ENTRY METHODS AND INTERNATIONAL MARKETING DECISION MAKING: AN EMPIRICAL INVESTIGATION

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This paper investigates levels of adaptation and standardisation in international marketing tactics, and examines whether multinational companies are adapting or standardising their marketing mix elements in international markets. It is based on empirical research with some of the largest UK-based multinational companies.

The research shows that both adaptation and standardisation are used at the same time within the respondent group. Levels of integration are dependent upon consideration of the relationship between the rationale for internationalisation and elements identified, and an understanding of how these are affected by a number of factors (one of them being Entry Methods, the factor under consideration here).

Keywords: International marketing planning, standardisation, adaptation, integration

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I.   INTRODUCTION

Within the field of international marketing the debate over the extent of standardisation or adaptation is of long duration. Vrontis and Vignali (1999) indicate that this debate commenced as early as 1961, when Elinder considered it with respect to worldwide advertising. During that period, advertising and the need for international standardisation, was at the heart of the debate (see Kanso and Kitchen, 2004). International advertising standardisation would have necessitated a common advertising approach for promotional campaigns of multinational organisations. This debate then expanded from advertising to the promotional mix, and now encompasses the entire marketing mix (see Schultz and Kitchen, 2000; Kanso and Kitchen, 2004; Kitchen and De Pelsmacker, 2004).

Remarkably, nearly half a century later the debate on standardising marketing internationally is ongoing. Even a cursory review of the literature identifies two main approaches with remarkable longevity and robustness, namely - adaptation and standardisation of international marketing tactics.

Supporters of standardisation view markets as increasingly homogeneous and global in scope and scale and believed that the key for survival and growth is a multinational's ability to standardise products and services (Fatt, 1967; Buzell, 1968; Levitt, 1983; Yip 1996). On the other hand, proponents of adaptation such as

Kashani (1989) indicate difficulties in using a standardised approach, and therefore support market tailoring and adaptation to fit the 'unique dimensions' of different international markets.

More specifically, supporters of the international adaptation school of thought argue that there are insurmountable differences between countries and even between regions in the same country (Papavassiliou and Stathakopoulos, 1997). It is argued that marketers are subject to a set of macro-environmental factors, such as culture, climate, race, topography, occupations, taste, law, culture, technology, and society (Czinkota and Ronkainen, 1998). Paliwoda and Thomas (1999) expand this list to include consumer tastes, disposable income, taxation, nationalism, local labour costs, literacy, and levels of education. Followers of this school stipulate that multinational companies should find out how to adjust marketing tactics and strategy and the accompanying marketing mix in terms of how they sell and distribute, in order to fit market requirements.

On the other hand, supporters of standardisation stipulate that consumers needs, wants and requirements do not vary significantly across markets or nations. The overall conceptual argument is that the world is becoming increasingly similar in terms of environmental factors and customer requirements, and irrespective of geographical locations, consumers have the same demands. For example, Theodore Levitt (1983) - in a milestone paper, argued that standardisation of the marketing mix and creation of a single strategy for the entire global market offers economies of scale in production and marketing and moreover is consistent with what he described as the 'mobile consumer'.

Both schools of thought in themselves appear to be sensible, logical, and coherent, highlighting the advantages and benefits that a multinational company could gain by using either approach. It is only when the extreme position of either is analysed that they become insensible, impractical, illogical, and incoherent. Marketing reality for multinationals does not lie in either of these two polarised positions, as both processes likely coexist, even within the same company, product line, or brand (Vrontis, 2003; Kitchen, 2003).

Thus this papers seeks to investigate the complex relationship of the two extreme approaches (adaptation and standardisation) and suggests ways to determine what may be the correct approach to adopt. Specifically, this paper will investigate the approaches adopted within UK-based multinationals in relation to different market entry methods.

Theoretical Background

International Adaptation versus Global Standardisation

Multinational companies, in their aim to expand their global presence, market share, increase profitability, and overcome problems related to saturation of existing markets, continually seek for opportunities and growth.

Within the field of international marketing, when a company decides to begin marketing products abroad, a fundamental strategic decision is whether to use a standardised marketing mix (product, price, place, promotion, people, physical evidence, process management etc) and a single marketing strategy in all countries, or whether to adjust the marketing mix and strategies to fit the unique dimensions of each potentially unique local market. However, literature quoting practical evidence suggests that companies make contingency choices, which relate to key determinants in each circumstance.

Buzzel (1968) and Buzzel et al (1995) state that in the past, dissimilarities among nations led multinational companies to view and design their planning country-by-country i.e. as a local marketing problem. However, as Buzzel et al note note, this situation has changed, and the experiences of a growing number of multinational companies suggest that there are potential gains to be made by standardising marketing mix elements and strategies.

Supporters of global standardisation intimate that consumers live in a globalized world in which nation-states are not the major determinants of marketing activities; and in which consumer tastes and cultures are homogenised and satisfied through the provision of standardised global products created by global corporations (Dicken, 1998: 5). Levitt (1983) asserted that well-managed companies moved from an emphasis on customising items to offering globally standardised products that were advanced, functional, reliable and low in price. Multinational companies that concentrate on idiosyncratic consumer preferences – in Levitt's myopic view - become befuddled and unable to see the forest because of the unique nature of individual flora and fauna. Pursuing Levitt - 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.

Papavassiliou and Stathakopoulos (1997) suggested four main reasons that make Levitt;'s thesis appealing. First, it allows multinational companies to maintain a consistent image and brand identity on a global basis. Second, it minimises confusion among buyers that travel. Third, it allows the multinational company to develop a single tactical approach. And, fourth, it enables the company to take advantage of economies of scale in production and experience and learning curve effects.

