Standardization and Adaptation of International Marketing Mix Activities: A Case Study

Ali Ekber Akgün, Halit Keskin, Hayat Ayar

Abstract

Despite increasing importance of international marketing for firms to survive and continue to prosper as well as increase their profitability in a rapidly changing environment, researchers pay more attention to domestic knowledge issues rather than international marketing. However, several factors (i.e. economies of scale, competitive strike, government incentives etc…) lead firms to international markets. In this context, all marketing activities in domestic level are undergoing a transformation to become international. Such that, the concept of marketing mix has become one of the key focus areas in international marketing research, practice and though. In this study, we examined international marketing mix activities by conducting a descriptive holistic case study. We found three main findings. First, price and place elements of marketing mix are the most adapted elements. Second, while the product concept, colour and packet in product mix are adapted, the label and brand name are standardized. Third, promotion element of marketing mix is the most standardized element.

Keywords: International marketing mix, Adaptation, Standardization, Case study

1. Introduction

International marketing mix activities, involving one or more marketing mix decisions outside the organization’s home country, are critical for the prosperity of many business organizations operating in today’s highly globalized and competitive economy (Leonidou, Barnes, Spyropoulou and Katsikeas, 2010). In this respect, we see that researchers in marketing literature emphasize the concept of “international marketing”, which refers to the execution of business activities to smoothly adapt and standardize flow of goods and service to external changes and consumers in more than one country (Ghauri and Cateora, 2011), as a potential framework to overcome foreign environment factors and to accomplish the strategic targets of an organization (Wong and Merriles, 2007; Çavuşgil and Çavuşgil, 2012).

Interestingly, compared to domestic marketing knowledge, it should be noted that international marketing draws little attention in marketing journals (Albaum and Peterson, 1984; Douglas and Craig, 1992). However, previous
researches attempted for better understanding of international marketing because international marketing involves different characteristics from domestic marketing. These can be categorized into two major groups. While first group evaluates the developments in the field in general (Çavuşgil and Nevin, 1981; Albaum and Peterson, 1984; Li and Çavuşgil, 1995), second group focuses on specific aspects of international marketing, such as country-of-origin effects (Gürhan-Canli and Maheswaran, 2000), marketing strategy standardization/adaptation (Chung, Wang and Huang 2012; Alashban, Hayes, Zinkhan and Balazs 2002), effect sizes on international marketing experiments (Wang and Yang, 2008), and exporting (Eshghi, 1992; Aaby and Slater, 1989). Through these researches, international marketing activities become more systematic and disciplined to exploit new market opportunities, to gain prestige and power and to decrease costs.

Nevertheless, the marketing mix activities in international marketing are more complicated than domestic marketing because a marketer encounters two or more sets of uncontrollable variables originating from different countries (Onkvisit and Shaw, 2009). The international marketer must deal with differences in foreign environments from the characteristics of domestic environments. These may involve, for example, differences in consumer tastes, wants and needs, national cultures, economic and technologic levels, market structures, ways of doing business, political stability, government policy, laws and regulations. Each one of these factors may render a company’s international approach to marketing ineffective and counterproductive in the foreign market. Also, these differences need a careful and well planned approach to entering and expanding in international markets. Although there are assistances to ease this process, marketing managers are responsible for developing efficient approaches to marketing in other nations. This requires better understanding of differences which should be made compatible to each other (Omar, 2008).

In this sense, there is an increasing need for the better understanding of a company’s international marketing mix activities. Therefore, the aim of this study is to investigate the standardization and adaption of marketing mix activities by conducting the descriptive case study in the international firm context. Accordingly, we structured the paper as below. First, we examined concept of international marketing. In this section, we showed the development and description of international marketing concept. Second, we explicated concept of international marketing mix. Third, we showed the results of descriptive holistic case study. Lastly we presented advices for future researches and practitioners.

