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**Integrating Adaptation and Standardisation  
in International Marketing  
The AdaptStand Modelling Process**

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### **Biography**

Dr Demetris Vrontis is a lecturer at the Business School of the Manchester Metropolitan University. Dr Vrontis teaches marketing and international marketing related subjects across the Business School at both under and postgraduate levels. At the same time he is supervising postgraduate students at MA, MPhil and Ph.D. levels. His main research interest is in investigating multinational companies' tactical and strategic marketing behaviour in international markets, an area that he has widely published in and presented papers at conferences. Other activities include being an external examiner and moderator for the Nottingham Trent University and being a visiting lecturer at a number of universities and colleges across the world.

## **Abstract**

This research investigates UK multinational companies' level of adaptation and/or standardisation across international marketing tactics. The research methodology consists of a questionnaire survey of the 500 biggest UK multinational companies. It examines whether multinational companies are adapting or standardising their marketing mix elements/7Ps (product, price, place, promotion, people, physical elements, process management) when they cross geographical borders and expand their operations to foreign markets. This research identified that both adaptation and standardisation are used at the same time and that the level of integration is dependent upon a consideration of the relationship between the reasons and elements identified and an understanding of how these are affected by a number of factors. Based on the results of the analysis, this study proposes a new modelling approach, the AdaptStand Process, which outlines the different stages to be undertaken by multinational companies towards identifying the level of integration across the marketing mix elements. Consequently, this research aims to contribute to theoretical knowledge and at the same time guide marketing practitioners in deciding on implementation of marketing tactics when competing in the international marketing arena.

**Keywords: Adaptation, Standardisation, AdaptStand Process, AdaptStandation, Tactics, International Marketing**

## 1. Introduction

The literature on international marketing tactics debates two perspectives. On the one hand, those who support the global standardisation approach argue that a single marketing strategy and a standardised marketing mix should be used in international markets to minimise total costs and promote a global corporate image. On the other hand, those who support the internationalisation school of thought see the need for marketing adaptation to fit the unique dimensions of each local market. However, literature quoting practical evidence suggests that companies make contingency choices, which relate to key determinants in each circumstance.

The debate over the amount or extent of standardisation or adaptation of marketing tactics is of long duration. Vrontis (1999) comments that the debate on this came under discussion as early as 1961, with Elinder (1961) considering the idea with regard to world wide advertising. The following year in 1962, Marshall McLuhan first coined the term 'global village' (Paliwoda *et al*, 1995). This was further discussed by Roostal (1963) and Fatt (1964). Later in 1968, Buzzell widened the debate by stating that it would encompass not just advertising, but the whole of the marketing mix.

Supporters of the standardisation point of view argue that in the past, dissimilarities among nations have led a multinational company to view and design its marketing planning in each country strictly as a local problem. However, in recent years the situation has changed, and the experiences of a growing number of multinational companies suggest that there are real potential gains to consider standardising the marketing mix elements (Buzzel, 1968).

Levitt (1983), with whom the term globalisation has become widely known, argues that well-managed companies have moved from emphasis on customising items to offering globally standardised products that are advanced, functional, reliable and low priced. He also argues that multinational companies that concentrated on idiosyncratic consumer preferences have become "befuddled and unable to take in the forest because of the trees". Only global companies will achieve long-term success by concentrating on what everyone wants rather than worrying about the details of what everyone thinks they might like.

Supporters of standardisation believe that the force driving this process is technology, which has facilitated communication, information capital, transport, and travel. Thus the recent resurgence of interest in the international standardisation issue is attributed to such global influences as TV, films, widespread travel/increased tourism, telecommunications, and the computer. Through this flow of information, it is argued that consumers have become global citizens and so must the companies that want to sell us things.

However, the above position (standardisation) is opposed by supporters of international adaptation, who react directly to the sweeping and somewhat polemic character of their argumentation. The contrary case argues that globalisation seems to be as much an overstatement as it is an ideology and an analytical concept (Ruigrok *et al*, 1995).

Lipman (1988) argues that for many the global-marketing theory itself is bankrupt. Not only are cultural and other differences very much still in evidence, but marketing a single product one way everywhere can scare off customers, alienate employees, and blind a company to its customers' needs. Supporters of this approach believe that international marketing is exciting. Authors such as Czinkota *et al* (1998) state that this is so because it combines the science and the art of business with many other disciplines. For example, economics, anthropology, cultural studies, geography, history, languages, jurisprudence, statistics, demographics, and many other fields are combined in an exploration of the whole world.

Researchers also believe that adaptation is essential as a result of various constrains. Van Mesdag (1987) states that people in different countries speak different languages and that rules and regulations differ across national borders. In addition there are other factors such as climate, economic conditions, race, topography, political stability, and occupation. The most important source of constraints by far, and the most difficult to measure, are cultural differences rooted in history, education, religion, values and attitudes, manners and customs, aesthetics as well as differences in taste, needs and wants, economics and legal systems.

Evidently, the debate on adaptation and standardisation is a huge one. In the middle of the continuum, it is suggested that the exclusive use of either approach is too extreme to be practical. “The truth lies in neither of these two polarised positions. Both processes-internationalisation and globalisation - coexist” (Dicken, 1998: 5).

Prahalad *et al* (1986) and Douglas *et al* (1987) argue that the international marketers should have to search for the right balance between standardisation and adaptation and therefore determine the extent of globalisation in a business and adapt the organisation’s response accordingly. They believe that the decision on standardisation or adaptation is not a dichotomous one between complete standardisation and adaptation. Rather it is a matter of degree and there is a wide spectrum in between that the international marketer should be aware of (Sorenson *et al*, 1975; Quelch *et al*, 1986; Boddewyn *et al*, 1986).

Based on the above, this research seeks to investigate the complex relationship of the two extreme approaches and suggest methods and ways in determining the right level of integration.

## **2. Research Hypotheses**

An analysis of the literature review, led to the formulation of the primary hypothesis (PH):

Multinational companies are not exclusively adopting international adaptation or global standardisation across their marketing mix elements.

Moreover, this research hypothesises that deciding on international marketing tactics / 7Ps is dependent upon a number of determinants. These determinants are grouped into what can be termed reasons and factors. Reasons are seen as those behavioural aspects ‘pulling’ multinational companies’ tactical behaviour towards the one or the other side of the continuum, while factors are those determinants affecting the behaviour and the importance of the reasons pulling it. This is illustrated below in Figure 1.