The use of global standardisation, on a tactical level, is of paramount importance as according to Levitt (1983) the globalisation of markets is (or was) at hand. He argues that global corporations operating with resolute constancy, at low relative cost, can treat the entire world as a single entity and sell the same things in the same way everywhere. With the emergence and growth of these new streetwise global entities,

old-fashioned international adaptive corporations that adjust products and practices in every market around the world, are nearing their nadir .

Keegan and Green (2000) state that standardised global marketing is analogous to mass marketing (undifferentiated target marketing) in a single country and involves the creation of the same marketing mix for a broad mass market of potential buyers.

The simplification and conceptualisation of standardisation is opposed by supporters of the international adaptation approach, who react directly to the sweeping polemic of the Levittian argument. Supporters of adaptation declare that the assumptions underlining global standardisation philosophy are contradicted by the facts. Standardisation is at best difficult and, at worst, - impractical (Jain 1989: 71). Globalisation according to Ruigrok and van Tulder (1995) seems to be as much overstatement as it is ideology. Ruigrok and vanTulder (1995) went so far as to state that it is impossible to market effectively by using the same marketing mix methods and marketing strategies everywhere. In addition, Helming (1982) and Youovich (1982) challenge the basic assumption of the standardisation approach and intimate that similar buying motives for consumers on an international basis may, at best, be simplistic and, at worst, dangerous. Thus, supporters of international adaptation argue that tailoring marketing mix elements is essential and vital in meeting the needs and wants of target markets. To them, marketing mix elements cannot be standardised as international markets are subject to differential macro and micro-environmental factors, constraints, and conflicts.

Lipman (1988) goes so far as to say that for many the global-marketing theory itself is bankrupt and bunk. In fact, the concept that once sent scores of executives scrambling to reconfigure marketing strategies now has many feeling duped. Not only are cultural and other differences very much still in the ascendancy, but marketing products in the same way everywhere can scare off customers, alienate employees, and blindside businesses to their customers' real needs.

Striking the Right Balance

The above extreme schools of thought (adaptation and standardisation) are rejected by various authors who highlight the difficulty in applying them in practice and stress the importance and necessity of both adaptation and standardisation to be used simultaneously (Sorenson and Wiechmann, 1975; Prahald and Doz, 1986; Boddewyn et al, 1986; Douglas and Wind, 1987; Kim and Mauborgne, 1987; Main, 1989; Choi and Jarboe, 1996; Terpstra and Sarathy, 1997; Van Raaij, 1997; Hennessey 2001).

When practising international marketing, a company goes beyond exporting and becomes much more directly involved in the local marketing environment within a given country or market. International marketers are likely to have their own sales subsidiaries and will participate in and develop new marketing tactics and strategies for foreign markets. At this point, the necessary adaptations to the firm's domestic marketing strategies become a main concern.

The decision whether to standardise or adapt is not considered as a dichotomous one. For example, certain academics suggest that standardising certain tactics and adapting

others to different market conditions is necessary (Peebles et al; Light, 1990; Quelch and Hoff, 1986). For these authors, standardisation and adaptation is not an all-or nothing proposition but a matter of degree. Heterogeneity among different countries does not allow full standardisation. On the other hand, the huge costs involved in adaptation and the benefits of standardisation may not allow adaptation to be used extensively.

For multinational companies to be successful they should incorporate elements of both approaches. Thus, effectiveness and reaping the benefits of both concepts means that these companies must try on the one hand to standardise various marketing mix elements and marketing strategies, but on the other hand to follow adaptation where necessary in order to satisfy apparent market needs. The goals of reducing costs and market complexity lead companies to consider standardisation, while customer orientation may sway them toward product adaptation (Vrontis 2003). Vrontis argues that decisions on international marketing tactics depends upon a number of determinants. These determinants are grouped into reasons and factors. Reasons are those behavioural aspects 'pulling' multinationals tactical behaviour towards one or the other side of the continuum, while factors are those determinants affecting the behaviour and its relative importance. This is illustrated in Figure 1.
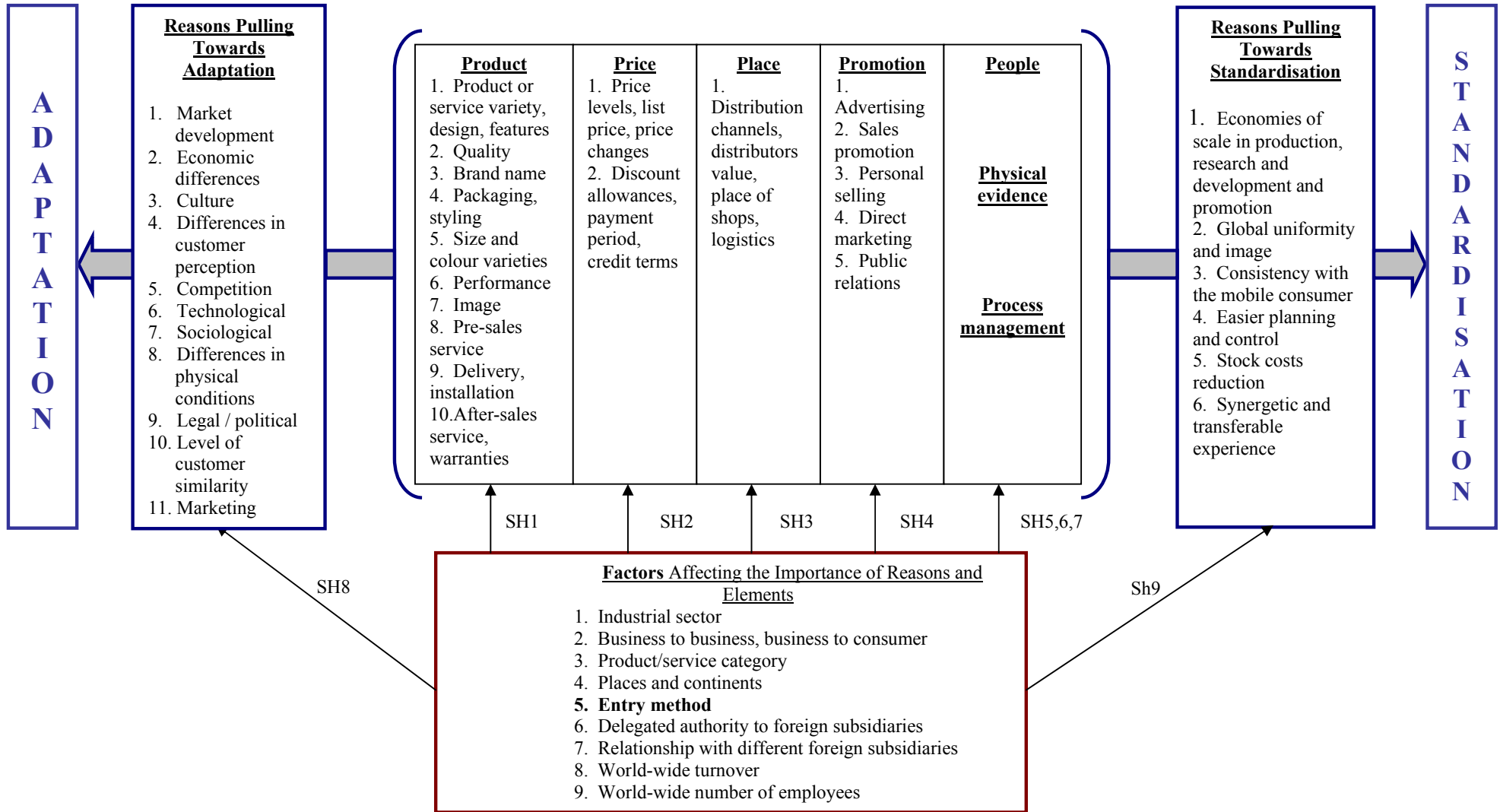
ADAPTATION