2. Definition of International Marketing

While export marketing and comparative marketing were common marketing concepts prior to the 1960s, international marketing began to be used to show “all the activities belonging to marketing beyond domestic level” after World War II (Codita, 2011). But there is no universally accepted description of international marketing. American Marketing Association defines it as the multi-national process of planning and executing the conception, prices, promotion and distribution of ideal goods and services to create exchanges that satisfy the individual and organizational objectives (Czinkota and Ronkainen, 2012). Other definitions of international marketing are shown in table 1.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Definition of International Marketing</th>
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<tbody>
<tr>
<td>Albaum and Peterson (1984: 162)</td>
<td>“…marketing activities relevant to products or services that directly or indirectly cross national borders.”</td>
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<tr>
<td>Jain (1999)</td>
<td>“…refers to exchanges across national boundaries for the satisfaction of human needs and wants.”</td>
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<tr>
<td>Bradley (2005: 3)</td>
<td>“…means identifying needs and wants of customers in different markets and cultures, providing products, services, technologies and ideas to give the firm a competitive marketing advantage, communicating information about these products and services and distributing and exchanging them internationally through one or a combination of foreign market entry modes.”</td>
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<td>Doole and Lowe (2008: 9)</td>
<td>“…where the marketing activities of an organization include activities, interests or operations in more than one country and where there is some kind of influence or control of marketing activities from outside the country in which the goods or services will actually be sold.”</td>
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<tr>
<td>Ghauri and Cateora (2009: 7)</td>
<td>“…is the performance of business activities that direct the flow of a company’s goods and services to consumers or users in more than one nation for a profit.”</td>
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Terpstra and Russow (2000) assert that international marketing has three dimensions. These are marketing across national borders, marketing in foreign countries and coordination and integration of marketing in divided foreign environments. Also, Sheth and Parvatiyar (2001) present three comparative determinants for understanding of international marketing practices by firms. First determinant is the comparative descriptions which explain how marketing is carried out in different countries. Second determinant is comparative explanations that describe the structural determinants anchored to national differences. The third determinant is comparative prescriptions on how a country is positioning itself to specific marketing strategies and operations by multi-domestic firms (Yeu et al., 2012). Therefore, its main focus is the description, explanation, and managerial control of marketing practices across national boundaries (Toyne, 1989).

Further, Sheth (2001: 7) propose that the international marketing will be replaced by integrated global marketing and in the process, will occur in two-dimensional shift. The first shift to integrated marketing will focus less on functional adjustments across national boundaries and more on cross-functional integration and coordination. The second shift will focus less on international disparities and more on transnational similarities for target markets across national boundaries.

3. International Marketing Mix

Marketing mix management paradigm has controlled marketing since 1940s and McCarthy (1964) further improved this concept and refined the principle to what is commonly known today as the 4Ps: product, price, place (distribution) and promotion (Goi, 2009). The marketing mix developed from a notion of the marketer as a “mixer of ingredients” that plans various means of competition and blends them into a “marketing mix” so that a profit function is optimized, or rather satisfied (Gronroos, 1994). According to Philip Kotler, “marketing mix is the set of controllable variables that the firm can use to influence the buyer’s response”. These variables are inter-related because a decision in one area influences decisions in other areas (Cuellar-Healey and Gomez, 2013).

International marketing mix activities include: “(1) the analysis of markets and potential markets, (2) the planning and development of products and services that consumers want, distinctly identified in a proper package, (3) the distribution of products through channels that assure the services or conveniences demanded by buyers, (4) the promotion of products and services, including advertising and personal selling to inform and educate consumers about those products and services, or persuade consumers to try new, improved or different ways of satisfying their wants and needs, (5) the setting of prices that reflect both a reasonable value (or utility) of products or services to the consumers, and a satisfactory profit or return on investment, (6) the technical and non-technical support given to customers, both before and after a sale is made, to ensure their satisfaction, and thus pave the way for possible future sales that are necessary for company survival and growth” (Omar 2008). In this regard, consistent with the theoretical work of Goi (2009), it is said that marketing mix is a powerful concept. It makes marketing seem easy to handle, permits the separation of marketing from other operations of the firm and the delegation of marketing missions to experts who take care of the analysis, planning, implementation of different marketing missions, such as market analysis, market planning, advertising, sales, promotion, technical support, pricing, distribution, and product packaging (Goi, 2009). Also, each of the marketing mix elements can change firms’ competitive position (Gronroos, 1994).

While many scholars emphasizes the importance of marketing mix on marketing issues, such as consumer attitude (Griffith and Krampf, 1998), marketing development (Ivy, 2008), environmental changes and trends (O’Cass and Craig, 2003), operational marketing (Gruca, Sudharshan and Kumar, 2001); the standardization or adaptation of marketing mix has become one of key research areas of international marketing (Larimo and Kontkanen 2008). Specifically, many researchers have presented arguments favoring standardization, but on the other hand many others have supported the advantages of adaptation of the marketing mix. Recent studies have analized the degree of adaptation and standadization of marketing mix elements (Larimo and Kontkanen, 2008). Proponents of the standardization view market as increasingly homogeneous. Also, they ensure that a consumer’ tastes, needs, wants and requirements do not vary notably across markets or nations. On the other hand, supporters of adaptation indicate difficulties in using a standardized approach to meet the “unique dimensions” of different international markets (Nguyen, 2011). The main causes of standardization and adaptation in marketing mix activities is are shown in table 2.
Table 2. The main causes of standardization and adaptation in marketing mix activities (Adapted from Nguyen, 2011)

