



## Standardization V/S Adaptation in International Markets

DR S.K MAHAJAN

Associate Professor, Deptt of Commerce D.R.V. D.A.V. Centenary College, Phillaur (Pb.) JALANDHAR(India)

### ABSTRACT

*The term 'globalization' has become a very important issue since the beginning of the 1980s. Globalizing means homogenizing on a world-wide scale. With growing globalization differences between countries are getting smaller but still exist. The trend towards globalization and internationalization of business has strong impact on companies' strategy. Due to increasing globalization and global competition MNCs are faced with a very important marketing decision between standardization and adaptation of marketing strategy. There are two different perspectives on the international business marketing issue. On the one hand, supporters of the standardization point of view argue that a single and standardized marketing strategy should be used in international markets to minimize total costs and promote a global corporate image. On the other hand, supporters of the adaptation point of view argue that there is the need for marketing adaptation to fit the unique dimensions of each local market. The study finds that it is most common for the multinational firms to adapt to the local market; however certain product segments, particularly the high priced luxury brands keep a standard product offering worldwide.*

### KEYWORDS :

### INTRODUCTION

Markets are becoming more similar with respect to; tastes, preferences and price-mindedness are becoming increasingly universal, they believe that the key for survival is a company's ability to globalize. However, languages, cultures, economic situations, infrastructures, rules and regulations differ across national borders. Due to increasing globalization, global competition and their importance on international business marketing strategy, it is important to choose the right strategy according to standardization versus adaptation issue.

The decision between adaptation and standardization of international business marketing strategy is also a key issue in doing business in emerging markets. The high growth often found in emerging country markets makes them lucrative or potentially lucrative markets for MNCs. Emerging markets are defined as growing markets that are being transformed from a pre-market stage (either a non-pecuniary and traditional economy or a centrally planned economy) to the market stage of the mature Western capitalistic economy, by way of integrated and successful structural reforms of companies, markets and society. Because of these reasons the focus on adaptation issue is comparatively a greater one.

The development of successful international business marketing strategies is based on a sound understanding of the similarities and differences that exist in the countries around the world.

Therefore, it would be useful to identify the external environment in order to improve MNC's international business marketing strategy. Business marketing strategies may need little or no adaptation, if external environment is similar with the home country, and more adaptation in others whose dissimilarities are obvious.

There are different types of business marketing strategies for getting competitive advantage in foreign markets. Here, international business marketing strategy is considered mainly in three dimensions: firstly, **product** strategy deals with the specifications of the actual goods or services, how it matches product and brand with market place and how it relates to the end-user's needs and wants; secondly, **distribution** strategy refers to how the product gets to the customer and what kind of channels will be efficient in foreign market?; Thirdly, **promotion / communication** strategy includes advertising, sales promotion, publicity, and personal selling, sponsorships etc. We focus much more on sponsorships and sales promotion such as below the line marketing. It includes methods of promoting the product and brand. These are useful methods, which let managers understand concept about being with right product, in right place.

With an increasing number of firms expanding beyond their domestic borders, firms are faced with a challenge of modifying their existent strategies to gain and sustain their competitive advantage in a rapidly

changing environment. To sum up today's changing dynamics in the world market point out importance of adaptation and modification of business marketing strategies between foreign countries.

### Problem discussion

Within the field of international business marketing, decision of standardization or adaptation issue is one of the longest debates. The differences between MNCs' home markets and the emerging markets in external environment could make different of international business marketing strategy and influence performance of MNCs. It is not possible to separate the world of business from the social side, as for example the world of politics or ethics. Therefore MNCs should find out how they must adjust a business marketing strategy in order to best fit new market demands, suit local tastes, meet special market needs. To be successful and competitive every firm has to use special policy and strategy for each market. Positioning of the product and brand, channels of distribution, types of promotion, and identification of customer need to be matched in different markets. Consequently, this research seeks to identify those external factors and examine how they affect MNC's standardization and adaptation strategy between emerging markets.