Reasons Pulling Towards Adaptation

1. Market development
2. Economic differences
3. Culture
4. Differences in customer perception
5. Competition
6. Technological
7. Sociological
8. Differences in physical conditions
9. Legal / political
10. Level of customer similarity
11. Marketing

Product
1. Product or service variety, design, features
2. Quality
3. Brand name
4. Packaging, styling
5. Size and colour varieties
6. Performance
7. Image
8. Pre-sales service
9. Delivery, installation
10. After-sales service, warranties

Price
1. Price levels, list price, price changes
2. Discount allowances, payment period, credit terms

Place
1. Distribution channels, distributors value, place of shops, logistics

Promotion
1. Advertising
2. Sales promotion
3. Personal selling
4. Direct marketing
5. Public relations

People

Physical evidence

Process management

SH1   SH2   SH3   SH4   SH5,6,7

Reasons Pulling Towards Standardisation

1. Economies of scale in production, research and development and promotion
2. Global uniformity and image
3. Consistency with the mobile consumer
4. Easier planning and control
5. Stock costs reduction
6. Synergetic and transferable experience

STANDARDISATION

SH8   Sh9

Factors Affecting the Importance of Reasons and Elements
1. Industrial sector
2. Business to business, business to consumer
3. Product/service category
4. Places and continents
5. **Entry method**
6. Delegated authority to foreign subsidiaries
7. Relationship with different foreign subsidiaries
8. World-wide turnover
9. World-wide number of employees

Figure 1: Toward Standardisation or Adaptation: A Conceptualisation
Source: Vrontis (2003)

Scope of this Research

As discussed, the debate on whether multinational companies should adapt or standardise marketing mix elements in international markets is of long duration. International practitioners need to search for the balance between standardisation and adaptation as it is hypothesised that adaptation versus standardisation is not a dichotomous decision.   The primary hypothesis (PH) of this paper is thus:

> PH: Multinational companies are not exclusively adopting international adaptation or global standardisation in terms of their marketing mix elements.

Figure 1 is important for conceptualising the complex relationship affecting tactical behaviour. It is paramount in developing nine secondary hypotheses (SH). The secondary hypotheses are related, but here we only test the 5th factor (Entry Methods) as seen at the bottom of figure 1. They are divided into two parts. Those that test the relationship between tactics and behaviour/7P's (middle of figure 1) and entry methods (SH1-7) and those that test the relationship between the reasons (left and right hand side of figure 1) and entry methods (SH8-9).   The nine secondary hypotheses are outlined below:

SH1:   Multinational companies' product decisions are affected by entry methods.

SH2:   Multinational companies' price decisions are affected by entry methods.

SH3:   Multinational companies' place decisions are affected by entry methods.

SH4:   Multinational companies' promotion decisions are affected by entry methods.

SH5:   Multinational companies' people decisions are affected by entry methods.

SH6:   Multinational companies' physical evidence decisions are affected by entry methods.

SH7:   Multinational companies' process management decisions are affected by entry methods.

SH8:   The level of importance of reasons pulling towards adaptation is dependent by entry methods.

SH9:   The level of importance of reasons pulling towards standardisation is entry methods.

In testing these hypotheses, the research outcomes may assist multinational companies and marketing practitioners in identifying the degree of standardisation and adaptation across their marketing mix elements, in relation to the entry method used. Identifying and implementing such may be beneficial for multinational companies, as it would help them achieve both customer satisfaction and organisational success.

Research Method

The methodological approach here uses both deductive and inductive reasoning methods (Wallace, 1971). Using the deductive method, secondary data was collected by an extensive review of the theory and literature including journals, articles, newspapers, magazines, books, on- and off-line databases. Primary research, described in more detail below, was collected by a questionnaire survey. This provided an insight into the behaviour of different multinational companies, and allowed an in-depth comparison of responses, taking into account entry methods, market offerings, and target markets.

