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The application of competitive intelligence in export markets selection: A comparative analysis of four methods

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ABSTRACT

The insertion in the international market through exports is an important step in the growth of an organization. It is a major challenge for decision makers in small and medium-sized enterprises. This paper analysis as Competitive Intelligence assists this choice through four methods of selecting export markets. Using primary and secondary data, four methods were investigated. Four strategic dimensions were identified for the development of market selection for export: psychic distance, sector analysis, steps of selection and indicators. The similarities and differences between these methods from the analysis of these dimensions were identified. Among the results, it was verified the wide range of indicators used, the attention given to the psychic distance and the importance of sector analysis.

1. Introduction

Globalization has set a new conception of interaction and global flows in various sectors of society and the economy. The extending firm activities outside the country-of-origin borders are often presented as an important step in the search for firm expansion. Firm internationalization allows access to new markets, generating significant benefits such as increased product lifecycle management and operational revenues, more lucrative profits, and market diversification, with the consequent dilution of risks (Kovacs, Moraes, & Oliveira, 2007). However, as globalization allows easier access to new international markets, it also creates a fierce competitive environment, which requires continuous increases in business competitiveness. Thus, inclusion in this new business space demands elaborate and careful planning, which is part of broader strategic organization.

Although there are several theories about the process of firm internationalization, exporting is, in most cases—and especially in the models of a behavioral bias—seen as one of the first steps in the gradual process of penetration. It is often used to gain experience and knowledge in the internationalization process, giving the firm a richer export culture (Ferreira, Cavalcanti Neto, & Gomes, 2014). Despite appearing as the simplest mode of entry, one that does not need great firm control, exporting should be a strategically planned action and can require major changes in organization.

For firms that aim to export their products, a major challenge is the choice of market. One of the most critical dilemmas in the analysis of a new international market is the choice between a higher level of detail and the resulting quality of the analysis verses the costs and time involved in decision making. It is especially important for small- and medium-sized firms that have limited resources for this task and

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subsequent international market entry. Currently, there is also a growing need to make quicker decisions, due to the pace with which international trade and scenarios change (Teixeira & Flores, 2014).

It is essential that the prospecting process for new international markets is supported by strong and effective study, which can assist decision-makers to make the most appropriate choice in a limited period of time. The use of competitive intelligence (CI) is therefore a key strategic process to reduce uncertainty and to better understanding economic, political, legal and cultural forces in international markets. According to Fuld (2007), CI allows anticipated forward action to understand, in a less-than-perfect way, external contexts. CI allows information from the external environment to be analyzed and forms of activity in this market to be understood, so that the firm can define the best establishment strategy (Woida & Valentim, 2006).

CI can be used to select export markets. The use of CI supports firm decision-makers in various aims (Barreto, 2012). Its use in the selection of export markets is an opportunity, helping to reduce the risk of an important step in the internationalization process of a firm. Thus, this study seeks to investigate how CI can assist the process of selecting new markets in exporting activities.

This research has the main objective of analyzing the way in which CI aids the selection of new markets. As specific objectives, similarities between CI models related to market selection for exporting and method differences are identified in order to reveal their contribution capacity.

2. Competitive intelligence

According to Sharp (2009), CI is a facilitator of the strategy formulation process, comprising of "the organization's support activities, which interprets information concerning elements of its external environment in order to anticipate opportunities and threats through analytical processes" (Buzzerio & Marcondes, 2014, p. 236). For Miller (2002, p. 25), "CI deals with the analysis of information about a market and generates recommendations for those who decide within the firm."

Currently, CI is seen as a process in which there is a logical sequence of activities, with premises, predetermined objectives, and expectations (Woida & Valentim, 2006). In this view, the CI cycle passes through five main stages whereby data are transformed into knowledge: planning and direction, information gathering, analysis, and communication and feedback (Calof & Wright, 2008).