### Why adaptation of products?

The author's understanding of adaptation is that it is a marketing strategy where new products or services are modified based on existing products and services, however this is not to suggest that in so doing they pioneer innovation. Adaptation strategy that can influence the competitive position of the firm and in turn, its performance in foreign markets. Adaptation strategies may be as simple as tweaking the logo and the colors of the packaging, or may involve developing new flavors better suited to the local palate or new financing models more fitting for the local economy.

Three factors that can have an influence on the international adaptation strategy. . The three factors they mention are the impact of market similarity, the influence of organizational structure and the impact of industry adaptation. It is stated that market similarity between the home market and the foreign market are an important factor in the choice of export market variables. Where this leads that a well-planned and strong product adaptation is a plus for export performance.

In view of how the external environment affects a firms standardization and adaptation strategies, it was found that different issues such as political, social, cultural and economic affected different markets. Hence it is needed to modify the products in order to suit the preferences of their customers.

In the quest in gaining profits and large market shares, MNCs needed to act globally but think locally. Adaptation of products is the main

strategy that influences the export performances.

The factors that favor an adaptive product strategy are type of product, the variation of purchasing power of the consumers, norms and standards that are set by the foreign market, and cultural differences such as language, religion and traditions. Further, they highlight another very crucial aspect that greatly influences the adaptation strategy in an international level is the internal and external characteristics of the company.

The internal characteristics are: the size of the company, the experience the company has in an international level and the type of product they produce.

The external characteristic is in which industry is the company involved. As an example, in the automotive industry the product strategy is basically standardized no matter culture, language, nor traditions.

In addition to improving a company's export performance, product adaptability can complement and strengthen organizational strategy. They concluded that in a continuously changing environment, organizations themselves must be prepared to continuously change.

After having conducted their research and collected their data they realized that the areas of the product strategy that need to be adapted and modified in order to be acceptable by the foreign markets in question are; the product description, trademark/brand name, packaging size, measurement units used, graphic packaging design, logo and lastly product composition. In the case of export marketing, product strategy translates into product adaptation policy. The marketing concept dictates that firms should practice market segmentation and design product offerings to suit their target market. Its logical extension, in export marketing, is that firms which elect a product adaptation and market segmentation strategy can be expected to perform better than those that do not. The manufacturer who is content merely to sell his domestic product abroad, essentially unaltered, is likely to achieve a below average export performance, particularly in terms of export growth. It can be suggested that product adaptation strategies are inevitable if an MNC is to succeed in the international market. For instance, in many situations a company will have to adjust their product strategy across national boundaries to meet local needs and wants that cannot be altered. Having reviewed the motives for adaptation it becomes evident that culture may have a role to play in adapting products but with the advent of MNCs viewing the global market as homogeneous (identical) regardless of culture differences, one wonders if adaptation is still preferred as others are increasingly advocating the product standardization strategy.

#### Why standardization of products?

Also known as **"one size fits all" approach**, it seems the cost benefits and administration of standardization strategies has simplified the international marketing approach as well as being an attractive choice for many firms. From a global perspective, it seems a standardization approach could be employed in that it allows for the presentation of a consistent image across countries. Those firms following a standardization strategy enter foreign markets using the same [advertisements], packages and presentations that were used in the domestic market. Because making new advertisements, packages and product lines is expensive, standardization requires less investment than adaptation.

As global brands standardize their marketing strategy and mix, this generates important cost savings in many areas of their marketing (e.g. R&D, promotion), thus allowing the brand to pool more investments into its marketing actions and/or to have more competitive prices than its local competitors. With distribution channels going global, global brands seem to have much better bargaining power than local ones. Important international brand equity also allows these brands to better conquer new markets, launch new products and brand extensions. While these important advantages of global brands are mostly on the supply side, global standardization can also be a source of added value for consumers. In fact, standardizing marketing strategy and mix can assure a strong, unique and consistent brand image across markets.

Global brands are associated with greater esteem and brand globalization positively impacts perceived quality and brand prestige. There is better perception by consumers' feeling of belonging to a superior, more prestigious segment when consuming global brands. In making a marketing plan, the type of market is important to be considered and additionally the degree of standardization must be thought well. Later on it is indicated that the product standardization plays more of a big role in durable and nondurable consumer goods.