As the field of this research is in the domain of international marketing, the sampling unit is UK multinational companies i.e. companies that trade in more than one overseas market. Questionnaires were therefore mailed to the [named] marketing directors of the largest 500 UK multinational companies across five industrial sectors (i.e. manufacturing, services, transportation and communication, construction and retail, and wholesale). These included companies using all Entry Method Strategies which included: Exporting (Direct and Indirect), Licensing, Franchising, Strategic Alliance and Direct Investment. The sampling procedure used is non-probability and lies specifically within the category of purposive/judgement sampling (Crouch and Housden, 1996). The research instrument comprised both open and close-ended questions.

This research used both behavioural and attribute variables (Dillman, 1978). Behavioural variables record how respondents behave in international markets and the reasons associated with such behaviour. Such questions were designed to elicit multinational companies' tactical level of adaptation and standardisation when crossing national borders. Attribute variables contain data about respondents' characteristics and they are best thought of as something a respondent possesses, rather than something a respondent does. This allowed research on the different factors (i.e. entry methods etc.) related to the tactical behaviour and to identify what sub-factors (i.e. direct exporting, indirect exporting etc.) are more likely to be adapted or standardised.

While the questionnaire and analysis undertaken is mainly quantitative , however some qualitative analysis is also provided. Qualitative aspects encompasses open-ended questions and seeks to establish the reasons why multinational companies behave the way they do. Quantitative methods, also provided, deal with identifying what, why and where something is happening, while qualitative methods provide further information and understanding on the why and the how. This proved to be particularly important in testing the research hypotheses.

Research Findings

Of the 500 companies contacted, the number of usable respondents was 124. This indicates a response rate of 24.8%, which was sufficient for statistical analysis to continue. It is suggested by Saunders et al (1997) that a response rate of approximately 30% is considered reasonable for self-administered postal questionnaires. This is backed up by Nachmias and Nachmias (1996) who state that a reasonable response rate for these questionnaires is between 20- 40%.

It is identified (see table I below) that companies going international are mainly exporting (directly and indirectly). 47% of the respondents are using indirect exporting and 33% direct exporting. This illustrates that manufacturing firms may not be taking direct control of exporting activities (handling documentation, physical delivery and pricing policies). Instead, another domestic company, such as an export house or trading company, performs these activities, often without the manufacturing firm's involvement in the foreign sales of its products. For example: "Exporting is the most common mode for initial entry into international markets" (company number 45). It is also "less risky and profitable" (company number 300). However, "direct investment is better when the market is tested and potentials identified" (company number 443). Moreover, it is identified that 30% of the companies are using direct investment, 21% licensing, 18% strategic alliance, and 15% franchising as a mode of internationalizing the business. This is illustrated in table 1.

TABLE 1: ENTRY METHODS USED

Entry method use	Percent (%)
Direct exporting	33
Indirect exporting	47
Licensing	21
Franchising	15
Strategic alliance	18
Direct investment	30

Primary hypothesis (PH) Analysis

Dealing with the primary hypothesis, it is identified that respondents do not solely adapt or standardise their marketing mix behaviour in overseas markets. Companies' international marketing mix behaviour is presented in Table 2. It illustrates that multinational companies are using variable levels of adaptation and standardisation across their tactical international marketing approaches.

TABLE 2: MULTINATIONAL COMPANIES TACTICAL BEHAVIOUR

Question: Is your organisation standardising (using the same), or adapting (using a different) the following elements of the marketing mix in different countries around the world? *Respondents were asked to circle the number which matched the organisations behaviour most closely.*									
	Standardisation			**Neutral**		**Adaptation**			
Element/sub-element	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Missing**	**Total %**
Product/service									
Product or service variety, design features	17.7	21.8	8.9	4.0	19.4	17.7	10.5	-	100
Quality	50.8	21.0	6.5	4.0	5.6	4.0	8.1	-	100
Brand name	58.9	7.3	5.6	8.9	7.3	4.8	7.3	-	100
Packaging, styling	28.2	10.5	12.9	9.7	16.1	7.3	6.5	5.9	100
Size and colour varieties	37.1	9.7	7.3	11.3	8.1	4.8	8.1	6.7	100
Performance	47.6	12.9	6.5	11.3	9.7	6.5	5.6	-	100
Image	53.2	10.5	7.3	8.1	5.6	9.7	5.6	-	100
Pre-sales service	25.8	9.7	9.7	12.1	9.7	19.4	12.1	1.6	100
Delivery, installation	21.0	16.1	4.8	12.9	14.5	15.3	12.1	3.2	100
After-sales service, warranties	23.4	12.9	6.5	16.1	8.9	15.3	14.5	2.4	100
Price									
Price levels, list price, price changes	5.6	2.4	4.8	12.9	11.3	25.0	37.9	-	100
Discount allowances, payment period, credit terms	4.8	3.2	8.9	25.8	10.5	16.1	29.0	1.6	100
Place									
Place/distribution	12.9	14.5	4.8	16.1	10.5	17.7	21.8	1.6	100
Promotion									
Advertising	14.5	9.7	4.0	16.9	8.1	23.4	21.0	2.4	100
Sales promotions	6.5	3.2	7.3	19.4	10.5	24.2	21.0	5.1	100
Personal selling	13.7	6.5	5.6	18.5	12.9	16.9	22.6	3.2	100
Direct Marketing	9.7	7.3	4.0	22.6	10.5	21.8	13.7	5.5	100
Public relations	12.9	6.5	7.3	17.7	9.7	23.4	20.2	2.4	100
People	11.3	19.4	10.5	19.4	15.3	15.3	8.9	-	100
Physical evidence	13.7	14.5	9.7	23.4	11.3	16.1	8.1	3.2	100
Process management	16.1	16.1	14.5	11.3	14.5	16.1	11.3	-	100

Table 3 goes a step further and identifies the mean and average mean of the seven marketing mix elements.