The first step is to understand what the purpose and the necessities of using CI are as well as the expected results, so that what is needed can be defined and monitored. The second stage of data collection is critical to ensure the reliability of the final result, and, in a time prior to collection itself, the most appropriate collection processes, analytical models to be used, and the roles of collectors must be defined. The information analysis stage is of great value to CI work, as it creates strategic knowledge oriented toward action (Buzzerio & Marcondes, 2014; Bose, 2008). In this activity, the information obtained in the previous step is processed and interpreted, obtaining meaning from the identification of patterns, trends of contextualization, and insights (Miller, 2002). The fourth step is the dissemination of results, which must be presented not only as consolidated data, but with causal relationships, assumptions, views, and proposals for new monitoring, because these are the real products of CI. The last step is feedback in relation to the delivered intelligence product, aiming to evaluate the efficiency of the system, which is designed to meet the needs of decision-makers (Bose, 2008).

Through these steps, information is transformed into knowledge that can be used to support decision-making by firm senior management. The use of IC can bring gains with regards to decision-making in firm internationalization.

3. Firm internationalization

Studies on internationalization through exporting began with the analysis of ways to identify opportunities and obstacles to the internationalization of firms in an increasingly globalized world. Faced with a range of studies on the subject, two main areas have been consolidated and encompassed in the various models developed: an economic approach and a behavioral approach (Dal-Soto, Alves, & Bulé, 2014).

The economic approach to firm internationalization is composed of some major theories that focus on decisions supported by specific data and information as well as maximizing economic returns. The eclectic paradigm, product lifecycle theory, and market power theory are among the

models that make up this approach (Dal-Soto et al., 2014). The behavioral approach is a pillar of the studies of the school of Uppsala, developed by Johanson and Vahlne. The central assumption of this school is that internationalization occurs in a gradual and incremental manner as a result of an organization's growth and domestic market saturation (Johanson & Vahlne, 1977). The gradual nature of learning is also an important focus of the Uppsala school. The concept of psychic distance is preponderant in behavioral debate and not only encompasses the existing physical proximity between countries, but also cultural issues such as language and business practices, which can generate greater identification and security for firms that are in this initial process of internationalization (Teixeira & Flores, 2014). Updating the Uppsala model incorporated Johanson and Mattsson's (1988) network theory, which stipulates the importance of the resources that the firm has, as well as the relationship between those involved in the process, whether internal, such as subsidiaries, or external, such as suppliers and advertising companies. Embedded in this business network, the role of the entrepreneur is central in theory of international entrepreneurship of Oviatt and McDougall (1994) and studies by Andersson (2000).

Despite the differences between the behavioral approach and the economic approach, exporting has a central role in the presented studies and is embedded in the different stages in the internationalization process. A critical point for exporting to be successful is market selection.

4. Export market selection

Carneiro and Dib (2008) divide the decision to internationalize into five dimensions, where the decision to choose a market normally arises after an initial analysis of the reasons to internationalize, the definition of products or services to be incorporated in this process, and the choice of when to start it. The last step would be the type of entry mode in the selected market, but the authors point out that the order need not be linear (Carneiro & Dib, 2008; Dal-Soto et al., 2014).

Defining "where to export to" is a basic question examined in studies relating to market selection. The more rational and simplified answer, especially if only macroeconomic factors are analyzed, is the choice of markets with the greatest consumer potential and, therefore, markets that are at a more advanced stage of development. However, behavioral aspects show that, in addition to entry barriers in a market composed of more demanding consumers and more aggressive competition, entering more developed markets may require a higher degree of firm maturity (Viana & Hortinha, 2009).

Despite the different positions in the literature about internationalization strategies, two macro steps gain unanimity. The first is the evaluation of potential markets through variables. At this stage, firms may choose to avail themselves from purely macroeconomic variables, or insert variables related to issues of a legal, political, social, and cultural character. In the second stage, firms analyze the costs, benefits, and risks of each selected market (Coelho, 2013).