**Figure 1: Secondary Hypothesis Formulation**

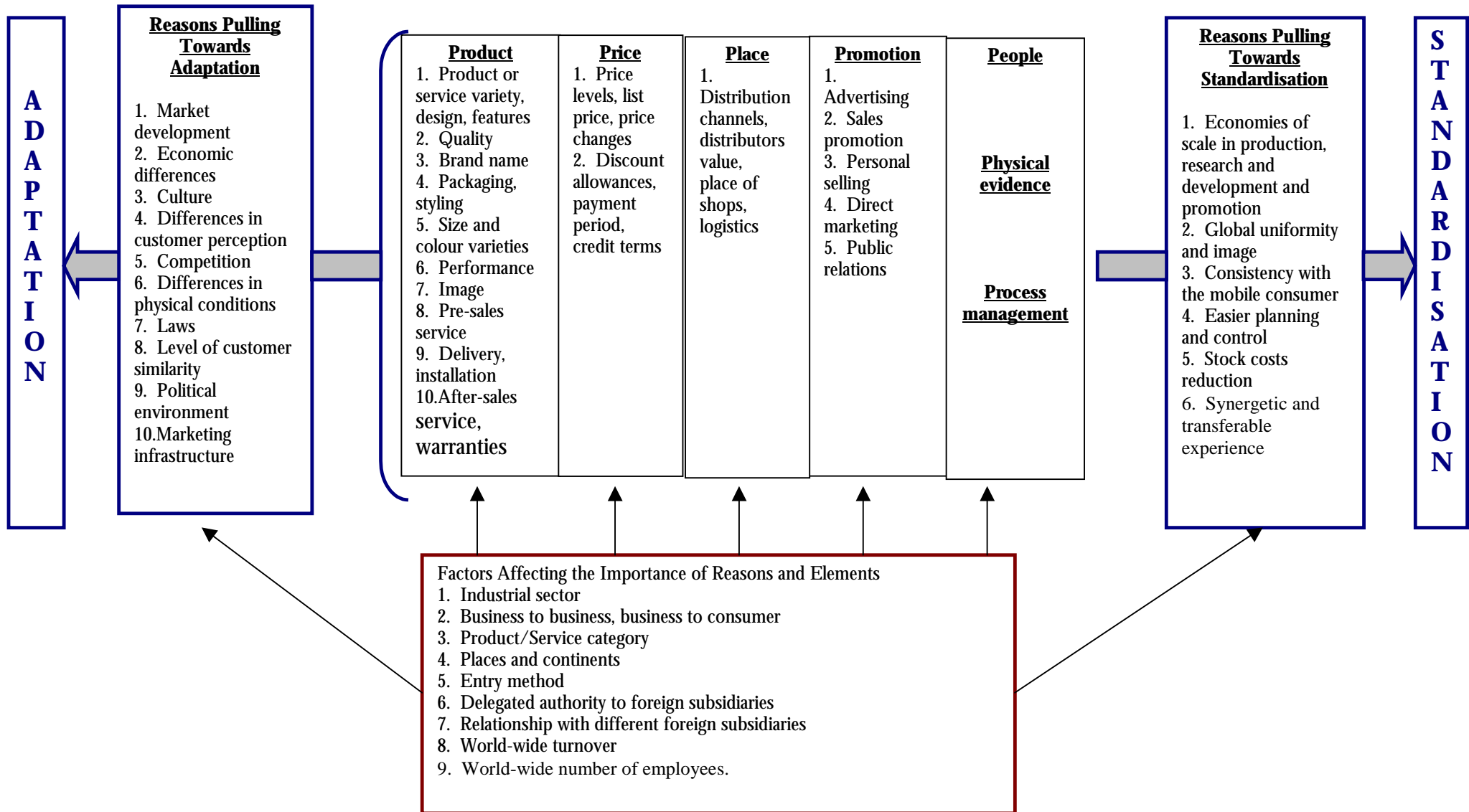




Figure 1 is important for understanding the complex relationship affecting tactical behaviour. It is paramount as it was fundamental in setting nine secondary hypotheses (SH). In relation to the above figure, the secondary hypotheses are divided into two parts. Those that test the relationship between reasons and factors (SH<sub>1,2</sub>) and those that test the relationship between factors and tactical behaviour (SH<sub>3-9</sub>).

SH<sub>1</sub>: The level of importance of reasons pulling towards adaptation is dependent on a number of factors.

SH<sub>2</sub>: The level of importance of reasons pulling towards standardisation is dependent on a number of factors.

SH<sub>3</sub>: Multinational companies' product decisions are affected by a number of factors.

SH<sub>4</sub>: Multinational companies' price decisions are affected by a number of factors.

SH<sub>5</sub>: Multinational companies' place decisions are affected by a number of factors.

SH<sub>6</sub>: Multinational companies' promotion decisions are affected by a number of factors.

SH<sub>7</sub>: Multinational companies' people decisions are affected by a number of factors.

SH<sub>8</sub>: Multinational companies' physical evidence decisions are affected by a number of factors.

SH<sub>9</sub>: Multinational companies' process management decisions are affected by a number of factors.

### **3. Research Methodology**

The research methodology consisted of a questionnaire survey of the 500 biggest UK multinational companies across five industrial sectors (manufacturing, services, transportation & communication, construction and retail & wholesale). The analysis was mainly quantitative and it was undertaken by the use of S.P.S.S. and Excel statistical packages which utilised chi-square ( $\chi^2$ ) and analysis of variance (ANOVA) statistical tests.

To generate all the relevant information required for the research aims, a questionnaire survey was believed to be the most appropriate method. This provided an insight into the behaviour of different multinational companies, and allowed an in-depth comparison of their responses, taking into account their organisational characteristics, offerings and target markets.

As the area of this research is international marketing, it was decided that the sampling unit should be comprised of multinational companies, that is companies that trade in more than one overseas market. Questionnaires were therefore posted to the biggest 500 UK multinational companies.

The biggest multinational companies were chosen as their experience and behaviour in international marketing tactics is valuable for the objectives of this research. They also account for a very big portion of total employment and turnover. In the UK, even though large companies are only 0.2% of the total, they represent 41.1% of all employment and 46.5% of UK firms (Department of Trade and Industry Bulletin, 1994).

The sampling procedure used is classed as non-probability sampling and specifically within the category of purposive/judgement sample (Crouch *et al*, 1996).

The questionnaire utilised both closed and open-ended questions. The closed questions provided a number of alternative answers from which the respondent was instructed to choose (DeVaus, 1991), the open questions allowed respondents to give answers in their own way (Fink, 1995).

The administration of the actual questionnaire was very important and valuable. To encourage respondents to reply and to maximise response rate, three follow-ups were undertaken.

Of these 500 companies, the number of usable respondents was 124, which indicates a response rate of 24.8%. The results were sufficient for statistical analysis and enabled this research to continue.

#### **4. Research Results**

Research results illustrated that UK multinational companies use both adaptation and standardisation across their tactical international marketing approach. The tactical elements and sub-elements examined (7Ps) are illustrated in Table 1 that follows (see row 1). The analysis (see rows 2-8) was undertaken on a 7-point scale where 1 is complete standardisation, 4 is neutral, and 7 complete adaptation. Any other answer lies towards one or the other end.

**Table 1: Multinational Companies Tactical Behaviour**

<b>Question: Is your organisation standardising (using the same) or adapting (using different) the following elements of the marketing mix in different countries around the world? Please circle the number, which matches your organisation's behaviour most closely.</b>							
<b>Adaptation Element/sub-element</b>	<b>Standardisation</b>				<b>Neutral</b>		
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Product/service</b>							
Product or service variety, design features	17.7	21.8	8.9	4.0	19.4	17.7	10.5
Quality	50.8	21.0	6.5	4.0	5.6	4.0	8.1
Brand name	58.9	7.3	5.6	8.9	7.3	4.8	7.3
Packaging, styling	28.2	10.5	12.9	9.7	16.1	7.3	6.5
Size and colour varieties	37.1	9.7	7.3	11.3	8.1	4.8	8.1
Performance	47.6	12.9	6.5	11.3	9.7	6.5	5.6
Image	53.2	10.5	7.3	8.1	5.6	9.7	5.6
Pre-sales service	25.8	9.7	9.7	12.1	9.7	19.4	12.1
Delivery, installation	21.0	16.1	4.8	12.9	14.5	15.3	12.1
After-sales service, warranties	23.4	12.9	6.5	16.1	8.9	15.3	14.5
<b>Price</b>							
Price levels, list price, price changes	5.6	2.4	4.8	12.9	11.3	25.0	37.9
Discount allowances, payment period, credit terms	4.8	3.2	8.9	25.8	10.5	16.1	29.0
<b>Place</b>							
Place/distribution	12.9	14.5	4.8	16.1	10.5	17.7	21.8
<b>Promotion</b>							
Advertising	14.5	9.7	4.0	16.9	8.1	23.4	21.0
Sales promotions	6.5	3.2	7.3	19.4	10.5	24.2	21.0
Personal selling	13.7	6.5	5.6	18.5	12.9	16.9	22.6
Direct Marketing	9.7	7.3	4.0	22.6	10.5	21.8	13.7
Public relations	12.9	6.5	7.3	17.7	9.7	23.4	20.2
<b>People</b>							
Physical evidence	13.7	14.5	9.7	23.4	11.3	16.1	8.1
Process management	16.1	16.1	14.5	11.3	14.5	16.1	11.3

From a comparison of the answers given in the different parts of Table 1, it is apparent that multinational companies are not exclusively adopting adaptation or standardisation across their tactical international marketing approach.

Further, the analysis of this research focused on aggregating the seven scale responses (see Table 1) to three (see Table 2). Consequently, standardisation

incorporates responses from 1, 2 and 3, neutral from 4 and adaptation from 5, 6 and 7.

Table 2 deals with the marketing mix elements and illustrates those factors researched in considering standardisation and adaptation and their reported level of importance. The first column presents the elements under research, the second presents the average mean rating, and the remaining three columns illustrate multinational companies' practical level of standardisation and adaptation.