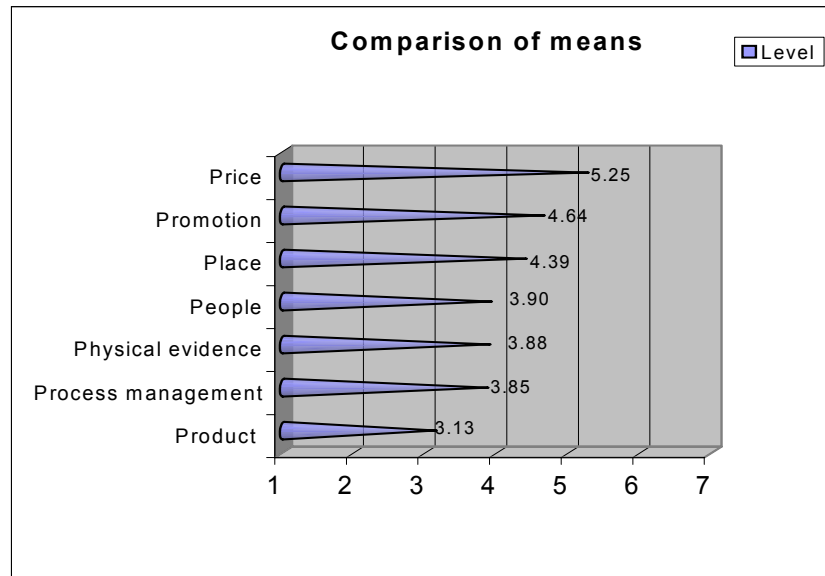**TABLE 3: THE MEAN OF THE MARKETING MIX ELEMENTS**

PRODUCT	
Quality	2.37
Brand name	2.42
Image	2.54
Performance	2.65
Size and colour varieties	2.89
Packaging, styling	3.25
Pre-sales service	3.78
After-sales service, warranties	3.80
Product or service variety, design, features	3.81
Delivery, installation	3.81
Average mean	*3.13*
PRICE	
Discount allowances, payment period, credit terms	5.02
Price levels, list price, price changes	5.48
Average mean	*5.25*
PLACE/DISTRIBUTION	**4.39**
PROMOTION	
Advertising	4.52
Direct Marketing	4.53
Personal selling	4.57
Public relations	4.60
Sales promotions	4.96
Average mean	*4.64*
PEOPLE	**3.90**
PHYSICAL EVIDENCE	**3.88**
PROCESS MANAGEMENT	**3.85**

As reported by multinational companies, the product element of the marketing mix is the most standardised element (μ=3.1). This is especially true for product quality (μ=2.37), brand name (μ=2.42), image (μ=2.54), and performance (μ=2.65), and to a lesser extent for size and colour varieties, packaging and styling. A trend towards standardisation is also seen in pre-sales and after sales services, warranties, design, features, delivery and installation with reported means between 3.78 to 3.81. Price is the most adapted element of the marketing mix (μ=5.25). As exemplified, mainly price levels, list price and price changes (μ=5.48), and to a lesser extent discount allowances, payment period and credit terms (μ=5.02) are tailored accordingly to fit market needs and requirements. A trend towards adaptation is also seen with the place or distribution element of the marketing mix (μ=4.39). In terms of promotion, 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.

People, physical evidence and process management are more neutral in terms of international behaviour, where multinational companies are not adapting or

standardising their marketing practices, but rather use a more integrated approach. As illustrated in table III, their respective means are 3.90, 3.88, and 3.85.
Figure 2: <u>Comparing the Means of the Marketing Mix</u>

Comparison of means

☐ Level

Price	5.25
Promotion	4.64
Place	4.39
People	3.90
Physical evidence	3.88
Process management	3.85
Product	3.13

1 2 3 4 5 6 7

This section has dealt with the reported level of adaptation and standardisation. The findings support the primary hypothesis that: UK based multinational companies are not exclusively adopting international adaptation or global standardisation across their marketing tactics, but strive to find a balance. Support for the primary hypothesis allowed the research to continue with the related research questions and secondary hypotheses.

Secondary Hypotheses 1-7 Analysis

In the international marketing arena, the decision whether to pursue tactical standardisation of the marketing mix or to adapt to individual customer needs is a critical problem for marketing departments. In the sample frame, it is evident that there is variable behaviour across international marketing tactics. Marketing mix elements are [apparently] adapted or standardised depending on a number of factors based on the nature and activities of the company.

This section examines and analyses the level of adaptation and standardisation pursued by UK multinational enterprises. This analysis is based only on the Entry Method Strategy used (direct exporting, indirect exporting, licensing, franchising, strategic alliance and direct investment). Specifically, this section is concerned with testing the seven secondary hypotheses (SH 1-7). This is undertaken by comparing the seven elements of the marketing mix with the different entry methods.

The analysis is performed using Analysis of Variance (ANOVA) quantitative tests and supported by qualitative statements derived from the organisations under research. ANOVA tests are used to identify any significant difference when comparing continuous (dependent elements) and categorical (independent factors) variables. It then investigates the F-statistics, significance probability values (p), and

multiple comparison Bonferroni tests. Multiple comparison Bonferroni tests are powerful, as they identify the sub-factors where significant differences are present. If the reported mean, is significantly different between groups, this was presented by a large F statistic with a probability of less than or equal to 0.10.

Product (good or a service)

Product is a generic term that covers both goods and services (see tables 1 and 2). This research identified that franchising (μ=2.12) and licensing (μ=2.57) are the two most standardised entry strategies used by multinational enterprises when entering international markets. On the other hand indirect exporting (μ=3.67) and direct investment (μ=3.49) are subject to more adjustment. It is argued that this is because companies that use franchising and licensing are required to standardise product depending on the parent companies' patents and requirements, while those entering otherwise have relatively more flexibility to adjust to local needs.