Johanson and Vahlne spread the market selection process into four main phases. The first is the identification of countries mainly through macroeconomic indicators such as GDP, population, and growth rates. In the second phase, more subjective factors of each country are analyzed, which helps identify psychic distance—i.e., geographical distance and economic development—and allows the exclusion of already identified viable markets. The third phase consists of a more complex analysis of data relating to obstacles and advantages of entering the market. The fourth stage relates to the final selection, where a comparative analysis of firm objectives and the results expected from the inclusion in the defined market (Coelho, 2013) are fulfilled.

Kontinen and Ojala (2010) emphasize the importance of psychic proximity and, unlike Johanson and Vahlne, consider market options for the first exports of a country as necessary for countries with greater physical, linguistic, and cultural proximity, among others.

Viana and Hortinha (2009) identify two distinct forms for selecting target markets: the opportunistic choice and the systematic choice. The opportunistic choice uses gaps in performance through which it is possible to identify the difference between the resources that the firm has and the resources needed for inclusion in new markets, with markets that have a smaller distance between these two values being selected. The systematic choice is commonly used by firms that already have some degree of prior internationalization and thus invest in markets with

the greatest potential for development or return on capital (Coelho, 2013; Viana & Hortinha, 2009). Converging with this distinction between the opportunistic and the systematic choice, Hollensen (2011) identifies a distinction between the action of selecting markets for firms that already have a significant presence abroad and firms that are starting this process.

5. Research method

Given the exploratory nature of the research, the first step of this study included the identification of market selection methods to be analyzed according to accessibility and convenience criteria. The researchers decided to analyze two academic methods, whose development and application are linked to educational and research institutions, and two methods with an executive character, linked to public agencies or export support entities. The choice of methods with different approaches was taken in order to provide more insight for the comparative analysis of data. Also, confronting academic and executive methods allows a different understanding of how the theme is dealt with in these two spheres. Data from four methods were obtained – three from the literature and a fourth method from an unstructured interview.

The first method was developed by the Brazilian Agency for Export and Investment Promotion (APEX). APEX applies the method through its market intelligence area in order to prepare studies aimed at scoring export market opportunities for products and services from Brazilian sectors. The second method analyzed was developed by Cavusgil, Kiyak, and Yeniyurt (2004) at Michigan State University and enables the clustering and ranking of countries. The third method was developed by Papadopoulos, Chen, and Thomas (2002), who are researchers from the Sprott School of Business of Carleton University.

The fourth method was obtained through an interview with an analyst of the Rio Grande do Sul International Business Center's (CIN) Commercial Intelligence Center, belonging to the Management of International Relations and Foreign Trade of the Federation of Rio Grande do Sul Industries. The CIN provides training and studies that seek to encourage the development of industries in the state through the expansion of foreign trade opportunities. The interview guide can be seen in Appendix 1.

Next, the four methods were synthesized in order to guide the analysis stage. Qualifying analysis was necessary and included an expert view on the subject in order to obtain empirical knowledge that they have on the subject. The synthesis of each method was shared with each respondent. A set of questions for semi-structured interviews was then developed. The first respondent is a professor and consultant of foreign trade, with over 25 years of experience in the area of international trade. The second respondent is a professor, expert in firm internationalization, and an economist connected to state government. The third interviewed expert is a professor, business consultant, and coordinator of the Group of International Negotiations of the Federation of Rio Grande do Sul Industries. Respondents were chosen according to convenience and accessibility, and in-person interviews were conducted individually.

After the interviews, answers were analyzed and four dimensions were identified as the key to method analysis, namely, psychic distance, sectorial analysis, step selection, and indicators. Data were analyzed in an intuitive way through the technique of content analysis. Categories were identified by comparing data with theory. This was later applied in the process of data categorization, following the procedures proposed by the approach (Prodanov & Freitas, 2013).

The four methods were then characterized and, subsequently, the comparative analysis of the data was performed from the four dimensions identified.

6. Presentation of export-market selection methods

The following briefly presents the four methods of export market selection.