**Table 2: Tactical Behaviour (Percentage and Mean)**

<b>Question: Is your organisation standardising (using the same) or adapting (using different) the following elements of the marketing mix in different countries around the world?</b>				
<b>Element researched</b>	<b>Average Rating /Mean (<math>\mu</math>)</b> Min=1 Max=7	<b>% Standardisation</b>	<b>% Neutral</b>	<b>% Adaptation</b>
<u>Product/service</u>				
Quality	2.37	78.3	4	17.7
Brand name	2.42	71.8	8.9	19.4
Image	2.54	71	8.1	20.9
Performance	2.65	67	11.3	21.8
Size and colour varieties	2.89	54.1	11.3	21
Packaging, styling	3.25	51.6	9.7	29.9
Pre-sales service	3.78	45.2	12.1	41.2
After-sales service, warranties	3.80	42.8	16.1	38.7
Product or service variety, design, features	3.81	48.4	4	47.6
Delivery, installation	3.81	41.9	12.9	41.9
<b><i>Average mean</i></b>	<b>3.13</b>			
<u>Price</u>				
Discount allowances, payment period, credit terms	5.02	16.9	25.8	55.6
Price levels, list price, price changes	5.48	12.8	12.9	74.2
<b><i>Average mean</i></b>	<b>5.25</b>			
<b>Place/distribution</b>	<b>4.39</b>	<b>32.2</b>	<b>16.1</b>	<b>50</b>
<u>Promotion</u>				
Advertising	4.52	28.2	16.9	52.5
Direct Marketing	4.53	21	22.6	46
Personal selling	4.57	25.8	18.5	52.4
Public relations	4.60	26.7	17.7	53.3
Sales promotions	4.96	17	19.4	55.7
<b><i>Average mean</i></b>	<b>4.64</b>			
<b>People</b>	<b>3.90</b>	<b>41.2</b>	<b>19.4</b>	<b>39.5</b>
<b>Physical evidence</b>	<b>3.88</b>	<b>37.9</b>	<b>23.4</b>	<b>35.5</b>
<b>Process management</b>	<b>3.85</b>	<b>46.7</b>	<b>11.3</b>	<b>41.9</b>

In dealing with the different elements of the marketing mix (7Ps) product is the most standardised element with a mean ( $\mu$ ) of 3.1. This trend is even stronger if we consider product quality ( $\mu=2.37$ , companies standardising=78.3%), brand name ( $\mu=2.42$ , companies standardising=71.8%), image ( $\mu=2.54$ , companies

standardising=71%), performance ( $\mu=2.65$ , companies standardising=67%), and size and colour varieties ( $\mu=2.89$ , companies standardising=54.1%). A trend towards standardisation is also seen in packaging and styling, pre-sales and after sales services, warranties, design, features, delivery and installation, however, these sub-product elements incorporate a mixture of responding behaviour with reported means between 3.25 to 3.81.

The price element of the marketing mix is the most likely to be adapted in foreign overseas markets. It has a mean of 5.25, which makes it the most adapted element of the marketing mix. As exemplified, mainly price levels, list price and price changes ( $\mu=5.48$ , companies adapting=74.2%), and to a lesser extent discount allowances, payment period and credit terms ( $\mu=5.02$ , companies adapting=55.6%) are tailored accordingly to fit market needs and requirements.

A trend towards adaptation is also seen with place or distribution ( $\mu=4.39$ ). As seen in Table 2, 50% of multinational companies that replied mainly use an adapting approach while 32.2% a standardised one.

In terms of promotion, multinational companies' behaviour leans towards adaptation. Multinational companies have reported a mean of 4.64, which makes it the second most adapted element of the marketing mix. This adaptation trend is greater in sales promotions, public relations, and personal selling, and less evident in direct marketing and advertising.

The mean for the remaining elements of the marketing mix (people, physical evidence and process management) is in the middle of the continuum (neutral). As illustrated in Table 2, their respective means are 3.90, 3.88, and 3.85.

The above results illustrate that there is a variable approach across international marketing behaviour and that adaptation and standardisation are not mutually exclusive. This contradicts the two extreme schools of thought illustrated in the literature and apparently verifies the primary hypothesis (PH).

In dealing with the secondary hypotheses (SH<sub>3-9</sub>) it was necessary to identify if the above behaviour is consistent or significantly different across the different factors

examined. In doing so, ANOVA (Analysis of Variance) tests were utilised. The results of these are discussed in section 5.

Moreover, as illustrated in Figure 1 (top left), a number of reasons force marketing practitioners to adapt international marketing tactics. Quantitative analysis investigates those reasons and presents them in order of importance to the respondents. This is illustrated in Table 3. The percentage in the right column of the table represents the level of importance associated with each reason.

**Table 3:** Reasons for Adapting and their Level of Importance

	<b>Reasons in order of importance</b>	<b>Percentage %</b>
1	Culture	93
2	Market development	87
3	Competition	84
4	Laws	82
5	Economic differences	78
6	Differences in customer perceptions	71
7	Political environment	53
8	Level of customer similarity	49
9	Marketing infrastructure	44
10	Differences in physical conditions	39

**Source:** Vrontis (1999: 150)

As illustrated, the most important reasons driving UK multinational companies towards international tactical adaptation are culture, market development, competition, laws, economic differences and differences in customer perceptions. The remaining four reasons researched were of less importance.

92% of respondents stated that culture is an important reason for them. As they argued, culture should be highly considered when crossing national borders. "Culture. Oh yes! Just ignore it and no doubt you will fail" (company number 440).

Companies also rated market development (87%), competition (84%) and economic differences (78%) as highly important. All these reasons are crucial and multinational companies are considering them when competing in foreign markets. "Customers cannot afford to pay more. If we want to remain competitive in developing or undeveloped countries, our price should be considerably lower than the one set in the home market" (company number 74).

Laws (82%) and differences in customer perceptions (71%) are also very important. "Our desire to meet differences in customer perceptions and legal standards sometimes force us to redesign our products" (company number 375). "Many times we need to change our promotional theme to attract customers. This costs a lot of money" (company number 404).

Finally, political environment (53%), level of customer similarity (49%), marketing infrastructure (44%) and differences in physical conditions (39%) were rated as being of less importance. However, these should not be ignored in any tactical decision making process.

Moreover, a number of reasons (see Figure 1 - top right) force marketing practitioners to standardise marketing tactics. Quantitative analysis investigates these reasons and presents them in order of importance, as reported by respondents. This is illustrated in Table 4.

**Table 4: Reasons for Standardising and their Level of Importance**

	<b>Reasons in order of importance</b>	<b>Percentage %</b>
1	Global uniformity and image	81
2	Economies of scale in production, R.&D. and promotion	75
3	Synergetic and transferable experience and efficiency	74
4	Consistency with the mobile consumer	52
5	Easier planning and control	48
6	Stock costs reduction	43

**Source:** Vrontis (1999: 150)

As illustrated, the most important reasons for standardising are global uniformity and image, economies of scale and synergetic and transferable experience. Consistency with consumers, easier planning and control and stock cost reduction are of less importance.

Global uniformity and image is the most important reason pulling multinational companies towards global standardisation. 81% of companies researched are considering it when crossing national borders. Companies' desire to promote a uniform image around the globe has driven them to consider standardisation of international marketing practices.

Moreover, 75% of the companies questioned stated that economies of scale is an important factor pulling them towards standardisation. Minimising costs in production, research, development and promotion is crucial for a company's future. "Economies of scale is the key to success. End products cost less per unit, therefore we gain bigger margins and remain competitive and profitable" (company number 343).

Synergetic and transferable experience is the third most important reason for global standardisation with 74% of companies considering it. "We know how to do things right in England. Why should we do them otherwise abroad?"

Finally, consistency with the mobile consumer (52%), easier planning and control (48%) and stock costs reduction (43%) have acquired a smaller percentage of importance.

The question now in hand is whether the above level of importance (Tables 3, 4) is consistent or significantly different across different factors investigated (SH<sub>1,2</sub>)? This was examined by the use of chi-square tests ( $\chi^2$ ) and the results are discussed in section 5. Moreover, as mentioned earlier in section 4, section 5 also examines (SH<sub>3,9</sub>).

## **5. Examining the Research Hypotheses**

This section deals with an examination of the research hypotheses of this study. It discusses on whether the primary and the nine secondary hypotheses are verified or rejected.