ANOVA tests, identified that there is a significant difference in product or service variety, design & features (p=0.07), performance (p=0.00), image (p=0.01), pre-sales service (p=0.02), delivery & installation (p=0.09) and after-sales service & warranties (p=0.10). In all cases, this difference is statistically significant when comparing direct exporting with direct investment. It is argued that standardisation is more feasible when exporting directly and adaptation when direct investment and overseas production is taking place. For example, one respondent commented:

> "When owning facilities and producing in international markets we have the capability and flexibility to tailor products according to different needs" (company number 222).

The first secondary hypothesis is therefore supported and it is argued that multinational companies' decisions on product is affected by the entry method used (SH_1).

Price

The price of goods and services, established by UK multinational companies in overseas markets, is another important issue raised within the literature of international marketing.

For the purpose of this research, as with the product element of the marketing mix, a comparison between price and market entry methods is made. The aim is to identify and exemplify any possible statistical differences between sub-factors for price. A statistical analysis has illustrated that companies that mainly use indirect exporting, direct exporting and direct investment, as their entry method, have reported more adapted behaviour than other sub-factors. However, this or any other differences are not statistically significant.

The second secondary hypothesis is therefore not supported and it is argued that multinational companies' decisions on price is not affected by the entry method used

(SH$_2$). This is surprising given that direct and indirect exporters often use price as a major tool in entering foreign markets.

Place/distribution

Place or distribution is the third element of the marketing mix under investigation. Empirical evidence suggests that UK multinational companies are considering both approaches (adaptation and standardisation). Respondents' qualitative comments include:
> ➢ "horses for courses"
> ➢ "different markets, different tactics"
> ➢ "standardisation is the key to success"
> ➢ "we transfer our core capabilities *and our* policies" (italics added)

On the one hand, "international distribution approach has proved to be different from territory to territory" (company number 215). Reasons such as "the different levels of development" (company number 15), "local market conditions" (company number 70), and "different cultures in different markets" (company number 912) have driven U.K multinational companies to adopt more or less different distribution arrangements.   Yet, on the other hand, some companies reported that standardised behaviour enabled them to "achieve global branding" (company number 375), a "common set up world-wide" (company number 586) and to sustain a "key competitive advantage" (company number 146).

In comparing the companies' behaviour with different entry methods it is identified that there is a statistical significant difference across direct investment and indirect exporting (p=0.01). Direct investment tends to follow a more adaptive behaviour approach (μ=5.16) as local plant and production investment allows more flexibility to companies. "If you are investing locally you are more likely to see more cost effective ways to distribute and supply products tailored to clients needs" (company number 405).   Indirect exporting, on the other hand, shares more standardised in terms of behaviour (μ=3.09) as multinational companies use relatively similar methods to distribute products to independent intermediaries who then export products for a fee or commission.

The third secondary hypothesis is therefore supported and it is argued that multinational companies' decisions on place is affected by entry methods (SH$_3$).

Promotion

As illustrated in figure 2 promotion is the second most adapted element of the marketing mix (μ=4.64).   Multinational company respondents know that "different markets require different solutions" (company number 92).   "If promotion is not adapted for export markets, then it will be of limited value" (company number 192). "Promotion needs to be adapted and dictated to specific market conditions" (company number 119). Respondents intimated that adaptation exists "to suit the different consumer attitudes of that country" (company number 215), "to match local culture and media requirements" (company number 70) and "to keep in line with differences in message, media requirements and legal aspects of promotions in different countries" (company number 500).

In examining multinational companies' promotion behaviour across entry methods it is identified that direct investment is the most adaptive sub-factor ($\mu=5.17$). Indirect exporting ($\mu=4.55$), franchising ($\mu=4.20$), licensing ($\mu=4.20$), direct exporting ($\mu=4.15$) and strategic alliance ($\mu=4.55$) follow. The results of an ANOVA test, identified that for the five sub-factors of promotion, there is a significance difference for advertising ($p=0.07$), sales promotion ($p=0.03$), personal selling ($p=0.06$) and direct marketing ($p=0.03$). Post hoc Bonferroni tests exemplify that these differences are statistically significant when comparing direct investment and direct exporting. It is argued that this is because personal investment and involvement in overseas markets may necessitate or identify the need for national promotional execution.

The fourth secondary hypothesis is therefore supported and it is argued that multinational companies' decisions on promotion is affected by the entry method used (SH_4). Of course, that is not to say that promotion will remain the same indefinitely.

People, Physical Evidence and Process Management

The service mix has scored an adaptation/standardisation mean of ($\mu=3.90$) for 'People', ($\mu=3.88$) for 'Physical Evidence' and ($\mu=3.85$) for 'Process Management'. It is identified that multinational organisations do not use a completely standardised or adapted approach in international markets, but an integrated one depending on market characteristics and requirements.

UK multinational companies argued that: "the UK mentality did not always fit into or suit other countries markets" (company number 215). "Dealing with many different nationalities meant that the correct level of adaptation/standardisation should be searched for" (company number 234). "We need to understand the idiosyncrasies of individual markets and adapt our behaviour accordingly" (company number 192). Companies should consider "individual needs" (company number 88), "different stages of market development" (company number 299), and the "technical nature and requirements of products and customers" (company number 146). At the same time the "benefits of globalisation and standardisation need to be considered" (company number 99). By researching and implementing the correct level of integration "we can transfer the existing working model" (company number 110) and "develop good personal relationships" (company number 235). It is therefore illustrated that companies standardise when they can, however this is not always possible or desirable.

In comparing this behaviour with different entry methods, it was identified that differences between sub-factors (i.e. direct exporting, indirect exporting etc.) is marginal and not statistically significant. The service mix is therefore not dependent upon entry methods and the reported average level of behaviour is consistent between sub-factors.