<table>
<thead>
<tr>
<th>Marketing Mix Policies</th>
<th>Adaptation</th>
<th>Standardization</th>
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</table>
| **Product**            | • Government regulation  
                          • Product standards  
                          • Cultural differences  
                          • User’s habits | • Cost-effective  
                          • Highly product image |
| **Price**              | • Profits and sales volume can increase due to different markets  
                          • Lack of control because of market differentiated pricing  
                          • Bad image of multi-national firms | • Low-risk strategy as a fixed return is guaranteed  
                          • Good image of multi-national firms  
                          • No effort is made to maximize either profits or sales volume because they set the same price for all market  
                          • Used when selling highly specialized manufacturing plant |
| **Place**              | • The nature of market  
                          • Customer characteristics  
                          • Nature of product  
                          • Culture  
                          • Law legislation |
| **Promotion**          | • Customer satisfaction  
                          • Cultural differences  
                          • Other environmental factors such as political and legal constraints | • Improving efficiency and saving costs  
                          • Increasing firm’s image  
                          • Increasing customer’s trust, loyalty  
                          • Trend of globalization |

4. Research Design

4.1. Methodology and Sampling

We used a descriptive single holistic case study to describe standardization and adaptation international marketing activities of a firm by following the procedure of Yin (2003). Here, we have focused on the research aim by examining the phenomenon more carefully with descriptive case study (Mills, Durepos and Wiebe, 2010). During the case study, we used purposive sampling method. Purposive sampling techniques are primarily used in qualitative studies and are defined as selecting units (e.g., individuals, groups of individuals, organizations) based on specific purposes associated with a research study’s questions (Teddle and Yu, 2007).

In this study, we chose the international firm in the furniture sector. The furniture sector is remarkable for the developing marketing operations since the last 5 years. Also, the company is a Turkish firm which has TURQUALITY certificate. We used “international marketing managers” as key informant to avoid response bias. The reason is that other members may have tendency to distort the answers (Koson, Kitchen, Kochen and Stodolosky, 1970). Because the managers are responsible for the international marketing success directly, they may give more reliable information about international marketing mix activities (Kumar, Stern and Anderson, 1993) and have a “big-picture view” of activities (Akgün, Dayan and Benedetto, 2008).

4.2. Data Collection

The sample consisted of a Turkish furniture firm which trades in 65 countries. First, we contacted the firm’s 5 international marketing managers by telephone and explained the aim of the study to them. Marketing managers agreed to work with this study. Their age range is between 27 and 45. The mean of the work experience of the managers is 9 with a range of 4 to 20 years. Later, we conducted 5 in-depth and onsite interview. The 5 interviews

1 Turquality is a certificate that is given international firms by the government to make them encourage to international markets. For more information; http://www.turquality.com/5.aspx
lasted from 60 to 90 minutes, with an average of 75 minutes. All interviews were performed by a face-to-face conversation and were recorded.

During the interview, we firstly asked how the process of internalizations happens. Second, we asked the position of international marketing department within whole organizational structure. Because the characteristics of the international marketing are different from domestic marketing, these activities should be conducted in the different department. Third, we asked policies which are applied for each element of marketing mix. Further, we thought that overall position of furniture sector should be learned with environmental analysis for better understanding of international marketing mix activities. Therefore, we asked the internal and external environmental factors in the industry.

4.3. Data Analysis

Since most data are in written form and our case study is descriptive, we employed content analysis, which utilizes a set of procedures to make valid inferences from text to descriptive international marketing mix activities, by following the procedure of Gillham (2000). The main aim of using content analysis was to analyze every answer of the managers and make sense out of them (Kohlbacher 2006). We (1) presented SWOT analysis of furniture industry, (2) indicated the position of international marketing unit in the whole organisational scheme, (3) noted the internationalization process from a managerial perspective, (4) mentioned international marketing mix activities.

5. Results

5.1. SWOT Analysis of Furniture Industry in Turkey

The managers underlined that the reliable information is acquired by doing internal and external analysis in detail because they deal with each activity of the firm with strategic perspective. Particularly, they indicated that analysis is a roadmap for international activities. Based on SWOT analysis conducted by the firm (Table 3), managers said that “strengths include product variety, production and distribution network, geographical position, government support; weaknesses include family businesses, design, patent, branding, promotional activities and financing; opportunities include Turkey’s strategic position, new markets and technologies, innovative thinking, increased confidence to Turkish brands and increased consumption habits of the populations; threats include inadequacy in the energy and forest resources, the crisis in EU countries, large scale production, low-cost production in third world countries, large scale enterprises and copying.”