6.1 Method of APEX Brazil

APEX Brazil acts as a mediator between firms and national and foreign institutions, encouraging the participation of Brazil in international trade (APEX, 2015). One of the studies identifies potential goods and services markets for sectors of Brazilian industry.

The first step of the method selected the 60 largest world importers of the product under study. Since the studies analyzed refer to Brazilian products, this initial list aggregates the South American countries that are among the world's 100 largest importers. This differentiation is justified by geographical proximity, which allows for easier

logistics, the most probable existence of trade agreements, and reduced psychic distance. Within this initial selection, the countries are separated into "very high," "high," "medium-high," "medium-low," and "low."

For these pre-selected countries, the average annual growth of product imports over the past five years was calculated. In this process, countries are classified as "very dynamic," "dynamic," "intermediate," "low dynamism," and "in decline." All countries with "high emphasis" and/or "very dynamic" categorization were selected, as well as those with intermediate combinations.

The second step confirms data on the five major themes: "trade," "competition," "macroeconomic environment," "accessibility," and "sector." In the theme "trade," data aims to identify the commercial relationship between Brazil and the selected countries as well as the import capacity of these countries. The indicators for the "competition" theme analyze competition in the target market, either by local production or third-party countries. In the analysis of the "macroeconomic environment," information about power and economic dynamism of the selected countries in order to identify internal market opportunities was gathered. The "access" group studies issues related to logistics and tariffs that decisively influence the entry of products in target markets. The variables inserted into the "sector" group identify more accurate data from the pre-selected countries in the product sector. In this group, the selected variables change according to the product that is analyzed. For each of the variables presented, the mean and standard deviation must be identified in order to compare the countries. With this information, it becomes possible to classify countries for each variable in four categories, as shown in Table 1.

Tab. 1
Variables' Score

Score	Value range of indicators
-1	Value below the average in one standard deviation or more
1	Value below the average up to one standard deviation
3	Valor above the average until one standard deviation
5	Valor above the average in one standard deviation or more

Source: Elaborated from APEX (2015)

The last step of this method calculates the average of this score for each country. Thus, countries that have obtained a final average of three or five values are seen as potential export markets for the studied product.

6.2 Method of clustering and ranking countries

The method developed by Cavusgil et al. (2004) uses two different methods to prospect new markets: country clustering and ranking. Clustering involves grouping countries that have similarities in commercial, economic, political, and cultural dimensions. Ranking sorts countries according to their score in order to consider relevant preselected dimensions in the international market.

In order to cluster the markets, variables must be selected according to the type of product being exported. Cavusgil et al. (2004) present a list of 29 variables—25 of them were obtained through a literature review and the other four were included to measure more modern attributes.

Cavusgil et al. (2004) cover, through these variables, five main themes: infrastructure, economic welfare, standard of living, market size, and dynamism. Infrastructure represents the country's level of development and economic well-being represents its prosperity. Standard of living is represented by three variables that cover three different topics: life expectancy, unemployment, and literacy rate. Market size identifies the size of the possible consumer public of the product and dynamism is the future potential of this market. The method suggests selecting some variables from this list according to the product being exported.

After calculating the variables for each country, they were grouped according to their similarities. These groups were then given weighted scores and numbered in order of attractiveness. At first, the groups of countries were ordered according to the criteria defined as most important. However, it was still not possible to identify a single target market, but a group of similar markets considered more attractive. Cavusgil et al. (2004) suggest that a classification technique is applied by which countries are ranked according to their potential.

This classification technique is based on the market potential index—calculated indicators published annually in GlobalEdge from Michigan State University. It has eight dimensions: market size, market intensity, market growth rate, market consumer capacity, infrastructure, market receptivity, free market structure, and market risk.

Weighted scored were given to these pillars, calculated using various applications of the Delphi method used among scholars and international business professionals. A linear compensation model was applied and classified the 89 countries analyzed.