UK multinational companies tend to use various tactical approaches. Their behaviour is arrived after a consideration of both micro and macro environmental forces and the benefits of standardisation. There are some instances where mean difference indicates

a small variance in behaviour, however ANOVA tests confirmed that sub-factors are not significantly different.

The fifth, sixth and seventh secondary hypotheses are therefore not supported . It is therefore argued that multinational companies' decisions on the service mix are not affected by the investigated factors (SH_{5-7}).

Secondary hypotheses 8-9 (SH_{8-9})

This study has shown that UK multinational companies are both adapting and standardising their international tactics at the same time.. This section examines the reasons why multinational companies adapt and standardise in international markets. Chi-square (χ^2) tests are then used to identify any statistical differences, which may exist for different reasons, by a comparison of the factor under investigation (entry methods).

The chi square test enables discovery if the values for the two variables are statistically independent or associated. Chi-square tests are used when cross-tabulating and investigating two categorical variables; that is reasons against factors. Reasons are those behavioural aspects pulling adaptation and standardisation and factors are those determinants affecting the importance of reasons. Comparison is essential to exemplify different pattern of organisational characteristics and identify significant differences.

Reasons for the Decision to Adapt (SH_{8})

UK multinational companies tailor marketing tactics in overseas markets for a number of reasons. A marketing director (company number 88) said that:
"Global customers are different. They are becoming more sophisticated and demanding in certain markets. We therefore have to adapt quickly to these differences and changing circumstances".

Adaptation in marketing tactics is crucial for multinational companies desiring organisational success. As companies operate in different societies and target different customers, altering elements of the marketing mix is essential, even when implementing a global marketing strategy.

Adaptation takes place in order to meet differences associated with people and with the micro and macro environment. "People are completely different" (company number 188). "We found it extremely difficult to get other countries to standardise, even on uniform style control of branding" (n63). "Different markets make different demands" (company number 307). Therefore, "adaptation is paramount to get maximum cost benefit from customer contact and comply with different cultures, level of competition, environmental variances, laws, market share and scale of operations" (company number 92).

"The divergent needs and levels of development of the market in which we operate" (company number 51), "differences between countries, and no acceptance for a cosmopolitan approach" (company number 83) have forced "corporate image and identity to be adapted to suit local market requirements" (company number 486).

"Our desire to be competitive, grow market share and provide customer service led us towards adaptation to local market demands and differing development needs" (company number 70).

A number of reasons seem to be driving the adaptative process. Quantitative research identified that the most important reasons driving UK multinational companies towards international tactical adaptation are culture, market development, competition, laws and economic differences. The remaining five reasons researched were of less importance.

It is quite interesting that 92% of respondents stated that culture is an important reason for them in relation to adaptative tactics. Culture, therefore, should be carefully considered when crossing national borders. Market development (87%), competition (84%) and economic differences (78%) were also rated high in importance by companies. All these reasons are crucial and multinational companies are considering them when competing in foreign markets. Laws (82%) and differences in customer perceptions (71%) are equally important. "Our desire to meet differences in customer perceptions and legal standards sometimes force us to redesign our products" (company number 375). Finally, the political environment (53%), level of customer similarity (49%), marketing infrastructure (44%) and differences in physical conditions (39%) were rated a smaller percentage of importance. However, these should not be ignored in any tactical decision making process.

The question now is whether the percentage level of importance for reasons pulling/enhancing adaptation is consistent or statistically different across the different entry methods investigated. The following section discusses this data.

Pearson chi-square value (χ^2=10.70) and the significance value (p=0.01) analysed illustrate that competition is statistically different across entry methods. This can be said with 99% of confidence considering the average percentage of 83.87. This research identified that 96% of the companies using direct investment as their main entry method consider competition as a very important reason for adaptation. This is different for exporting, where only 72% of companies having exporting as their main entry method, see competition as an important reason. Generally speaking, competition is more important in direct investment, strategic alliance, licensing and franchising and less important in exporting where direct involvement is less.

A significant difference (p=0.03) is also evident for marketing infrastructure. The average percentage level of importance (44%), reported for this reason, is statistically different among industrial sectors. It is also found that marketing infrastructure is highly important for licensing, franchising and direct investment and less important for the remaining entry methods used.

The level of importance of reasons pulling towards adaptation is dependent upon the entry method used (SH_8).

Reasons for the Decision to Standardise (SH$_9$)

"We can see the merits of having a brand which is recognised all over the world" (n 375). "It is important that customer receive a consistent service through out all markets" (company number 487). It is the "best way of delivering consistently high levels of customer satisfaction" (company number 91). Note that these apparent explanations in support of standardisation are in fact also true irrespective of the approach adopted. Nonetheless there is a high degree of awareness in multinational companies concerning the benefits associated with global standardisation. Consequently, when crossing borders, UK multinational companies can and do standardise a number of marketing tactics.

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. "Economies of scale are the key to success. End products cost less per unit, therefore we gain bigger margins and remain competitive and profitable" (company number 343). 75% of respondents 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. Synergy 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 consumers (52%), easier planning and control (48%) and stock costs reduction (43%) gained a smaller percentage of importance.

In relation to entry methods, there is a statistical difference for global uniformity and image (p=0.00). This may have resulted from the lower level of importance reported by companies dealing with exporting in comparison with the remaining entry methods. The same is true with consistency with the mobile consumer. This could be evident when comparing exporting with licensing and franchising, and strategic alliance and direct investment. It may be concluded that reasons for standardisation are less important when exporting, as products are exported but not necessarily sold by the same company. In the other hand, companies that deal with the remaining entry methods are more interested in achieving global uniformity and image and consistency with consumers as it may directly enhance profitability. The ninth secondary hypothesis is therefore supported and it is argued that the level of importance of reasons pulling towards standardisation is dependent by entry methods (SH$_9$).

