.
Produtos Águia Central S.A.
S.A. Fabrica Leite & Alves
Suerdieck S.A.

SÃO PAULO

Alba S.A.
Aluminio Do Brasil S.A.
A.M. Deca
Anderson Clayton & Co. S.A.
Arno S.A. - Industria E Comércio
Atma Paulista, S.A. - Industria E Comércio
Bicicletas Monarck S.A.
Biscoitos Aymoré
Bozzano, S.A.
Carlo Erba do Brasil S.A. - Ind. Quimico Farmaceutica
Cerâmica São Caetano S.A.
CIA Brasileira de Alumínio
CIA Brasileira de Embalagens S.A.
CIA Industrial e Mercantil Paoletti
CIA União dos Refinadores
Cimaf-CIA. Ind. E Merc. de Artefatos de Ferro
Cobrasma S.A. Industria e Comércio
Companhia Antartica Paulista
Companhia Industrial E Comercial Brasileira de Produtos Alimentares
Companhia Melhoramentos de São Paulo - Industrias de Papel
Companhia Nacional de Estamparia
Companhia Nitro Quimica Brasileira
Companhia Paulista de Alimentacào
Du Pont do Brasil S.A.
Editôra Abril LTDA.
Editôra Cultri - Pensamento
Elgin - Fabrica do Maquinas de Costura S.A.
Electro - Industria "Walita" S.A.
Fabrica de Cigarros Florida S.A.
Fabrica de Cigarros Sudan S.A.
Fabrica de Tecidos Tatuapé S.A.
Fabrica Fi-El Limitada
Fabrica Nacional de Vagões S.A.
Frigorífico Mouran S.A.
Frigorífico Wilson do Brasil S.A.
Ford Motor do Brasil S.A.
Grassi S.A. - Industria e Comércio
Ibesa - Industria Brasileira de Embalagens S.A.
Ind. Com. Bicicletas Caloi S.A.
Industria de Bebidas Cinzano S.A.
Industria de Pneumáticos Firestone S.A.
Industria de Roupas Regência S.A.

Industria Madeirit S.A.
Industria Pereira Lopes S.A.
Industrias de Papel Simão S.A.
Industrias Gessy-Lever S.A.
Industrias Quimicas Electro Cloro S.A.
Industrias Quimicas Mantiqueira
Industrias Resegue de Oleos Vegetais S.A.
Industrias Reunidas Vidrobras Ltda.
Industrias Villares S.A.
Instituto Medicamento Fontoura S.A.
Instituto Pinheiros Produtos Terapeuticos, S.A.
Invictus
Kodak Brasileira Limitada
Krupp
Linhas Corrente S.A.
Manufactura de Brinquedos "Estrela" S.A.
Maquinas Piratininga S.A.
M. Dedini S.A. - Metalurgica
Mercedes Benz do Brasil S.A.
Metal Leve S.A. Industria E Comércio
Metalurgica Alfa Sociedade Anonima
Moveis de Aco Fiel, S.A.
Philco Radiò e Televisao S.A.
Plasticos Plavinil S.A.
Porcelana Real, S.A.
Refinacões de Milho, Brasil S.A.
Rhodia-Industrias Quimicas e Texteis S.A.
S.A. Cotonoficio Paulista
S.A. Fabricas "Orion"
Sanbra-Sociedade Algodoeira do Nordeste Brasileiro S.A.
Sao Paulo Alpargatas S.A.
Tecnogeral S.A.
Textil Tabacow, S.A.
Trivellato S.A. - Engenharia, Industria E Comércio
Union Carbide do Brasil S.A. - Industria E Comércio
Vigorelli do Brasil S.A.
Volkswagen do Brasil S.A.

TABLE 1--APPENDIX C

MARKETING RESEARCH USERS AND NON-USERS BY NUMBER, PER CENT, AWARENESS SCORE AND AVERAGE RATING OF SELECTED ENVIRONMENTAL FACTORS[a]

Selected Environmental Factors	Positive (5 or 4)				Negative (3)				Neutral (2 or 1)				Total		Average Rating	
	User		Non-User		User		Non-User		User		Non-User		User	Non-User	User	Non-User
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	No.		
Competition	27	80	45	63	3	8	16	23	4	12	10	14	34	71	3.85	3.46
Foreign Firms	22	60	35	47	14	40	31	41	-	--	9	12	36	75	3.75	3.45
Government	21	62	28	38	11	32	37	50	2	6	9	12	34	74	3.65	3.32
Business Administration Students	18	51	13	20	16	46	51	76	1	3	3	4	35	67	3.56	3.19
Advertising Agencies	55	15	2	4	29	85	44	94	-	--	1	2	34	47	3.24	3.06

[a] Totals differ for each environmental factor as all respondents did not answer all questions.