Combining the method of clustering and ranking lead to the identification of the target market. The method suggests further analysis to be undertaken for the selected country in order to understand in more detail the market's behavior and customers, which leads to its choice being confirmed (Cavusgil et al., 2004).

6.3 Papadopoulos, Chen, and Thomas's Method

The method suggested by Papadopoulos et al. (2002) is based on two main pillars: potential demand and commercial barriers. In a first step, the authors selected 17 possible targets markets belonging to the Organization for Economic Cooperation and Development (OECD), which currently consists of 34 members. The rationale used by the authors entails that they are countries that have updated available data and enhanced economic development.

Four indicators are suggested to analyze the "potential demand" group for the product to be exported. The first is called "apparent consumption" and aims to identify the size of the consumer market for the product in question. The second indicator used to calculate potential demand is import penetration, portrayed by the percentage that the imports represent against apparent consumption. The third indicator is the "lead source," which identifies the participation of the country in the imports of the target market. The last indicator that makes up this group is "market similarity," which is an indicator composed of four variables: life expectancy, GDP per capita, energy production, and the share of imports in relation to GDP.

The second group demonstrated by the method is trade barriers, which is built through four indicators. The first indicator measures tariff barriers and is obtained through a weighted average of tariffs applied in recent years. The second measures the non-tariff barriers from the database provided by the World Trade Organization (WTO), through which the application of 20 different non-tariff barriers of analyzed countries was observed. The third indicator is the physical distance between countries. The last indicator is the change in the exchange rate between the countries over the previous year.

In order to scale the windows and allow for a comparison between them, Papadopoulos et al. (2002) used a method proposed by Liander, Terpstra, Yoshino, and Sherbini (1967). For each indicator, the lowest value identified for a country is subtracted from the highest value of another country for the same indicator. This difference is divided by ten, forming ten interval values, which are rated from 1 to 10, from the lowest to the highest value. Thus, countries are placed in these intervals and receive a respective group score.

Papadopoulos et al. (2002) point out that the offensive strategies adopted by firms affects target market selection and, therefore, they propose using different weights for indicators and groups, according to firm strategy. When weights are applied to the values identified for each indicator according to the value range in which they operate, each country has a score from 1 to 10 for the groups "demand potential" and "trade barriers." Then, according to the strategy adopted by the company, the weight per group was applied—thus coming to a final value for each country.

From this final score, countries are divided into four major groups: (a) those with a value above six, which are countries considered as great opportunities; (b) countries with a score between four and six, considered as high/medium opportunity; (c) countries with a score between three and four, which are countries with medium/low opportunity; and (d) countries that scored less than three, which are considered as low opportunity. Thus, decision-makers will have market options for exporting to one or more countries that belong to groups with scores above six.

6.4 Method of the Rio Grande do Sul International Business Center

The Rio Grande do Sul International Business Center (CIN), through its business intelligence area, performs custom market selection studies to assist businesses in identifying markets for export. At first, it conducted a diagnosis of internal issues for firms. The factors include the example of firm size, maturity, decision-maker characteristics, business strategy, and technology issues, in order to have a glimpse of the internal scenarios of firms and thus identify their needs.

Once a firm’s profile and benefits sought in foreign trade are understood, the next step is the definition

of an initial group of countries to be analyzed. To achieve this listing of countries, sectoral analyses of the products to be exported are carried out, which are presented to decision-makers in order to perform this first filter together. At this stage, decision-makers have an important role not only in selecting markets, but also in proposing countries for which they have the greatest interest. In most cases, this selection is made by geographical region, seeking to identify, for example, continents or regions to be exploited. It is, however, possible to use other criteria to make this initial selection.

In the second stage, data are collected for the selected countries. The indicators used by this method are quite varied and are identified according to the needs of the product being exported. Macroeconomic, demographic, and commercial quantitative indicators, among others, enabled a comprehensive and comparative view of the countries.

With the analysis of these indicators, potential market options were reduced to a number of about three countries. At this point, the method suggests a qualitative assessment. Microeconomic features such as the main importers, the most important sources of imports, and Brazil's share in imports are analyzed. After the selection of a target market, an analysis of the internal opportunities for specific products was performed.