As already illustrated, the primary hypothesis (PH) of this research is verified. The belief that multinational companies' success is linked with adopting one of the two extreme approaches is not supported. Empirical research illustrated that multinational companies utilise both adaptation and standardisation when they trade in international markets.

In dealing with the first two secondary hypotheses (SH<sub>1, 2</sub>), research findings, already discussed, identified that a number of reasons pull tactical behaviour towards adaptation (e.g. culture, market development - see top left of Figure 1) and

standardisation (e.g. global uniformity, economies of scale - see top right of Figure 1). Further,  $\chi^2$  tests indicated that multinational companies often place a different level of importance on these reasons. This is dependent upon a number of factors that are directly related to companies' organisational characteristics and the ways in which they operate (e.g. industrial sector, business to business versus business to consumer – see bottom of Figure 1). Consequently, the first and second secondary hypotheses of this study (SH<sub>1,2</sub>) are verified.

The next objective is to identify whether companies' behaviour (see mean in Table 2) is significantly different in relation to different factors (see bottom of Figure 1). In accordance with this objective, seven secondary hypotheses (SH<sub>3-9</sub>) were developed early on in this study.

**Table 5: Hypotheses**

<b>Research hypotheses</b>	<b>Verified</b>	<b>Rejected</b>
Primary hypothesis (PH) Multinational companies are not exclusively adopting international adaptation or global standardisation across their marketing mix elements.	✓	
Secondary hypothesis 1 (SH <sub>1</sub> ) The level of importance of reasons pulling towards adaptation is dependent on a number of factors.	✓	
Secondary hypothesis 2 (SH <sub>2</sub> ) The level of importance of reasons pulling towards standardisation is dependent on a number of factors.	✓	
Secondary hypothesis 3 (SH <sub>3</sub> ) Multinational companies' product decisions are affected by a number of factors.	✓	
Secondary hypothesis 4 (SH <sub>4</sub> ) Multinational companies' price decisions are affected by a number of factors.		✓
Secondary hypothesis 5 (SH <sub>5</sub> ) Multinational companies' place decisions are affected by a number of factors.		✓
Secondary hypothesis 6 (SH <sub>6</sub> ) Multinational companies' promotion decisions are affected by a number of factors.	✓	
Secondary hypothesis 7 (SH <sub>7</sub> ) Multinational companies' people decisions are affected by a number of factors.		✓
Secondary hypothesis 8 (SH <sub>8</sub> ) Multinational companies' physical evidence decisions are affected by a number of factors.		✓
Secondary hypothesis 9 (SH <sub>9</sub> ) Multinational companies' process management decisions are affected by a number of factors.		✓

These were examined by ANOVA tests and identified that only product and promotional decisions are significantly different across and dependent upon the factors researched. This means that those factors have a direct implication on product and promotional decisions and that the behaviour reported by individual companies for those elements is statistically different and not close to the mean (average). This verifies the third and sixth secondary hypothesis (SH<sub>3,6</sub>). For the remaining five elements of the marketing mix (price, place, people, physical evidence and process management) it was identified that the reported level of tactical behaviour was not statistically different across different factors. It was found that the reported average level of standardisation versus adaptation was consistent, regardless of organisational characteristics. Consequently, the secondary hypotheses in relation to the above elements (SH<sub>4, 5, 7, 8, 9</sub>) were rejected and it is argued that multinational companies' decisions are not affected by the investigated factors. It is possible to show the research results related to the verification/rejection of the primary and secondary hypotheses (objectives one, three and four) in table form, Table 5.

## **6. Main Findings and Major Conclusions of this Study**

The recurrent theme in international marketing of whether companies should aim for a standardised or country-tailored marketing approach is very much debated in the academic literature and is a concern for every multinational company and marketing practitioner.

When facing the dilemma of implementing marketing tactics, it was found that the researched UK multinational companies integrate the processes of adaptation and standardisation. Results of this study suggest that multinational companies are not solely adapting or standardising their marketing mix elements.

Marketing directors and managers are not making a one-time choice. UK multinational companies operating in several countries find it extremely useful to integrate marketing tactics. Multinational companies simultaneously focus their attention on aspects of the business that require global standardisation and aspects that demand local responsiveness. When appropriate processes are standardised, however, operation in local markets necessitates the maintenance of the appropriate local flexibility. UK multinational companies are trying to find a balance. This is not

a straightforward task, and as identified, the balance between standardisation and adaptation is very difficult to achieve and indeed is very challenging.

According to the findings of this research, 'product' is the most standardised element of the marketing mix. Specifically, product quality, brand name, image, and performance are the most standardised sub-elements, while delivery & installation, product variety & design, pre sales service and after sales service & warranties are the most adapted. Dealing with the remaining elements of the marketing mix, 'price' and 'promotion' are the most adapted ones. Finally, companies' tactical behaviour regarding 'place', 'people', 'physical evidence' and 'process management' is concentrated in the middle of the continuum.

It is apparent that the huge costs involved in the use of an international adaptation approach, together with the multinational companies' desires to reap the benefits of standardisation do not allow international adaptation to be used in an absolute manner. Similarly, organisational differences, heterogeneity among different countries' macro and microenvironment as well as companies' desire to satisfy consumer's diverse needs do not allow standardisation to be practised extensively, as suggested in the literature.

Specifically, this research has identified that a number of reasons including primarily culture, market development, competition, laws, economic differences and differences in customer perceptions have highlighted the need for companies to adapt their marketing tactics, while global uniformity and image, economies of scale, and synergetic and transferable experience sways them towards standardisation. Other reasons pulling tactical behaviour towards adaptation or standardisation were also examined. As identified these reasons are of less importance, however they cannot be ignored.

This research found that the different factors examined are significant in shaping the behaviour of multinational companies. Dealing with (SH<sub>1</sub>), for example, this study identified that reasons pulling towards adaptation are more important to the 'business to consumer' sector rather than the 'business to business' sector as a result of the more heterogeneous needs and wants found in consumer markets in comparison with business markets. This confirms the literature, which suggests that consumer

preferences across national borders are more likely to be idiosyncratic to local conditions, tastes and economies; something that is less evident in business markets. Moreover, research findings identified that the reasons for adaptation are more important for companies trading in 'more than one continent' rather than those trading only in 'one continent'. It is worth mentioning that companies expanding within the same continent consider the underlying reasons, however the associated level of importance is less if compared with companies that expand operations in more than one continent. One may conclude that this is because multinational companies trading outside their continent deal with people with more dissimilar needs, wants, money to spend and cultural background.

Dealing with (SH<sub>2</sub>), this research examined the importance of reasons pulling companies towards standardisation across different factors. It identified that both global uniformity & image and consistency with the mobile consumer are more important in 'consumer durables', 'consumer non-durables' and 'services' while they are less important in 'industrial goods'. It is found that both these reasons pulling standardisation are fundamental to consumer goods (i.e. clothing, toiletries, fragrances etc) and services, in comparison with industrial goods (i.e. components, raw materials, finished products) that are bought and used by companies. Moreover, in examining the number of employees, this research identified that the level of importance reported by companies employing between '1-999' employees was considerably different in comparison with the remaining sub-factors. The '1-999' sub-factor had the least level of importance when dealing with global uniformity & image and the greatest level of importance when concerned with stock costs reduction. It may be argued that the importance of small companies' (in terms of employees) is placed upon reducing costs. Achieving global uniformity and image is not of top priority at this stage.

The empirical results obtained in this research showed that UK multinational companies integrate both approaches (adaptation and standardisation) in their effort to increase organisational profitability and maintain marketing orientation. This was illustrated in Table two.

In comparing that general marketing mix behaviour (mean see Table two) it was found, as already mentioned in section 5, that only product and promotional

decisions are significantly different (individual behaviour not close to the mean) and dependent upon the factors researched. The behaviour on the remaining elements of the marketing mix is still variable, however (when compared with different factors) is not significantly different from the mean. This verified the third and sixth secondary hypotheses (SH<sub>3,6</sub>).