Standardization of strategies is better off in markets that are categorized or segmented with similarities. Global marketing attempts for success and competence in standardized product strategies, where products are sold in global markets at reasonable prices and same country strategies are set to be same for all markets in the world. He then introduces the other side of marketing globalization, which is in need of adjustment of the marketing mix elements, because of dissimilar markets where there are visible and large differences. He goes on that the product is standardized but adjustment in the price is made considering the foreign market's economic situation.

Further, it is therefore important to also bear in mind that the type of industry that a company operates in plays a great role in the choice of global strategy for products. Products of high technology and industrial makeup are more appropriate for standardization than consumer products. Industry factors such technology turbulence and market turbulence also plays a vital role in the choice of standardizing a product. Other company factors, which relate with global product standardization, are sub-unit horizontal interdependence, sub-unit vertical dependence, headquarters/sub-unit trust, sub-unit cooperation, and centralization of decision-making authority. In this part each company is different and the decision in which of these factors to follow depends completely on them and on what kind of image as a company they want to take across.

Standardization and international uniformity has many advantages. For one, people can expect the same level of quality of any specific brand anywhere around the world. Standardization also supports positive consumer perceptions of a product (Products and International Marketing, n.a). If a company enjoys strong brand identity and a strong reputation, choosing a standardized approach might work to its benefit. Positive word-of-mouth can mean an increase in sales around the globe. Another advantage includes cost reduction that gives economies of scale. Selling large quantities of the same, non-adapted product and buying components in bulk can reduce the cost-per-unit. Other advantages related to economies of scale include improved research and development, marketing operational costs, and lower costs of investment. In addition, standardization is a reasonable strategy at a time where trade barriers are coming down. Finally, following a standardized approach helps companies aim focus on a uniformed marketing mix specifically focusing on one single product, leaving enough room for quality improvement. By emphasizing on one uniformed product, staff can be trained to enhance the quality of the product attracting manufacturers to invest in technology and equipment that can "safeguard the quality of the standardized product offering"

Standardization, however, poses a number of disadvantages. As mentioned previously, different markets mean different preferences. Selling one unified product lacks uniqueness. This allows competition to gain market share through tailoring their products to meet the need of a specific market/segment. Since different markets have different needs and tastes, by using the standardized approach, companies can become vulnerable. One example is Walmart's failure in entering global markets. The retail giant faced many challenges when entering foreign markets such as Germany, Brazil, South Korea and Japan as it discovered that its formula for success in the USA (low prices, inventory control and a large collection of merchandise) did not translate to markets with their own discount chains and shoppers with different habits. The biggest problem was that Walmart, a uniquely powerful American enterprise, tried to impose its values around the world. In particular, Walmart's experience in Germany, where it lost hundreds of millions of dollars since 1998, "has become a sort of template for how not to expand into a country"

Another disadvantage is that it depends largely upon economies of scale (Products and International Marketing, n.a). Naturally, busi-

nesses that are global manufacture in many counties. This can pose a problem since a number of countries implement trade barriers such as the USA and the European Union (Products and International Marketing, n.a). In this case, adaptation is predestined.

	Standardization	Adaptation
Pros	Economics of scale Faster set up time Single coherent global image Excellent monitoring of communication	Respect local specifications and expectations Excellent local image Customer keep their landmark and feel noticed
Cons	Possible loss of advertising effectiveness Little reactivity and little flexibility Can create negative reaction from neglecting local needs	Higher cost Time consuming and poor speed of execution Difficulty to know what consumers really want

Nevertheless, although the standardization approach is more common, its adoption is not unconditional. Experts explain that standardization strategy increases a company's performance. However, this is only true for companies in which competition takes place in a global range, such as consumer durables, electronics, fashion, luxury goods, perfumes, etc. In these cases, the same product can be sold throughout all markets. On the contrary, there are other industries in which the same does not apply and this must be considered.

Consumer nondurables, including food products, are the most sensitive to differences in national tastes and habits, making them more likely to need changes for various markets. For example, Unilever saw an opportunity among low-income consumers in India who wanted to buy the company's high-end detergents and personal care products, but couldn't afford them. In response, the company developed a low-cost packaging product and other options that allowed it to offer dramatically less expensive options. This flexibility not only opened a new market for the company, but also allowed it to develop brand loyalty that consumers could take with them when their income increased and they could afford higher-end products from the same manufacturer.