The method has a schedule that stimulates an active and constant participation of firm decision-makers. This participation and achievement of intermediate decisional steps ensured that export market selection was aligned with the institutional vision, since, even in similar situations, firms exporting the same product may have different preferences for target markets.

7 Similarities and differences between methods

Four dimensions were identified as essential in the export-market selection process: psychic distance, sector analysis, stages of selection, and indicators. A comparative analysis of the following methods was carried out according to these dimensions.

7.1 Distance psychic

Psychic distance is very prominent in behavioral aspects and appears to be quite important, mainly for small- and medium-sized businesses that do not have an export culture (Hollensen, 2011). This concept, however, was not particularly deepened by the four methods. There is an empirical trend in cases of proactive and planned exports, where firms start their export process for countries that have a higher "identification," because of the security it brings to decision-makers. In addition, there is a greater likelihood of trade agreements with countries considered as closer, which can result in a significant competitive advantage over other international competitors.

The method used by APEX incorporates this view within the initial stage. When included in the pre-selection of the top 60 global importers, countries of the same region are among the 100 largest importers. However, further analysis was not undertaken and the concept ends up being more related to physical proximity—which has, in fact, a direct and important influence on psychic distance (Johanson & Vahlne, 2009).

The second method presented uses the technique of clustering, which allows this recognition of countries with greater similarity. The indicators used represent economic, population, and development factors. Exporting country data were not included in the analysis, making the psychic distance between the country of destination and origin difficult to measure.

The method developed by Papadopoulos et al. (2002) is the most attentive to the concept of psychic distance, which corresponds to the "market similarity" indicator. This indicator is composed of four variables that measure the similarity between the exporter market and target markets in four different dimensions. However, it is clear that this application is performed only after the initial stage of selection of the 17 OECD markets, and thus it loses its potential because the initial sample cut was restricted to a very specific group of market options.

In the method used by the RCN-RS psychic distance is not investigated by indicators; however, in the initial stage of selection of a region to be analyzed, it has an important role, since there is a tendency to give greater attention to countries in the same region as the exporter country.

7.2 Sectoral analysis

Analysis done with only macroeconomic factors means that countries with a higher degree of

development are always selected, which, the experts reinforce, tend to be more difficult markets for entering products. The high level of demand in these markets, strong competition, and technical barriers require an innovative product and well-structured exporting. These markets are often not the ideal target market for start-ups in international trade. With just macroeconomic factors being analyzed, there is a high probability that countries are removed from the analysis when they present great opportunities for the specific product being exported.

The method developed by APEX attends to the analysis of the target market of the specific sector to which the study applies. It is observed that in addition to the "sector" theme, which includes only specific variables on the market of the product analyzed, the themes of "trade" and "competition" also use variables that cut a more restricted configuration for the product.

The method presented by Cavusgil et al. (2004), moreover, does not include this view, relating variables that represent only a more macro level of the countries' dimensions. In the third method there is greater concern for the sectorial market, which can be identified in both study groups. In the "potential demand" group, the sector view is inserted in the indicators "apparent consumption," "import penetration," and "origin advantage"; the "trade barriers" group is analyzed in the "tariff barriers" and "non-tariff barriers" indicators. This preoccupation, in a more sectoral analysis, is also observed in the method used by the CIN, which directs and adjusts its indicators for this product view throughout the analysis.

7.3 Selection of stages

It is noticed that there is an important difference between the way in which the methods organize the analysis of information and the steps proposed for the identification of potential markets. The first stage, narrowing the market options to be analyzed, is a delicate point of the methods, since they need to ensure that the remaining number of countries for the second-variable analysis phase is not big enough to derail data collection, and not so small as to exclude opportunities.

APEX's method restricts the initial number of countries through the import value that these countries have for the product in question, reducing the number to about 60 potential markets. Then they combine this variable with the dynamism of the countries, making the combinations with the greatest potential pass to the second part of the analysis of 35 indicators.

