



## Regionalization vs. globalization in advertising research: Insights from five decades of academic study

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### ABSTRACT

This paper is a response to calls for more research into the regional—as opposed to global—level of international business operations (Rugman and Verbeke, 2004). Focusing on a key issue in international management, the standardization decision, this paper presents a systematic review of top journal articles published over the last five decades on the subject of advertising standardization at the regional level. The results of this review demonstrate that in the last decade studies have frequently taken a regional rather than international focus of analysis, suggesting a shift in research in line with regionalization theory. However, this study also shows that research on regional standardization has lacked consistency in relation to how the phenomenon should be defined and measured. We present a conceptualization of measurement approaches to international advertising standardization, propose a typology of approaches and discuss their implications for knowledge advancement in the area.

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### 1. Introduction

“The controversy over globalization and its implications for strategies of multinational enterprises (MNEs) would disappear if authors would look at the evidence. Both aggregate data and firm-level data indicate that globalization is a myth however defined.” (Rugman, 2003: 409).

With controversial comments such as these, published in the *Journal of International Management*, Rugman (see also Collinson and Rugman, 2008; Rugman and Verbeke, 2004, 2008b) set off a regionalization vs. globalization debate in the international business literature. Based on the notion that global success demands that companies successfully operate in the triad of North America, Europe and Asia Pacific (Ohmae, 1985), Rugman and Verbeke (2004) analyzed sales for Fortune 500 companies across these regions and found that only 9 companies could be seen as ‘global’ in the sense that they derived substantial proportions of their sales (i.e., at least 20%) from each of the three regions in the triad. A staggering majority of 84.2% of those companies could only be categorized as ‘regional’ as they achieved an average of 80.3% of their sales in their home region of the triad (Rugman and Verbeke, 2004: 7). Rugman and Verbeke concluded that the fact that sales were so unevenly spread across different regions reflected the existence of regionally different market positions which demanded equally different competitive strategies (Rugman and Verbeke, 2004: 6). As a consequence, the authors questioned the academic focus on globalization and called for future research on the regional rather than global level of international business strategy.<sup>2</sup>

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<sup>2</sup> We acknowledge the fact that the work and thesis presented by Rugman and colleagues have not remained uncontested (Dunning et al., 2007; Osegowitsch and Sammartino, 2008; Ricks, 2003; Stevens and Bird, 2004). However, even strongest opponents of their work are “... more than willing to concede the trend towards an increase in regional trading activities and that regionalism is a dominant economic force ...” (Stevens and Bird, 2004: 504). It is the current importance of regional MNE activities that serves as a basis for our work here.

This paper responds to this call by focusing on the regional level of one of the main questions in international management from the marketing perspective (Boddewyn and Grosse, 1995; Jain, 1989; Terpstra and Sarathy, 2000; Walters, 1986): the standardization vs. localization decision. Discussion of this decision has been ongoing for five decades, from Donnelly and Ryans (1969) to Okazaki et al. (2007). Most standardization research has been focused on advertising (Jain, 1989; Onkvisit and Shaw, 1999; Walters, 1986) and recent literature reviews (Fastoso and Whitelock, 2007; Taylor and Johnson, 2002; Waheeduzzaman and Dube, 2004) as well as empirical studies (Griffith et al., 2003; Samiee et al., 2003; Taylor and Okazaki, 2006) demonstrate that the issue is still very much of concern.

Despite its topicality, the regional level of international advertising standardization has rarely been specifically discussed in the literature. Based on content analysis of advertisements from eight countries, Zandpour and Harich (1996) concluded that regional proximity does not always lead to advertising standardization, as was the case in Asia and Europe. However, their results also showed that similarities in advertising did arise for countries in North and South America respectively. A more recent paper presenting a review of advertising standardization studies conducted amongst managers concluded that a shift in focus had taken place from the global towards the regional perspective (Fastoso and Whitelock, 2007). However, this paper also observed that studies of a specific region measured advertising standardization in different ways: while some compared advertising practices in countries *within* a region, others compared advertising in a region with that in the MNE's home-market (Fastoso and Whitelock, 2007: 598).

The evidence therefore suggests that a study of regional advertising standardization is both timely and important from an academic perspective. From the practitioner viewpoint, a study of regional standardization is similarly necessary given the intrinsic regional nature of most international business operations (Collinson and Rugman, 2008; Rugman and Oh, 2008; Rugman and Verbeke, 2004). This paper presents a systematic review of top journal articles published over the last five decades on the subject of advertising standardization at the regional level. We go on to present a conceptualization of measurement approaches to standardization, propose a typology of approaches and discuss their implications for knowledge advancement in the area.

We address the following research questions (RQ):

- RQ1 How frequently has regional standardization been studied in past research?  
 RQ2 How has regional standardization been measured?  
 RQ3 What have we learned about regional standardization?

## 2. What is regional advertising standardisation?

After four decades of research (Agrawal, 1995), an agreed definition of advertising standardization remains elusive (Ryans et al., 2003). Initially, advertising standardization was defined as when "... the same advertisement ... [is used] in multiple markets with the only difference being appropriate translations and a few idiomatic changes" (see also Jain, 1989; see also Levitt, 1983; Peebles et al., 1977, p. 571). More recently, however, advertising standardization has been represented by similar rather than identical international advertising practices (cf. James and Hill, 1991; Sriram and Gopalakrishna, 1991). Standardization has since been considered to be a multi-item rather than a mono-item construct (cf. Ryans et al., 2003), and in the past few years measuring instruments have become more detailed and captured separately the standardization of ideas or themes, budget, copy and visuals (cf. Griffith et al., 2003; Okazaki et al., 2007).

In our view, one of the main reasons why agreement over the definition of advertising standardization has not been reached is the fact that so far no attention has been paid to what we term the *point of reference* in advertising standardization conceptualization and measurement. In other words, if standardization refers to the use of similar advertising in more than one country, what should be the point of reference for assessing similarity? We see two possible answers to this question and the choice between the two is of particular relevance at the regional level of standardization. In our view, the point of reference for advertising standardization analysis can either be the region under study or the MNE's headquarters market. Harris' (1994) work on advertising standardization in the European Community (EC) measured standardization by taking the region itself as the point of reference. Managers based in the EC were asked to assess the similarity of advertising practices in the different EC countries in order to arrive at a measure of advertising standardization. In contrast, Boddewyn and colleagues' studies of standardization in Europe (cf. Boddewyn and Grosse, 1995; Boddewyn and Hansen, 1977) measured advertising standardization assuming that it represents "... the degree of similarity in ... policies and practices of an international firm between its home country (in this case, the United States) and a host country (or region, as in the case of the European Union) ..." (Boddewyn and Grosse, 1995, p. 27). Regardless of which approach is more advantageous, it is clear that the choice of one or the other is bound to have an effect on the results of a specific study as well as on comparability of its results with those from other studies. It is not our intention to compare the merits of these two approaches from a conceptual point of view here. Rather, we propose to review the literature on regional standardization taking these two different approaches into account.

## 3. The main variables of interest: geographic focus and advertising standardisation measurement approaches

We have demonstrated that studies of standardization in one area of the world, Europe, varied in the way that regional standardization was interpreted (Boddewyn and Grosse, 1995; Harris, 1994). As a consequence, this review considers two different issues related to regionality. One is what we term the *geographic focus* of analysis in the studies, i.e., the geographic entity

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