Both approaches appear to be rational, logical and coherent, highlighting the advantages and benefits that a multinational company could gain by using either approach. Yet, when multinational companies exert all their efforts on the extreme position of either approach, they often become unfeasible and incoherent. The truth is, marketing for multinationals does not lie in either of these two opposite approaches, as both approaches are likely to coexist, even within the same company, product line, or brand.

Many researchers agree that standardizing certain elements of the marketing mix and adapting others to different market conditions is necessary. Many experts believe that standardization and adaptation is not an all-or nothing proposition, instead it is a matter of degree. For example, diversity among different countries does not allow full standardization. However, the high cost related to adaptation may limit the use of the adaptation approach.

It is beneficial to understand three factors to examine standardization/adaptation behavior: homogeneity of customer response to the marketing mix, transferability of competitive advantage and similarities in the degree of economic freedom. They note that even in countries with similar cultures (e.g. across the European Union) there are differences in customer needs and wants. Furthermore they argue that standardization will be successful when the homogeneity of customer response and the degree of similarity in economic freedom is high and competitive advantages are easily transferable.

Elements of both approaches should be incorporated in order for multinational companies to succeed. Gaining the benefits of both approaches requires companies to not only standardize various marketing mix elements and marketing strategies, but also to follow adaptation where essential in order to satisfy apparent market needs.

**Adaptation versus Standardization of international business marketing strategy**

Recent decades have witnessed a dramatic globalization of the international business scene due to: increasing liberalization of trade pol-

icies; growing stability in monetary transactions; creation of regional economic integrations; uninterrupted flow of goods due to relatively peaceful world conditions; and revolutionary advances in transportation, communication, and information technologies. All these factors have led to the rise of fierce competition, with the participation of a wide array of firms of different size, industry, and national origin. This has particularly concentrated on whether firms, irrespective of the foreign market entry mode chosen, should standardize or adapt their marketing strategy in overseas markets.

Proponents of the standardization approach view the globalization trends in the world as the driving force behind greater market similarity, more technological uniformity, and higher convergence of consumer needs, tastes, and preferences. They also claim that standardization is further facilitated by the growth of international communication channels, the emergence of global market segments, and the appearance of the internet. They posit that such a strategy can offer a number of benefits: (a) significant economies of scale in all value-adding activities, particularly in research and development, production, and marketing; (b) the presentation of a consistent corporate/brand image across countries, especially in light of the increasing consumer mobility around the world; and (c) reduced managerial complexity due to better coordination and control of international operations.

Despite increasing globalization tendencies, variations between countries in such dimensions as consumer needs, use conditions, purchasing power, commercial infrastructure, culture and traditions, laws and regulations, and technological development are still too great, thus necessitating the adjustment of the firm's marketing strategy to the idiosyncratic circumstances of each foreign market. In particular, they criticize strategy standardization as a new kind of marketing myopia, representing an oversimplification of reality, and contradicting the marketing concept. They also stress the fact that the ultimate objective of the firm is not cost reduction through standardization, but long-term profitability through higher sales accrued from a better exploitation of the different consumer needs across countries.

To overcome the above polarization, a third group of researchers offer a contingency perspective on the standardization/adaptation debate. In their view:

- (a) standardization or adaptation should not be seen in isolation from each other, but as the two ends of the same continuum, where the degree of the firm's marketing strategy standardization/adaptation can range between them;
- (b) the decision to standardize or adapt the marketing strategy is situation specific, and this should be the outcome of through analysis and assessment of the relevant contingency factors prevailing in a specific market at a specific time; and
- (c) the appropriateness of the selected level of strategy standardization/adaptation should be evaluated on the basis of its impact on company performance in international markets. Hence, the challenge for the international firm is to determine which specific strategy elements are feasible or desirable to standardize or adapt, under what conditions, and to what degree.