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>Product variety</td>
<td>Family businesses</td>
</tr>
<tr>
<td>Production network</td>
<td>Design</td>
</tr>
<tr>
<td>Distribution network</td>
<td>Patent</td>
</tr>
<tr>
<td>Geographical position</td>
<td>Branding</td>
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<tr>
<td>Government support</td>
<td>Promotional activities</td>
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<td></td>
<td>Financing</td>
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<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tbody>
<tr>
<td>Turkey’s strategic position</td>
<td>Low-cost production in third world countries</td>
</tr>
<tr>
<td>New markets and technologies</td>
<td>Large scale production (China)</td>
</tr>
<tr>
<td>Innovative thinking</td>
<td>Copying</td>
</tr>
<tr>
<td>Increased confidence to Turkish brands</td>
<td>Crisis in EU countries</td>
</tr>
<tr>
<td>Increased consumption habits of the populations</td>
<td>Large scale enterprises</td>
</tr>
<tr>
<td></td>
<td>Inadequacy in the energy and forest resources</td>
</tr>
</tbody>
</table>
5.2. The Position of International Marketing Department

Managers stated that while many companies regard international marketing activities as an offset of domestic marketing, they regard it as a critical business function which requires functional specialization. However, we see that the company accepts the international marketing operations as a subpart of foreign trade department instead of the international marketing department. Also, according to our findings, similar markets are gathered in one region. The first region is Asia, the second region is Europe, the third region is Balkan, the forth region is Africa countries. The regional managers and customer representatives for each region are charged.

Fig.1. Foreign Trade Department

5.3. Internationalization Process

Our interview demonstrates that the company began its activities aimed at domestic market, then expanded towards international markets with interior (human resources,…) and exterior triggers (market opportunities, competition…). First, the firm searched for information and evaluated the feasibility of undertaking exporting. Second, through this information the company entered international markets which have similar properties with domestic market. Lastly the company expanded different markets as it gained experience. Here, managers emphasized that this policy is preferred because it has less risk. Figure 2 shows the process of internationalization.
5.4. International Marketing Mix Activities

5.4.1. Product

Based on the interview with managers, we found that while product concept, colour and packet are adapted, label and brand name are standardized in international markets. One of the managers for example indicates that while teenager groups are exported to European countries mostly, sitting groups are exported to African countries. Also, another manager explained that “while a product is produced in dark colours for Romania, the same product is produced in white for Germany and Netherlands. Further, armchair increases distributive cost because it yields little money, but occupies a big space. For that, it is not preferred to be sent other countries except the close ones.” In this regard, product mix is adapted on the basis of market properties, customer preferences and distributive costs. On the other hand, managers noted that label and brand name is standardized so that the firm can create brand recognition and brand equity in international markets. Policies applied in product mix are shown in Table 4.

Table 4. Product Mix

<table>
<thead>
<tr>
<th>Product Mix</th>
<th>Strategy</th>
<th>Main Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product concept</td>
<td>Adaptation</td>
<td>Market Characteristics, Customer Preferences and Distributive Costs</td>
</tr>
<tr>
<td>Colour</td>
<td>Adaptation</td>
<td>Market Characteristics, Customer Preferences</td>
</tr>
<tr>
<td>Packet</td>
<td>Adaptation</td>
<td>Market Characteristics, Customer Preferences</td>
</tr>
<tr>
<td>Label</td>
<td>Standardization</td>
<td>Brand Recognition and Brand Equity</td>
</tr>
<tr>
<td>Brand name</td>
<td>Standardization</td>
<td>Brand Recognition and Brand Equity</td>
</tr>
</tbody>
</table>

5.4.2. Price

Based on our interviews, managers declared that advertising costs in domestic markets are more than the costs in international markets because advertisements are made by customer stores in international markets. In this situation, pricing in international markets are lower than in domestic markets. Next, managers said that “pricing strategy is competition-based pricing. The most determinant stage of this pricing politic is comparison. The prices of competitor companies are followed in similar products.”

5.4.3. Place

Our interview with managers reveals that products are transmitted directly to foreign markets without any intermediary in order to provide control over marketing activities. Such that, most commonly used methods to operate in those markets are distributorship, franchising and chain stores (Figure 3). One of the managers explained that “while some of these stores offer for sell only firm’s products, products in other stores are presented with other brands.” Also, according to managers, distribution is influenced by nature of market and legal regulations. For
example, one of the managers said that “products are distributed with europalet for some countries like Germany.” Another manager stated that “Exwork and CIF are used as delivery methods.” Further, managers noted that order of the distributed product is made coordinated with workkup computer program. Through this program, the demands of customers are seen by head office.