The method of clustering and ranking does not apply an initial restriction, making it necessary to get to all possible markets the information of the 29 suggested variables. This can be particularly difficult to apply in firms that have few staff members and limited resources.

The third method, developed by Papadopoulos et al. (2002), performs the opposite of the clustering and ranking, since it restricts, firstly, analysis to a number of 17 countries. This technique has as a fragility the possible exclusion of potential markets that, not belonging to the OECD, would not have their data collected for analysis.

The method used by the CIN also performs a more abrupt initial cut, but, unlike Papadopoulos et al. (2002), it is done in conjunction with the decision-maker, based on an assessment of the external environment and the specific indications of the decision-maker. It is observed that the initial selection suffers a greater influence from the general perceptions of the scenario, team, and the firm, and from not being purely economic data, as proposed by the third method presented.

In the analysis stage of the indicators for countries previously selected, a greater similarity is observed between the methods. The methods of APEX, Papadopoulos et al. (2002), and the CIN make countries comparable for each indicator. The first method applies four different scores according to its standard deviation from the indicator average, while the second proposes the creation of ten different value ranges, in which countries are placed. The CIN method does not cluster countries in unified ranges or scores, but classifies them in order of score, allowing comparison.

This technique is also observed in the Michigan University's method during ranking. It is noteworthy, however, that the classification suggested by this latter method is based on the market potential index, which analyzes 89 countries and provides a single final result. This does not allow indicators considered relevant or unnecessary to be included or removed.

After quantitative analysis of the indicators for the four methods, three of them confirmed the need for qualitative insight for selected countries. The

exception is the method of Papadopoulos et al. (2002). The importance of the qualitative analysis stage was highlighted by the three experts interviewed, as it allows us to understand the characteristics and constraints that cannot be captured only through indicators. It is an opportunity to include a more subjective view and empirical knowledge of the decision-makers themselves, acquired through previous experience, participation in fairs, and personal contacts.

7.4 Indicators

In the four methods analyzed, quantitative information was obtained through structured data. The selected indicators, however, are quite variable and point to different focuses.

The methods of APEX and the CIN use indicators that show an attention to the scenario of sectors, seeking the inclusion of specific trade and competition data for the product analyzed. The use of indicators stands out in these two methods, seeking to provide not only an image of the current situation but also its development in recent years, which point to possible trends. The CIN stands out for its insight into the product value chain, trying to analyze indicators that observe, in addition to the product to be exported, other products directly related to it.

Clustering and ranking place a demographic variable in indicators, which is not analyzed in other methods. It also introduces indicators of a social nature, such as life expectancy, literacy rate, and public spending on education, which provides more comprehensive information than the usually used indicator of GDP per capita. The indicators that evaluate infrastructure in countries are also notable—a measure that is also not included in other methods.

The indicators used in the method presented by Papadopoulos et al. (2002) differ from those used in other methods mainly due to the focus that is given to trade barriers. The indicators that make up the "potential demand" group are similar to those used by APEX, but the "trade barriers" group is distinguished mainly by the use of indicators that identify the existence of non-trade barriers and variations in exchange rate, which are not discussed in other methods. The three experts interviewed considered attention to tariff and non-tariff trade barriers as paramount. Implemented standards can bar the import of a product or require changes in design and thus need to be considered in analysis.

One similarity between all methods is to use mainly economic indicators that provide a picture of the countries' financial and commercial health. It is pointed out the lack of indicators that provide a better understanding of the political dimension of these countries, which could be explained by a greater difficulty to transpose this information into structured and comparable data.

Highlighting the large amount of data that some of these methods require is also important. It is felt that there could be a reduction in the number of quantitative indicators by selecting the most significant, such as the participation of the country of origin of imports of the analyzed target markets, freight value per unit, and exchange rate changes. This would allow a more rapid and effective quantitative analysis, directing firm resources for the qualitative analysis stage and understanding of target markets.