**All those background forces that influence the firm's decision to standardize or adapt its international marketing strategy.**

**Environmental factors** consist of a broad spectrum of economic, socio-cultural, political-legal, and physical forces which have an influence, either direct or indirect, on international business operations. In fact, these factors can severely restrict the firm's ability to develop and implement a standardized strategy, even in cases when this choice is deemed desirable.

**Market characteristics** refer to those factors that determine the level of sophistication and development of a particular foreign market, including its marketing infrastructure, advertising media availability, distribution structure, and market size. Customer issues focus on the characteristics/behavior, tastes/preferences, and usage patterns of customers in overseas markets.

**Competition-related factors** include the structure (i.e., monopolistic vs oligopolistic), nature (i.e., price vs non-price), and intensity (i.e., mild vs fierce) of competition in foreign target markets. In the

majority of cases, the structure/nature of competition did not have a serious impact on the decision to standardize or adapt the various marketing strategy elements.

**Product and industry factors** refer to the type of the product (i.e., consumer or industrial), the technology orientation of the industry (i.e., technology intensive or "old-line"), and the stage of product life cycle (i.e., early or mature).

**Organizational factors** focus on internal company characteristics and consist of four items: (a) the nationality of the parent company; (b) the nature of company ownership; (c) the firm's international experience; and (d) the foreign market share position.

The final set of **antecedent factors** refer to *managerial* attitude toward international operations, and include the degree of centralization of decision-making (i.e., centralized vs decentralized) and corporate orientation (i.e., the extent of management's willingness to accommodate foreign perspectives).

Marketing strategy is the central construct in the standardization/adaptation debate and has traditionally been defined as the statement of how the company is going to achieve its marketing objectives. This is particularly expressed in terms of product, price, distribution, and promotion aspects, which are blended for the purpose of achieving a specific marketing objective. The ultimate relevance of the marketing strategy standardization or adaptation depends on its performance outcomes, that is, the economic or behavioral payoffs derived from its implementation.

To understand whether a business should pursue a strategy that is standardized across national markets or adapted to individual national markets. A business should first develop an understanding of the nature of the underlying relationship between competitive strategy variables (e.g., advertising, personal selling effort, etc.) and performance (e.g., market share and profitability) to determine whether the patterns of these relationships are similar across national markets. The marketing strategy formulation process in multinational firms can be viewed as comprising a series of decisions pertaining to the business's (1) strategic orientation (standardization vs. adaptation), (2) desired degree of standardization of the strategic resource mix (i.e., pattern of resource allocation among advertising, promotion, personal selling, and other marketing mix variables), and (3) the desired degree of standardization of the strategy content (i.e., decisions on product positioning, brand name, appropriate media, content of advertisements, etc.)

Making effective decisions relating to strategic orientation, resource allocation across strategic variables, and strategy content with respect to individual marketing mix elements, in turn, can be viewed according to as being contingent on managers' understanding (derived from sources internal and external to the business) of relationships among strategic levers (i.e., marketing mix and other competitive strategy variables under the control of the business that impact performance and also are impacted by performance), industry drivers (i.e., industry structure variables that impact performance and in turn can be affected at times by a business's performance), drivers (i.e., the characteristics of the firm and business unit, such as firm-specific and business specific skills and resources that can impact the strategic levers), and business performance.

#### **Adaptation versus Standardization of product for international markets**

Two divergent international marketing strategies are standardization versus adaptation of the product offerings. Standardization means selling essentially the same product in all markets. The advantage of this strategy is lower costs due to economies of scale and experience that accrue from designing, manufacturing, and distributing identical products in multiple countries. Nevertheless, offering the same product can be undesirable due to differences in the legal environments, distribution channels, climates, topography, levels of market and technological development, and competitive and cultural factors. Since customers in different countries may have different requirements and may use conditions, a standardized product may not satisfy all customers.

At the other extreme, product adaptation refers to the degree to which the physical characteristics or attributes of a product and its packaging differs across national markets. Though modifying products for different markets increases costs, the adapted products may fit the needs and desires of consumers in different countries better, may command higher margins, and may generate much greater revenues. Marketing managers need to understand the circumstances where adaptation is a better strategy and whether it leads to positive performance outcomes.