Dealing with product decisions (SH<sub>3</sub>), for example, it is indicated that companies trading 'consumer durables' adapt packaging & styling and size & colour varieties in different countries to conform to consumer needs and requirements. The above sub-factors are less important with regard to 'industrial goods (finished products)', where products need less adaptation. Moreover, by examining the factor 'places and continents', it was evident that multinational companies that trade in only 'one continent' generally standardise the products' pre sales service, after sales service, delivery, installation and warranties more than companies that trade in 'more than one continent'. It may be concluded that these sub-elements of product need more adaptation when competing outside the existing continent and less when dealing with similar markets within the same continent. It should be understood that a successful standardised marketing approach relies on markets being similar. If the markets are not sufficiently similar, the underlying rationale for standardisation disappears. Market research is therefore crucial to test the assertion of market homogeneity across nations and make sure that the markets under consideration will respond positively to a standardised approach. In addition, research findings illustrated that product standardisation is more feasible when 'exporting' directly, and adaptation when 'direct investment' and overseas production is taking place, where the need for adaptation is evident. The same is also the case for promotional decisions discussed below. Furthermore, when authority is 'delegated' to foreign subsidiaries, multinational companies adapt more the product element of the marketing mix. This could be due to the fact that subsidiaries are closer to the local market and can see any product adaptations or developments necessary. Equally, it is evident that the better the relationship between parent company and subsidiary, the more standardised the product and promotional behaviour could be. It appears that a 'good' or better relationship between parent company and subsidiary allows cooperation and leads to the design of a better product and promotional campaign to be sold or used in all/most countries of operation.

Expanding the discussion on promotional decisions (SH<sub>6</sub>), it is identified that advertising is less adopted in 'transportation and communication' and more adapted in 'retailing and wholesaling', which is mainly concerned with selling consumer goods. Equally, businesses that sell mainly to consumer markets ('business to consumer') adapt promotion more than those that sell to other businesses ('business to business'). In both instances it can be argued that promotional adaptation is necessary to appeal to, and meet the more diverse needs of, consumer markets.

The secondary hypotheses set for the remaining elements (price, place, people, physical evidence and process management) were rejected (SH<sub>4,5,7,8,9</sub>). This research identified that the reported tactical behaviour (see Table 2) is consistent regardless of organisational and operational characteristics. It found that there was no significant difference comparing the above elements of the marketing mix with the researched factors.

Multinational companies should not treat the world as one single market. They should undertake market research and determine their customers, their needs and wants. They should get to know their customers and understand their problems. Equally, they need to identify their unique organisational and operational characteristics as well as consider the external environmental constraints and benefits of standardisation. Each product, product category, element of the marketing mix and market has to be studied on its own merits and shortcomings. Applying generally preconceived ideas for or against standardisation and adaptation is not very helpful. As identified and already discussed, in practice the level of integration necessary has to be applied in ways that take account of given circumstances.

## **7. A Suggested Modelling Approach: The AdaptStand Process**

Even though international adaptation and global standardisation of marketing tactics do take place, and can bring benefits, their extreme use is not necessarily an optimal approach in international markets. This research has illustrated that both processes coexist and neither total adaptation nor complete standardisation represents business responses. Consequently, the decision on tactical behaviour is not a dichotomous one between complete standardisation and customisation. The choice concerning these two polarised positions is a matter of degree.

Specifically, a number of reasons, examined in this research, 'pull' tactical behaviour towards adaptation and standardisation. Research results identified that these hold a different level of importance for UK multinational companies. Further, this level of importance is significantly different across different factors related to the organisational and operational characteristics of every individual company.

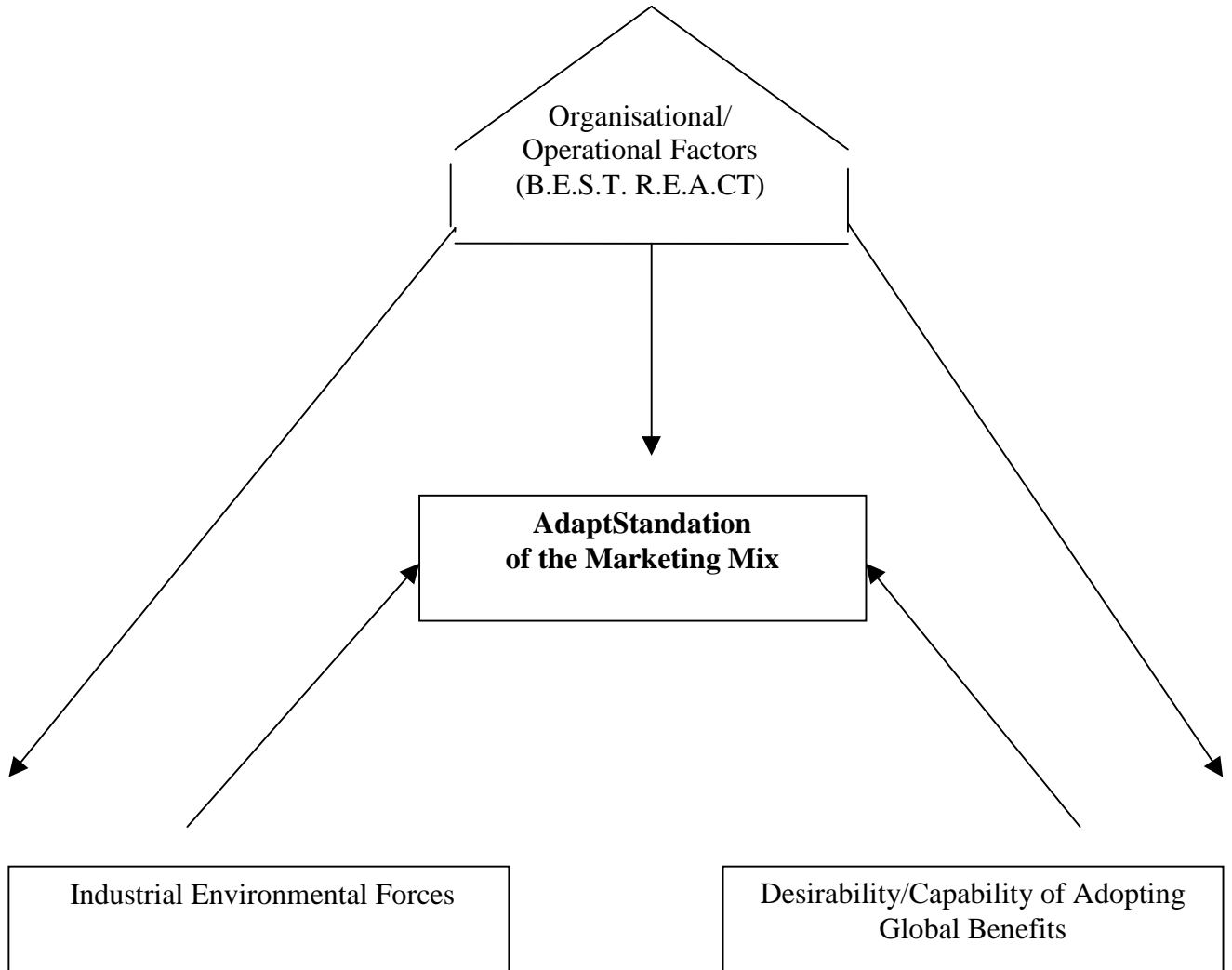
In addition, research findings identified that the average reported level of integration across the marketing mix is significantly different across factors only for product and promotional design. Price, place, people, physical evidence and process management are not statistically different. Their reported average level of standardisation versus adaptation is consistent regardless of organisational characteristics.

The decision on the degree/level (integration) of adaptation and standardisation in international marketing tactics, after considering reasons pulling and factors affecting marketing mix elements, is what this research will now refer to as AdaptStandation. The process of deciding on AdaptStandation is called the AdaptStand Process. This is the name given to the new modelling approach to international marketing. The AdaptStand Process is defined as the process of integrating Adaptation and Standardisation in international marketing tactics. It is a mechanism that seeks to aid marketers to decide on the optimum level of integration. This decision could only be made after an in-depth consideration of reasons pulling and factors affecting marketing behaviour. Reasons are seen as those behavioural aspects pulling multinational companies tactical behaviour towards the one or the other side of the continuum, while factors are those determinants affecting the behaviour and the importance of the reasons pulling it (see Figure 1).