The methods seek to place the view of the external environment within the analysis through mostly static, structured data. The analysis performed in most of the methods is shown through numerical comparisons, representing a practical and generalized form, absorbed by and applied through those responsible for this analysis in firms. However, it is clear that they do not provide guidance on the further interpretation of this information—that is, a more detailed orientation for the qualitative analysis stage.

Therefore, the first three analyzed methods are directed to the classic dilemma between higher detail verse cost and analysis time, for a fast and affordable option that provides a less detailed scenario. The method applied by the CIN, conversely, provides a more detailed study and calls for greater involvement and time in analyzing markets. However, the latter option is often not accessible to small- and medium-sized firms, which need to use their internal resources to carry out this analysis and, therefore, often do not have access to privileged and paid information.

8. Final considerations

In the identification of target markets for exporting, understanding external information is quite complex because it involves a less familiar environment for

decision-makers. Market selection methods seek to give guidance to firms on how to obtain and interpret information that can provide a better understanding of target market possibilities.

This study compared four different methods for export market selection, for which the different ways in which data is transformed into knowledge is observed. It is observed that, although they are more accessible, these methods are difficult to apply to the reality of small- and medium-sized enterprises, which usually do not have a specialized area to carry out such work. These methods require a large amount of information and time devoted to data analysis.

In academic terms, this study contributes by providing a comparative overview relating to four different methods for export market selection, making it possible to identify critical aspects of the methods and issues considered relevant to all of them. It also provides an insight on aspects where there are differences, allowing a discussion on what the most suitable alternatives in every situation are.

In relation to their management implications, this study makes it possible, especially for small- and medium-sized firms, to acquire more knowledge about existing methods of market selection. By analyzing the investigated methods, decision-makers and teams directed to this function can identify the most appropriate method for the circumstances of their firm. Furthermore, this study provides guidance regarding variables and considers important points to be analyzed during the study of potential markets, even when a structured method is not opted for. Firms can use the results of this study as a guide for the formulation of their export plans, reducing the risks associated with exporting activities.

This study has an important limitation related to the difficulty of accessing export-market selection methods. Besides structured studies on this subject being scarce, those existing often do not provide complete information on its application, since the knowledge contained ensures competitive advantage for their owners.

From the analysis of these methods and other export-market selection methods, a future continuation of this study could use a new, more simplified method for application by exporter firms themselves.

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APPENDIX 1

Questions used in the interviews with experts.

1. What is your view on the use of methods for the selection of export markets?
2. Do firms use methods in practice? Are greater gains achieved if are they used? What are the main gains?
3. How should qualitative and quantitative insights be included in analysis?
4. What is your view on the use of indicators? In case they bring benefits, which are the main indicators that could help in the visualization of scenarios?
5. Among the methods presented, what are the main similarities you identify?
6. What are the strengths and weaknesses of each method?
7. What steps are eliminated or expanded in analysis?
8. What do you consider as most important in selecting a market for exports?

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A utilização da inteligência competitiva na seleção de mercados para exportação: Uma análise comparativa de quatro métodos

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RESUMO

A inserção no mercado internacional através das exportações é uma importante etapa no crescimento de uma organização, mas, sobretudo para pequenas e médias empresas, é um grande desafio para os tomadores de decisão. Este trabalho verifica como a Inteligência Competitiva auxilia nesta escolha através de quatro métodos de seleção de mercados para exportação. A partir da análise de dados primários e secundários, quatro métodos foram investigados. Foram identificadas quatro dimensões estratégicas para o desenvolvimento da seleção de mercado para exportação: distância psíquica, análise setorial, etapas de seleção e indicadores. Foram identificadas as semelhanças e as diferenças entre estes métodos a partir da análise destas dimensões. Dentre os resultados obtidos, é verificada a grande diversidade de indicadores utilizados, a atenção fornecida à distância psíquica e a importância de uma análise setorial.

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