Most multinational companies offer products to overseas markets that are fairly standardized, and in those cases where adaptations were made, these were an obligatory nature in the sense that the management was unable to avoid them, while discretionary adaptations, that is those that the company chooses to make itself, were generally minimal. The degree of standardization/adaptation tends to vary in accordance with the specific product element. Specifically, the product area receiving most changes in overseas markets was that relating to product characteristics, namely design, quality, and features. Packaging was the second area most frequently subject to alterations, followed by labeling. Multinational firms tend to adapt those product dimensions that involve minimal costs and are easier to make, aiming to maintain price competitiveness and market share overseas.

There is no common solution for resolving problem of adaptation or standardization of product. They mention that at one extreme a company will standardize by offering only one version of a product and this may be essentially the same product as that marketed in domestic market. This approach is the essence of what is called a global product strategy. At the other extreme, adaptation can be carried to the point of individualization whereby a company customizes products or services to meet the unique needs of individual buyers or groups of buyers in foreign market.

From the company standpoint it is often possible to reduce the cost because of standardization of the product. Additionally there are two critical assumptions when it comes to the question whether to standardize or adapt the product:

1. Homogeneity of world wants, and increases in the number of global market segments.
2. People are willing to sacrifice preferences in product features, functions, design, and so on for lower prices at higher quality.

Product-related issues exhibited the most standardization, probably due to:

- (a) the greater incentive to reap the benefits from economies of scale in research and development and production;
- (b) the desire for rapid diffusion of new products in the market, especially in light of the fact that product life-cycles are increasingly becoming shorter; and
- (c) the need to achieve better coordination through the application of more uniform internal production controls and quality standards.

#### **Adaptation versus Standardization of distribution for international markets**

The greatest degree of adaptation is a result of differences in: (a) the special documentation and ordering procedures required in international product shipments; (b) the availability of transportation facilities to carry goods to and within foreign markets; (c) the number, type, and technology of the warehouses abroad; and (d) the level of inventories needed to be maintained in overseas markets, usually determined by territorial size, infrastructural facilities, and purchasing/consumption habits. Notably, designing a physical distribution system for international markets requires continuous adjustments because market, competitive and transportation conditions are constantly changing.

Cultural difference would have considerable impact on marketing channels as they exist and operate in various countries. They state that distribution channels have to be adapted to the country's culture and to already existing channels on it.

Domestic channels differ from distribution channels using when firm

going to export. Domestic distributors don't have correct knowledge and contacts for foreign market. Intuitively it seems reasonable that the longer a firm has been exporting, the greater its overall satisfaction with its distribution system would be since the firm has had time to make necessary adjustments if a particular distribution channel has not been effective

### **Adaptation versus Standardization of promotion for international markets**

There has been a great deal of discussion and research about adaptation or standardization of advertisement, but no consensus for an answer. At one extreme is the belief that basic human needs, wants, and expectations today transcend national, geographical, and cultural boundaries.

At the other extreme different culture create different needs, this means that people may not satisfied with similar communication appeals and approaches. Each person is a cultural communicator and a cultural preceptor. Experts continue to describe that the appeal of standardization of advertisement give some opportunities for company:

1. Present a worldwide company/product/brand image.
2. Lower cost of preparing of advertisement and implementing an advertisement program.
3. Reduce message confusion in areas where there is media overlap.

There are three main approaches in sphere of advertisement as standardization, adaptation and combination of both. The decision to standardize or adapt advertising is based on the different views of the world. Those who prefer standardization are mainly concerned with reduction of advertising costs and consistent brand image worldwide while proponents of adaptation point differential advantage through local adaptation. The two major benefits of standardization of advertising are cost reductions and consistent brand image. Cost reductions from standardization of advertising mainly originate from economies of scale and scope. Standardized advertisement themes provide consistent brand images worldwide. Another benefit of standardization is consistent positioning arguments throughout the world. Other benefits of standardization include sharing of experience, effective use of advertising budget, consistency of communication, less duplication of effort and pre-selling of the company's products.