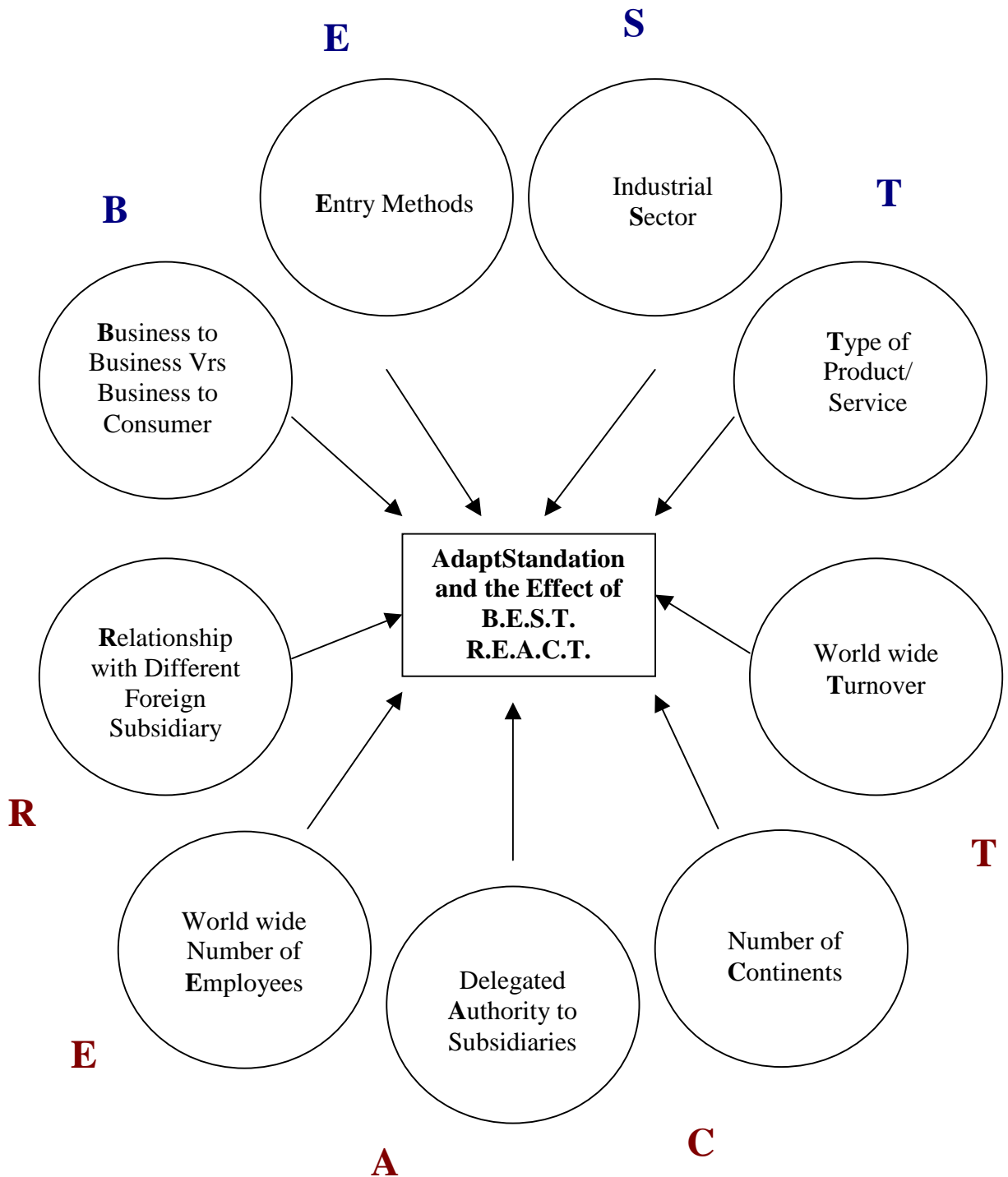
This process is presented below in Figure 2 in the Triangular Pyramid of AdaptStand Integration developed in this study. According to this research, there are three critical forces/stages in the AdaptStand Process that guide a multinational company towards AdaptStandation. At the bottom of the Pyramid are the reasons shaping AdaptStandation. These are closely related to multinational companies' desirability and capability of utilising the global benefits and underpinned by the external environmental constraints. At the top of the Pyramid are the organisational factors that affect the importance of the reasons and the tactical behaviour associated with

product and promotion. This is best described as the B.E.S.T R.E.A.C.T. model. The Pyramid describes the AdaptStand Process and highlights the three important areas to be considered by multinational companies when deciding on the level of AdaptStandation. As the level of AdaptStandation is dependent upon these three forces, it is therefore presented in the middle of the Pyramid.

**Figure 2:** The Triangular Pyramid of AdaptStand Integration



**Figure 3:** The B.E.S.T. R.E.A.C.T. Model of AdaptStand Integration



The first stage in the Process, in relation to the Triangular Pyramid, is concerned with identifying organisational and operational factors. This is presented at the top of the Pyramid (Figure 2) and expanded in Figure 3 in the 'easy to remember'

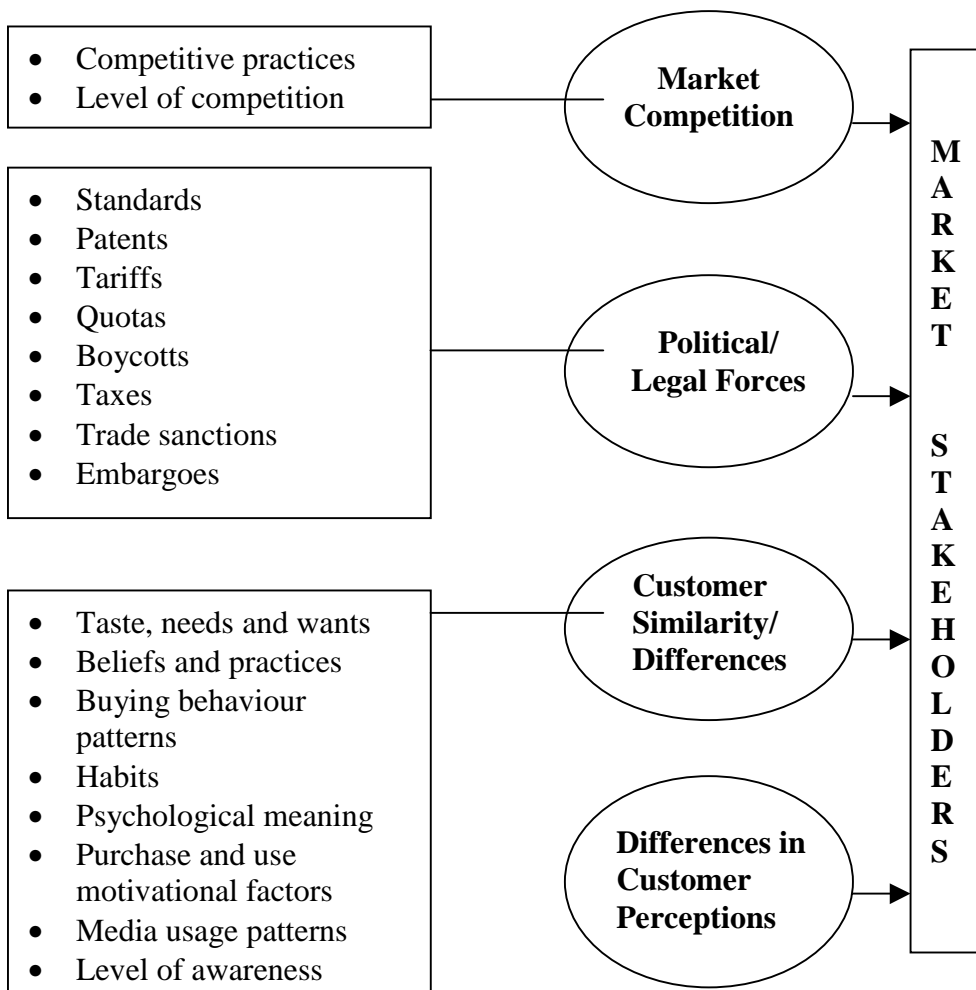
B.E.S.T. R.E.A.C.T model. These factors were crucial in the research as they formed the basis for testing the secondary hypotheses (SH<sub>1-9</sub>).

According to the findings of this research, as already discussed, the above factors should only be considered for 'product' and 'promotion' (see arrow at the top of the Pyramid at Figure 2 pointing Adaptation of the Marketing Mix). This is because only product and promotional decisions were found to be significantly different when compared with these factors (see Figure 1). In relation to the remaining tactical elements, it was identified that the factors under examination are not important, as this study identified no significant difference in relation to the applied level of integration. It is therefore important for multinational companies to understand their organisational position within the market in relation to those factors. This is because a different pattern of organisational characteristics would automatically mean a different product and promotional behaviour.

