The problem with standardizing international market research: A case study from B2B services

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ABSTRACT

One of the key issues for multinational corporations (MNCs) is whether to standardize their marketing approach across all countries or adapt their practices to fit each country. In order to make this decision, MNCs must determine if their marketing approach is cross-culturally appropriate and equivalent from country to country. Unfortunately, recent research indicates that the vast majority of academic studies do not adequately address the cross-cultural equivalence issue. The primary purpose of this article is to illustrate the problem of using a standardized, global, B2B research approach. The second goal is to show how cross-cultural equivalence can be identified and managed. The firm in this study is a Fortune 100 MNC that provides facilities management services in over 100 countries. This article compares the cross-cultural equivalence of customer satisfaction survey data from the US and from Japan. The results show that about half of the items typically used to measure dimensions of product and service quality as drivers of customer satisfaction lack cross-cultural equivalence. The implication is that the use of a fully standardized approach to global research must be questioned.

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1. The importance of MNCs

Multinational corporations (MNCs) play a significant role in the global economy. The 500 largest MNCs control 70% of all world trade and are vital for economic growth (World Trade Organization, 2011). One of the key issues for an MNC is the extent to which they standardize their operations and business practices globally (Jain, 2007). By standardizing their operations and business practices, an MNC can achieve economies of scale, benefit from organizational learning, and maintain better operational control through the use of standardized metrics. However, others contend that national cultures exert a powerful influence on individuals and organizations (Hofstede, 1997), and, therefore, on customer perceptions and preferences. This implies that MNCs should adapt to fit each culture, “thinking globally but acting locally”. Despite over twenty years of research and debate, the standardization versus adaptation debate is far from over.

Our study examined the drivers of customer satisfaction from a US based Fortune 500 MNC that provides B2B services globally. The firm has broadly standardized its customer satisfaction research

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worldwide, using the same questionnaires and methodologies in all countries. The only research change from country to country was the translation of the questionnaire into the language of the host country. The firm implicitly assumed that business customers were essentially similar worldwide, having the same needs and performance expectations. Thus, the firm used a standardized customer satisfaction questionnaire worldwide to provide managers information about where internal, value creating processes needed to be improved. This study examined the appropriateness of using this standardized research approach for a global customer satisfaction program by examining whether cross-cultural equivalence of questionnaire items existed.

While the MNC operates in over 100 countries, two of largest economies in the world were chosen for this cross-cultural comparison. The US was chosen since it is the largest economy in the world, home for the MNC, and the US is where the standardized research program was designed. Japan was chosen as the comparison country for several reasons. First, Japan is the third largest economy in the world. The second reason was pragmatic, large samples in both countries were available. Third, a good deal of research is available comparing these cultures (Hall, 1987; Hofstede, 1997). These studies have found that the US and Japan differ on many measures of culture. Because of this cultural divergence, differences in response patterns to questions between these two countries should be more apparent in our research.

### 2. The global research approach

#### 2.1. Customer satisfaction

Customer satisfaction may be the most researched issue in business, both by academics and by managers (Zeithaml et al., 2006). A major reason for this interest is that a wide variety of positive financial benefits accrue from high levels of customer satisfaction (Anderson et al., 2004; Gruca and Rego, 2005; Homburg et al., 2005; Williams and Naumann, 2011). Due to these positive financial outcomes, a large body of customer satisfaction research has attempted to identify the antecedents of high customer satisfaction levels. The implicit, or explicit, assumption by both managers and academics is that the antecedents can be managed to more effectively achieve high customer satisfaction.

Accordingly, the antecedents, or drivers, of customer satisfaction have received a good deal of research interest. Various dimensions of products, service, relationships, image, value, and price have been found to drive customer satisfaction (Anderson and Mittal, 2000; Cool et al., 2007; Ganesan, 1994). In many business to business (B2B) situations, product and service dimensions are closely intertwined as drivers of satisfaction (Tuli et al., 2007; Vargo and Lusch, 2011). Ulaga and Reinartz (2006) recently used the term “hybrid services” to describe the product-service integration often found in B2B situations. The implication is that specific dimensions of products such as quality, reliability, and innovativeness could drive satisfaction in B2B relationships (Gill and Ramaseshan, 2007; Homburg and Garbe, 1999; Homburg and Rudolph, 2001; Zolkiewski et al., 2007).

Additionally, various dimensions of service have been identified key drivers of satisfaction in B2B relationships (Homburg and Rudolph, 2001). Woo and Ennew (2005) found that B2B services typically involved dyadic exchange at the touch-points of personal interaction between suppliers and customers. The most common touch-points of personal interaction suppliers and customers involve a supplier’s account representatives, technical support, call handling and maintenance personnel (Jackson and Cooper, 1988; Patterson and Spreng, 1997). These touch-points were investigated in this research.

While dimensions of product and service convey benefits to customers, these benefits are balanced against the supplier’s price level. Since B2B customers are generally viewed as rational decision makers, price would be expected to have an influence on customer satisfaction (Cronin et al., 2000; Gale, 1994; Reichheld, 1996). Various studies have found that price is significantly related to customer satisfaction (Bolton and Lemon, 1999; Dawes, 2009; Gill and Ramaseshan, 2007; Lye and Hamilton, 2000). In most studies, price has been found to be negatively related to satisfaction.

Although there is substantial evidence that various dimensions of products, service, and price drive customer satisfaction, cross-cultural studies on this subject are rare. Most customer satisfaction studies are based on results from a single country. The firm in this study based the global research program based on what had worked well in the US. The home country research design was then simply extended to other countries with only translation into the host country language allowed. The senior executives explicitly assumed that all customers were essentially the same worldwide in their performance evaluation and decision making processes. The executives expected to capture customer based perceptions that would help local managers improve process performance and achieve high customer satisfaction levels. The purpose of this paper was to examine whether the drivers of satisfaction were consistent across countries with significant cultural differences. The following sections of this paper examine some of the cultural differences that could constrain a standardized global approach.

### 3. Cross-cultural literature review

#### 3.1. To standardize or adapt?

The standardization/adaptation (ST/AD) debate can be approached on several organizational levels. At the highest level, the issue could be applied to a firm’s strategies and structure (Jain, 2007). At an operational level, the issue could be applied to organizational procedures, processes, and business practices such as supply chain relationships and financial performance metrics. However, the majority of the ST/AD debate has focused on the marketing mix, and products and promotion have probably received the most interest in the ST/AD debate (Theodosiou and Leonidou, 2003). The general contention is that products and promotion should be adjusted to fit local preferences (Walters, 1986). Walters also indicated that activities and techniques such as data collection, statistical analysis, and the managerial use of market data hold potential for standardization.

One argument supporting standardization is that, in order to make valid cross-cultural comparisons of research results, a firm should use the same research methodologies worldwide. This approach would remove potential variations in data by country that could be caused by purely methodological differences. A standardized approach would use exactly the same questions, scales, data collection methods, and analytical techniques worldwide, thereby facilitating direct comparison. Theoretically, this standardization would result in directly comparable results, unless there is a significant cultural effect at work.

However, a cultural effect may cause respondents to conceptualize constructs, individual items, and response scales differently across cultures (De Jong et al., 2009). Thus, variation in results across countries, the US and Japan in our study, may be due to cultural nuances rather than real performance differences. If respondents in different countries conceptualize the items differently, the results should not be directly compared since there could be different underlying meanings for the constructs. In order to determine if research differences are caused by cultural variation, cross-cultural equivalence of constructs, items, and scales must be
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