Purpose of adaptation is to gain differential advantage by adapting the advertisement to gain maximum effectiveness in terms of response and sales. Adaptation of advertising is usually linked with a decentralized advertising function. The advantage with a decentralized advertising function is that it allows responsiveness and adaptation to culture, infrastructure and competition. The visual and verbal parts of advertising are particularly sensitive to adaptation and use of local language, models and scenery increases the probability for the advertisement to be effective.

Six variables that affect the degree of standardization or adaptation of advertising may be listed as:

- (1) product variables - the degree of universality of the product;
- (2) competitive variables - the structure of the competitive environment;
- (3) organizational experience and control variables - the level of organizational experience in the corporation;
- (4) infrastructure variables - the degree of similarity of the media infrastructure, for instance, media, advertising agencies and production facilities;
- (5) governmental variables - the restrictions on mass-communication; and
- (6) cultural and societal variables - the cultural differences between the home and export markets.

There are three contingency variables that have been given extra attention. These variables are:

- (1) product related factors;
- (2) customer segments; and
- (3) organizational factors.

Proponents of the standardization approach argue that a single advertising message with only minor modifications can be used in all countries to reach consumers. The rationale behind this position is that buyers everywhere in the world share the same, or very similar, wants and needs and, therefore, can be persuaded by universal advertising appeals. There are four main reasons supported this point of view. First, it allows the multinational corporation to maintain a consistent image and identity throughout the world. Second, it minimizes confusion among buyers who travel frequently. Third, it allows the multinational company to develop a single, coordinated advertising campaign across different markets. Finally, this approach results in considerable savings in media costs, advertising production costs, and advertising illustrative material.

In contrast, opponents of the standardization approach argue that separate messages should be used to reach buyers in different markets by fitting the message to each particular country. According to this approach, insurmountable there are differences (e.g. cultural, economic, legal, media and product dissimilates) between countries and even between regions in the same country. Furthermore, these differences necessitate the adaptation or development of new/different advertising strategies. In addition, anecdotal evidence seems to challenge the basic assumption of the standardization approach by suggesting that assuming similar buying motives for consumers across foreign markets may, at best, be simplistic and, at worst, dangerous.

Sales promotions were subject to adaptations, often attributable to variations in legal restrictions, cultural characteristics, competitive practices, and retailers' capabilities in foreign markets. These adjustments were also observed in the case of publicity/public relations, caused mainly by variations in the degree of company involvement, the nature and importance of publics, and availability of public relations agencies abroad. Finally, personal selling has also undergone mild adaptations in international markets, particularly as regards the recruitment, training, motivation, and control of the sales force and the way the selling task is performed.

### **International Business Marketing Strategy**

Complex, dynamic and unstable external environment of emerging markets has a great impact on performance of MNC. It is important to establish appropriate international business marketing strategy to handle these influences. In this sense we concentrated on brand, product, distribution and communication/promotion strategy of MNCs which they operate in the emerging markets. International business marketing strategy can be considered as a link between MNC and its environment. External environment consists of different institutions and IBMS can be viewed from institution perspective. It is important to understand which environmental factors influence IBMS and what company can make to fit these external changes in brand, product, distribution and communication/promotion strategy.

### **External Environment**

Markets and societies in emerging markets are defined an institutional perspective, which means that transformation process in emerging markets is about changes in institutions. This corresponds to the institutional network approach, which takes institutional perspective as a base for environmental analysis. It is impossible to separate world of business from the social side because of the simple reason that business is a social activity and therefore social environmental issues are important strategic issues. Therefore it is important for companies to take it into consideration when analyzing external environment according to this new strategic perspective. We have focused on the basic institutions model in order to get profound understanding of environment and to examine how the external environment influences MNC's business marketing strategy.

### **Adaptation versus Standardization of international business marketing strategy**

The strategic dilemma between local responsiveness (adaptation) and global integration (standardization) is also a key issue in doing business in emerging market. Global integration is about to what extent the MNC integrates its business operations between different national markets. Local adaptation is a degree to which business is adapted to the specific circumstances of the entering or entered foreign market. Another strategic question is how much knowledge is needed about the local market environment to be able to make the right adapta-

tion. Local adaptation is the primary issue, and the global integration issue is viewed from the perspective of local responsiveness. It is based on the view of that the major sources of competitive advantage of the MNC are found at its home base. The responsiveness issue becomes a question of leveraging this competitive advantage developed at home over the various markets, where it operates.