Moreover, this study illustrated that the factors examined were also significantly different with regard to the importance of the reasons pulling adaptation and standardisation of marketing tactics (see arrows at the top of the Pyramid pointing Industrial Environmental Forces and Desirability/Capability of Adopting Global Benefits).

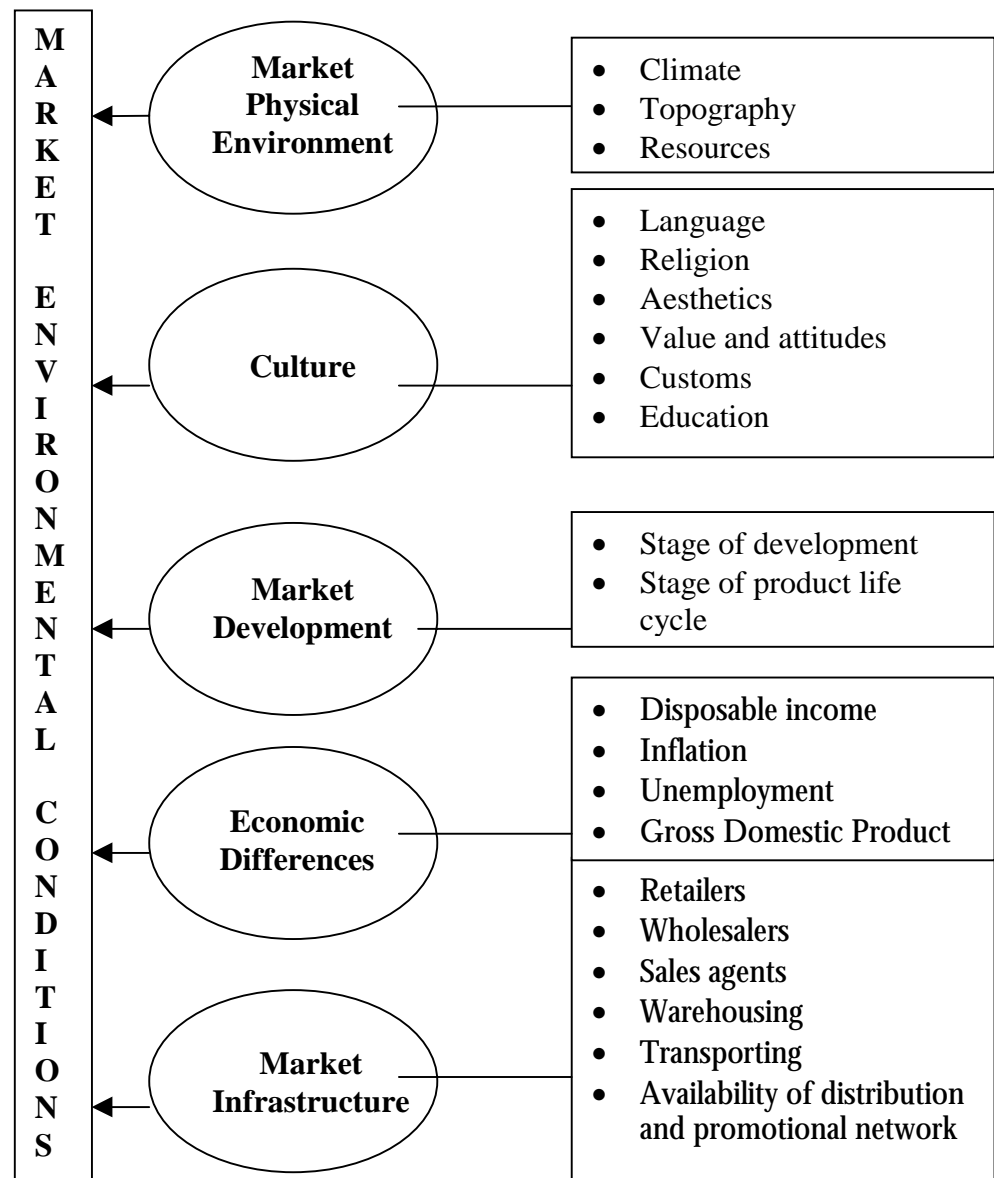
The external environmental factors (left bottom of the Triangular Pyramid), that UK multinational companies should consider, are grouped into two broad areas, namely 'market stakeholders' and 'market environmental conditions'. 'Market stakeholders' is divided into four areas. These are: market competition; political and legal forces; customer similarity; and differences in customer perception. In this category we find all the stakeholders that affect behaviour and could necessitate marketing mix elements to be tailored either as a government imposed market entry requirement or as a result of competition or customer marketing orientation. This is illustrated in Figure 4 below.

**Figure 4: Market Stakeholders**



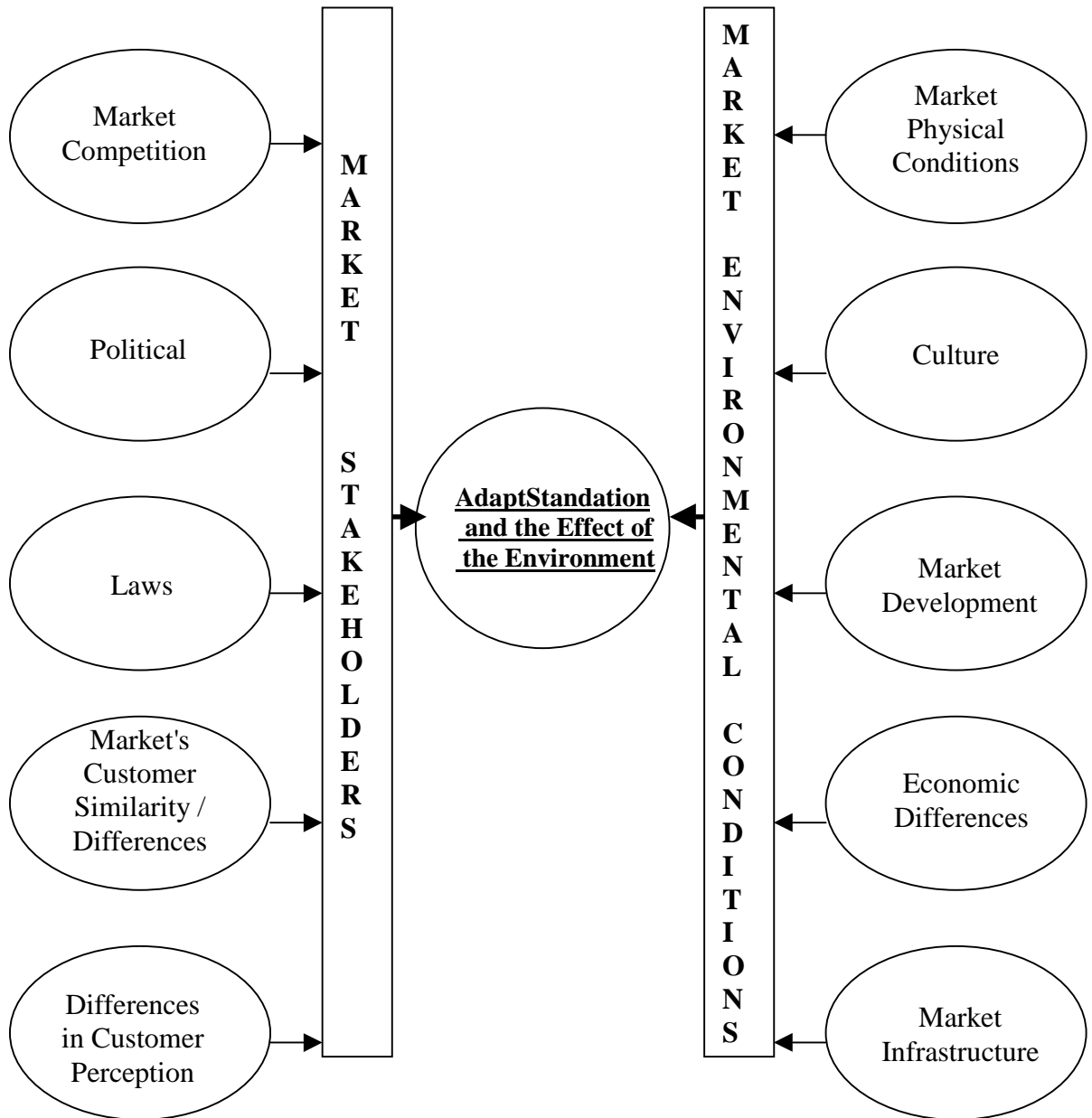
'Market environmental conditions' is equally important. This category (see Figure 5) is divided into five areas. These are physical conditions; culture; market development; economic differences; and marketing infrastructure. It is constituted by other external environmental forces that should be considered by UK multinational companies when making decisions on marketing mix formulation in the international arena.

