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Standardization versus adaptation of international marketing strategy: an integrative assessment of the empirical research

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Abstract

Despite 40 years of debate on international marketing strategy standardization vs adaptation, extant empirical research is too fragmented to yield clear insights. Based on an integrative analysis of 36 studies centering around strategy standardization/adaptation, its antecedents, and performance outcomes, this stream of research was found to be characterized by non-significant, contradictory, and, to some extent, confusing findings attributable to inappropriate conceptualizations, inadequate research designs, and weak analytical techniques. The central conclusion that stems from this analysis is that the decision whether to standardize or adapt the marketing strategy to achieve superior business performance will largely depend on the set of circumstances that a firm is confronted by within a particular foreign market at a specific period of time.

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1. Introduction

Recent decades have witnessed a dramatic globalization of the international business scene due to: increasing liberalization of trade policies; growing stability in

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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 (Czinkota & Ronkainen, 2001; Keegan, 1999). 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 (Craig & Douglas, 1996). As a result, issues relating to the design of sound international marketing strategies to compete effectively and efficiently in this new business environment have been the focus of a sizeable stream of research. 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 (Levitt, 1983; Ohmae, 1985). 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 (Levitt, 1983; Douglas and Craig, 1986; Yip, Loewe, & Yoshino, 1988).

Advocates of the *adaptation* approach argue that, 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 (Terpstra & Sarathy, 2000). In particular, they criticize strategy standardization as a new kind of marketing myopia, representing an oversimplification of reality, and contradicting the marketing concept (Boddewyn, Soehl, & Picard, 1986; Wind, 1986; Douglas & Wind, 1987). 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 (Onkvisit & Shaw, 1990; Rosen, 1990; Whitelock & Pimblett, 1997).

To overcome the above polarization, a third group of researchers offers 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 thorough 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

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