### CONCLUSION

The companies should simultaneously focus their attention on aspects of the business that require global standardization and aspects that demand local responsiveness. Operations in local market necessitate the maintenance of the appropriate local flexibility. Making differentiations and adjustments in business marketing strategies among markets can give profits and be proper way to maintain competitive and societal advantage. In this sense balance between standardization and adaptation is critical issue in international business marketing strategy.

### Analyzing External Environment

For the companies, it has to be essential to realize, how important is to examine of local market prior to a new establishment. Identifying which environmental factors will affect the company, which will require adjustments, and which can be influenced by the company. Situation in emerging markets is unstable, this markets is in transition process, in under development. After establishment it is highly necessary to follow this development carefully and identify early ongoing trends on the market. Changes in economy, financial market, political system and legislation can rapidly affect the consumers' buying behaviors. On the other hand while companies bring new values to local market to get profit and to increase their position in the market, they also have to influence positively local society by providing benefits for them such as supporting social activities and contributing society. In that way, they can be more close to local society and to present company like a local. Companies should continue to participate in community life through local events such as social activities and sponsorships.

### Building strong and long-term relationships

In order to increase the competitive advantage and gain an increased loyalty among the customers, distributors and retailers, companies need to effort developing personal relationships with them. They must use various kinds of motivations and incentives for their customers, distributors and retailers for each country where they operate.

### Successful international business marketing strategies

Marketing communications play an important role in the development of brands and product awareness. It provides emotional selling attributes which can enable consumers to make positive brand associations and to affect buying behavior. In our opinion, spending time on deeper understanding communication activities and way of using them can be useful for companies. They may also develop cooperative advertising campaigns or provide advertising allowances to encourage retailers to promote their product. It is also useful to strengthen relationships between company and retailers.

Companies place much emphasis on product differentiation through flavor, packaging and display of products in the supermarkets etc. They should continue to be creative and innovative by innovating in terms of product development and packaging.

Companies have to change their preferences from indirect to direct distribution and to focus on building strong and long-term relationship with retailers.

World markets are getting increasingly homogenized, but the authors challenge that the framework and associated propositions generated in the paper could help multinational firms determine the degree of standardization that is possible in different markets. They concluded that the literature on global marketing has, however, not always addressed the specific variables that will aid or impede the standardization of marketing practices across countries. Product standardization is not a viable strategy as a correlation of the degree of standardization possible for each country is difficult to achieve.

It is also true that the global market is becoming increasingly homogenized – to a degree in fact 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. Globalization of society is generally an ongoing phenomenon affecting consumers and businesses everywhere. A phenomenon, though, which does not and cannot equate to a globalization of markets. They concluded that standardization and adaptation is not an all-or nothing proposition, but a matter of degree. MNCs should therefore incorporate ingredients of both approaches, based on a clear understanding of the dynamics of the market(s) being served.

### References

1. Ang, Z., & Massingham, P. (2007). National culture and the standardization versus adaptation of knowledge management. *Journal of Knowledge Management*.
2. Buzzell, R.D. (1968). "Can you Standardize Multinational Marketing?" *Harvard Business Review*, November/December.
3. Cavusgil, S. T., Zou, S., & Naidu, G. M. (1993). Product and promotion adaptation in export ventures: an empirical investigation. *Journal of International Business Studies*.
4. Chung, H. (2009). Structure of marketing decision making and international marketing standardisation strategies. *European Journal of Marketing*.
5. Jain, S.C. (1989). Standardisation of International Marketing Strategy: Some Research Hypotheses, *Journal of Marketing*, Vol. 53, January.
6. Levitt, T. (1983). *The Globalization of Markets*, Harvard Business Review.
7. Szymanski, D.M., Bharadwaj, S.G. and Varadarajan, P.R.(1993). Standardization versus Adaptation of International Marketing Strategy: An Empirical Investigation, *Journal of Marketing*.