An other manager stated that “Exwork and CIF are used as delivery methods. Further, managers noted that order of the distributed product is made coordinated with workkup computer program. Through this program, the demands of customers are seen by head office.

5.4.4. Promotion

Our interviews show that promotion activities are concentrated on corporate customers because the firm reaches consumers through corporate customers in international market. Especially, the most popular promotion tools are advertisements, customer visits and international expositions. One of the managers noted that “if stores sell only the firm’s products, promotion tools are given more importance. If customer stores want to make advertisement activities, commercial films recorded in Turkey are sent. When customers want to make additional changes in advertisements, the company allows it.”

6. Discussion and Conclusion

This study attempted to offer a contribution to the international marketing literature by examining marketing mix activities in an international firm context. Previous researches in marketing literature have noted the international marketing mix activities. Most of those studies examined the marketing mix activities with theoretic arguments (Grönroos, 1994) and focused on standardization or adaptation of the marketing mix strategy (Lariomo and Kontkanen, 2008). In general, these researches mentioned that while place, promotion and price are more adaptable elements, product is the hardest element to adapt (Onkvisit and Shaw, 2009). This study discovered that (1) place and price elements are more adapted, (2) the promotion element is standardized and (3) product element are both standardized and adapted in international marketing mix activities by adapting a more wholistic view. Also, we stated that the firm applies Cavusgil Model which is the last model examining from behavioral aspect of internationalization process (Cavusgil, 1980; Andersen, 1992). As such, the firm decided to internationalization with proactive triggers such as managerial urge, exclusive information, home government assistance, economies of scale (Kandasaami 2004).

In particular, we examined marketing mix activities which include product, price, place and promotion activities. First, while previous literature confirmed that product is the most frequently standardized (Onkvisit and Shaw, 2009; Doole and Lowe, 2008), we found that product concept, colour and packet are adapted, brand name and label are standardized. Specifically, we showed that the main causes of adaptation are cultural differences, customer preferences and market characteristics, but on the other hand, the main causes of standardization are to provide brand recognition and equity. Previous researches confirmed these findings (Nguyen, 2011). We also added that distributive costs have impact on adaptation of product concept. To reduce distributive costs, firm do not send some products (e.g. armchair...) to distant countries. When these findings are associated with the results of SWOT analysis, we can assert that product variety supports the product adaptation, and reduces the risk of imitation and copying, and the branding failures are tried to prevent with the standardization in the brand name and label. Second, we demonstrated that price element of marketing mix is adapted element (Boddewyn and Grosse, 1995). Here, it is seen that the pricing policy is competition based pricing because the competition is very strict, and the differences between competitive products are very little (Hinterhuber, 2008). In this sense, product differentiation can be advised for firms. Indeed, in the light of information in the SWOT analysis, the threat produced by brands doing low-cost and large-scale production in third
world countries is remarkable. Third, we showed that place element of marketing mix is adapted element (Onkvisit and Shaw, 2009). In this study, we also demonstrated that the reasons are nature of market, product standards and law legislation, which is consistent with case study of Nguyen (2011). Also, it can be said that the geographical position as a strong aspect of the industry facilitates the adaptation of the place element. Finally, although previous studies showed the promotion element is more adapted than other elements (Vrontis, 2003; Siraliova and Angelis, 2006), we mentioned that promotion element of marketing mix is the most standardized element. In fact, the firm sent the advertisements that it uses in home market to the abroad. However, it leads to some disadvantages. Such that, the firm can fail to satisfy customers, to decide advertising message, to choose the advertisement agency, to control the advertising cost (Doole and Lowe, 2008).

However, there are some methodological limitations in this study. Specifically, the generalizability of sampling is a limitation of this study. The study was conducted in a specific national context, Turkish firm in general and Istanbul district in particular. It is important to note that the readers should be cautious when generalizing the results to different cultural context. In this regard, a Turkish sample involving Istanbul district, like that of any culturally bound research, be it a major industrialized city in the U.S., Europe or Asia, etc., imposes some constraints on the interpretation, and application of the results.

The study was done in-depth interview only with 5 international marketing managers who work in an international firm. The results should be confirmed with a reliable survey, more samples and different sector firms. Also degree of standardization vs. adaptation of marketing mix activities empirically should be examined.

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