**Figure 5: Market Environmental Conditions**



Multinational companies should undertake an in-depth investigation and identify the market stakeholders and market environmental conditions (left bottom of the Pyramid) that could influence their tactical behaviour (middle of the pyramid). Equally important, they should consider the effect deriving from organisational and operational factors (presented at the top of the Pyramid). 'Industrial Environmental Forces' is the second fundamental stage of the AdaptStand Process. The results are of paramount importance and could be used for deciding on the level of AdaptStandation. This is illustrated below in Figure 6.

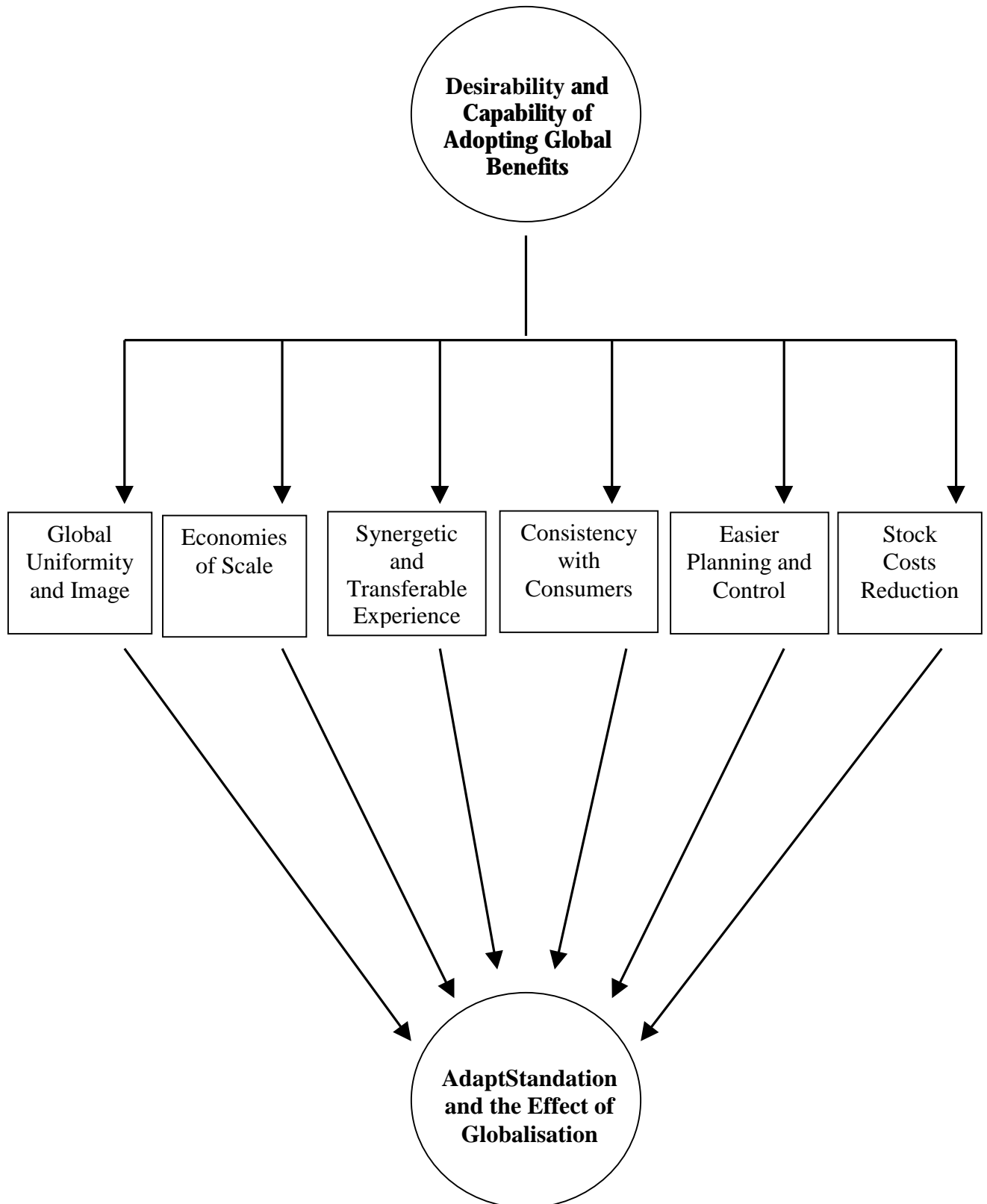
**Figure 6:** External Environmental Factors of AdaptStand Integration



The third and final stage of the Process is concerned with companies' capability and desirability of adopting and taking advantage of global benefits (see right bottom of the Triangular Pyramid). Through the analysis of this study, it was identified that a number of reasons, variably rated on level of importance, pull UK multinational companies' tactical behaviour (see middle of the pyramid) towards standardisation. Equally, an examination of these reasons highlighted that they are significantly different across a number of factors researched (see top of the Pyramid). These

reasons and the effect of factors should be considered by multinational companies when entering or competing within foreign markets. This is the third and final stage of the Triangular Pyramid and it is a prerequisite step in the AdaptStand Process. It is expanded in Figure 7.

**Figure 7:** AdaptStand Integration and the Desirability/Capability of Adopting Global Benefits



Having considered all three stages of the AdaptStand Process, a decision can then be made on identifying and deciding on the level of AdaptStandation. The identification and implementation of marketing tactics on the basis of AdaptStandation is of primary importance as it can eliminate problems created by using solely the one or the other approach.

The use of the Triangular Pyramid and the identification and implementation of the 'optimal' degree of AdaptStandation is essential as it increases the chance for multinational companies to remain competitive and marketing orientated within their industrial structure and international marketing arena. A detailed in-depth consideration of the AdaptStand Process could increase organisational cost effectiveness without undermining consumer requirements and other micro-environmental and macro-environmental constraints evident in the situation analysis.

## **8. Managerial Implications**

It is anticipated that the findings of this research carry implications not only for the literature, but also for international marketing practitioners. As this research was based upon the practical experience and behaviour of UK multinational companies, marketing practitioners can use its analysis and results as a means of comparing their current tactical behaviour with that of other similar companies. It can then aid them in practicing marketing formulation and implementation.

This would first necessitate an internal and external environmental analysis aimed at identifying a company's organisational position and industrial obstacles in a single market. This would then allow a comparison of the tactical behaviour of that company (under examination) with that of other similar companies. Any difference observed in behaviour, when comparing the two, could suggest corrective action and lead to the improvement of the approach currently in use.

The benefits deriving from globalisation should also be considered. However, while it is logical to standardise where possible, unwarranted generalisations from one marketing situation to another should be avoided as every market and every customer could be different. Marketing practitioners should understand that there is a fine line between the benefits of utilising a standardised approach, when possible and desirable, and the risks of seeking a level of demand homogenisation.

Multinational companies could be more successful if the world was not treated as one single market. Standardisation should only be enforced when it is not contradicted by the theme of marketing orientation and customer satisfaction. This is essential as a great deal of macro and micro external environmental constraints and organisational differences may imply a different practical, and indeed tactical behaviour, in different international markets.

It is therefore beneficial for multinational companies to consider the Triangular Pyramid of AdaptStand Integration, as well as the B.E.S.T. R.E.A.C.T. organisational model, the external environmental factors, and the capability and desirability of adopting the global benefits that underpin it.

The outcome of this research provides marketing directors and managers with an overview of what influences marketing tactical behaviour in international markets. On the basis of the research, marketing practitioners will be better able to identify the importance of the reasons, factors and elements of the marketing mix and any significant difference between them relevant to their situation. An understanding and consideration of the above could benefit and guide UK multinational companies in formulating international marketing planning and implementing marketing tactics.

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