Table 4 summarises the findings so far in terms of support or non support of the primary and secondary hypotheses.

TABLE 4: VERIFYING OR REJECTING HYPOTHESIS

Research hypotheses	Supported	Not supported
Primary hypothesis (PH) Multinational companies are not exclusively adopting international adaptation or global standardisation across their marketing mix elements.	✔	
Secondary hypothesis 1 (SH_1) Multinational companies' product decisions are affected by entry methods.	✔	
Secondary hypothesis 2 (SH_2) Multinational companies' price decisions are affected by entry methods.		✔
Secondary hypothesis 3 (SH_3) Multinational companies' place decisions are affected by entry methods	✔	
Secondary hypothesis 4 (SH_4) Multinational companies' promotion decisions are affected by entry methods	✔	
Secondary hypothesis 5 (SH_5) Multinational companies' people decisions are affected by entry methods		✔
Secondary hypothesis 6 (SH_6) Multinational companies' physical evidence decisions are affected by entry methods		✔
Secondary hypothesis 7 (SH_7) Multinational companies' process management decisions are affected by entry methods		✔
Secondary hypothesis 8 (SH8) The level of importance of reasons pulling towards adaptation is dependent by entry methods.	✔	
Secondary hypothesis 9 (SH_9) The level of importance of reasons pulling towards standardisation is dependent by entry methods.	✔	

II.   CONCLUSIONS

The evergreen debate in international marketing as to whether companies should standardise or adapt their marketing approach and market entry methods. It continues to be a focus of research in the academic literature and is also of significant and ongoing concern for every international and multinational company and marketing practitioners. As may be expected, it is irrational for businesses to attempt complete homogenisation of the marketing mix, except under clearly defined sets of circumstances and certain product categories. Yet, as we have seen it is argued that the global market has become so homogenised so that multinational companies can market their products and services in the same way all over the world by using

identical strategies with concomitant lower costs and the benefits of higher margins which equate to increased profitability. Few would argue that the globalisation of society generally is an ongoing phenomenon affecting consumers and businesses everywhere. Yet, an increasingly globalised society does not and cannot equate to a globalisation of markets. Yet complete heterogeneity, on the other hand, is also a mistake as some observers have emphasised, especially where continued and obvious dissimilarities exist between different countries and markets, especially those for consumer goods, and argue in favour of using differentiated marketing programmes.

Thus, what should companies do when facing decisions in this area? Obviously, an either/or approach is illogical and likely to damage the businesses. In line with the empirical evidence we have presented a more common approach is to standardise where possible and adapt where necessary. Note that , marketing directors and managers are not making one-time one-off choices. Multinational companies can and do simultaneously focus their attention and resources on aspects of the business that require global standardisation *and upon* aspects that demand local responsiveness. When and where possible and needful processes are standardised, however, operation in local markets may necessitate local flexibility. UK-based multinational companies must strive to find and maintain an equitable balance. This is not a straightforward task, especially when faced with the shifting sands of environmental, competitive, and market forces. Thus, the balance between standardisation and adaptation is difficult to achieve and a challenging conundrum of an ongoing nature.

This paper has, however, illustrated that standardisation and adaptation is not an all-or nothing proposition but a matter of degree. We have identified that the huge costs involved in the international adaptive approach, together with the multinational companies' desire to reap the benefits of standardisation do not allow such adaptation to be used in an absolute manner. Similarly, organisational differences, heterogeneity among different countries macro and micro environmental factors as well as companies' desire to satisfy consumer's diverse needs do not allow standardisation to be practised extensively. Multinational companies should therefore incorporate ingredients of both approaches, based on a clear understanding of the dynamics of the served market(s).

Thus, any company operating internationally does not, and in fact cannot, make a one-time choice between the poles of absolute standardisation or adaptation. Following lemming-like the latest recommendation from marketing gurus, is to make a well-nigh fatal mistake. Yet, UK multinational companies, operating in several countries using diverse entry methods, must integrate marketing tactics. Managers and executives should focus attention on aspects of the business that require global standardisation and aspects that demand local responsiveness. The driving forces in either scenario are the needs and wants of target markets, and organisational resources. UK multinational companies, and for that matter international firms of all types have to strike a balance. This is not a straightforward or easy task - it is certainly not a task made easier by entrenched or polarised positions as found in the literature. Yet, there are examples of companies who do indeed exemplify the virtues of absolute standardisation and others that reap the benefits of unilateral adaptation. The success of both types of company however depend on product, environmental and organisational circumstances, historical factors, managerial strategy . For the great majority of firms, however, the balance between standardisation and adaptation in

different markets is difficult to achieve and a constant challenge to multinational marketers. In discussing the factors identified in this paper, we have indicated the shifting and variable terrain that needs to be navigated. In so doing, we re-emphasise *again* that management attention must continually be directed to the underlying dynamics of served market(s).

Managerial Implications

The outcome of this research provides marketing directors and managers with an overview of main factors that influence marketing tactical behaviour in international markets. On this basis, marketing practitioners will be better able to identify the importance of the reasons, factors (entry method strategies) and elements of the marketing mix and any significant difference between them relevant to their situation.

It is anticipated that the findings of this research carry implications for both the international marketing literature and marketing practitioners. Multinational companies should undertake internal and external environmental analyses to identify a company's organisational position and industrial obstacles in single markets. 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 at all costs 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 with 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 different practical, and indeed tactical behaviour, in different international markets.

The need for research in this contentious area is paramount. While a questionnaire may be a good way of garnering quantitative and qualitative information, and may show overall patterns of behaviour in the first instance, there is a significant need for depth interviews and case studies to be carried out which indicate the depth and richness of the circumstances faced by managers. Thus while our findings support the need for adaptive and standardized behaviour by international and multinational firms, they should serve only as a prelude to, and a pointer towards, the need for further qualitative research.

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