

Marketing Standardization and the Internet Revolution

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Abstract:-An old debate has been going on for decades about the respective advantages of standardization versus adaptation of marketing strategies for global corporations. A lot of literature has dealt upon the circumstances that should conduct an enterprise to adopt one strategy rather than the other. Most researchers have considered that the choice of standardizing product, price, distribution and communication policies, should mainly be based on the nature of the marketed product and subsidiarily on the cultural and structural differences between the various countries served by the multinational corporation.

This paper attempts to show how the use of internet by about half the world population, with company web sites accessible universally, has reduced the potential for unique adaptation of marketing programs to specific markets, and pushes multinational corporation to greater standardization of their marketing strategies, especially in the areas of pricing and message communication.

I. Introduction

In the International Marketing literature, one of the most discussed subjects has been and continues to be the standardization versus adaptation issue, regarding global corporations. Studies of practices and prescriptive articles are numerous. However most of those works have been done before the spread of Internet and E-Commerce. This paper will attempt to show how those latest developments are likely to modify the dimensions of the issue.

II. Background.

In a 2011 article Schmid and Kotula have attempted to analyze "50 years of research on international standardization and adaptation". Indeed Buzzell (1968) was one of the pioneers in the field, and in his article he underlined the benefits for a multinational corporation of standardizing worldwide its marketing programs. Among the benefits of standardization he mentioned the significant costs savings, consistency with customers, improved planning and control, and exploiting good ideas. About fifteen years later, Levitt (1983) indicated that standardization was going to be the way of the future. Nevertheless, it seems that the policy of adaptation remained substantial among multinational corporations (Boddewyn et al. 1986). When a business adopts an adaptation policy, it means that it is considering that the differences in taste, culture, climate, wealth, infrastructure etc. existing between its different national markets, require that at least certain elements of its marketing programs have to be modified, in order to fit to the idiosyncrasies of each specific country. Numerous examples of marketing failures due to lack of adaptation to local conditions have happened in the past, so it is no wonder that many corporations still hesitate to completely standardize worldwide the totality of their marketing program, which includes not only the product itself but its brand name, service policy, advertising, distribution, pricing etc... On the other hand the proponents of standardization policy, who favor a similar policy for all markets, consider that in a globalized world differences between countries diminish, and the cost of differentiation of marketing programs across countries is not justified.

Most of the studies that were performed since 1968 have dealt with the actual practices of multinational corporations in that regard, or, with the factors affecting the choice of an adaptation or standardization policy, or with the profit impact of standardization, (Elinder (1965), Sorenson & Wiechmann (1975), Douglas & Wind (1987), Chung (2008), Calantone et al. (2006), Cheon et al. (2007), Rugman & Verbeke (2004) , Schilke et al. (2009), Nath et al.(2019), Samiee & Roth (1992), Hofer (2015), Taylor & Okazaki (2006), Katsikeas et al. (2006), Theodosiou & Katsikea (2001), Duman & Poturak (2014), Shoam (2003), Liu et al. (2016), Kustin (2004) , Kustin (2010)...)

III. Standardization and Internet spread.

If in the past it was quite easy for a multinational corporation to adopt different product, pricing, advertising and other marketing policies for different countries, in order to make sure that it maximizes its chances of success in each one of its markets; Buzzell (1968) already saw the problems associated with the movement of individuals travelling between different countries, being exposed to different advertising messages that sometimes conveyed a different image or positioning of a particular brand. This was at a time when the international flow of travelers was much smaller than it is today. Furthermore tariff barriers, and restrictions on grey products (parallel imports) were much greater. Since then Levitt (1983) already pointed out at the increased standardization of brands worldwide due to "globalized markets". In today's world an internet surfer, when typing the name of a brand, is often aware of the different configurations it is taking in different countries. Different positioning could, therefore, create confusion about the precise nature of this brand in the eyes of this consumer.

This is certainly true for pricing. In the old days, a multinational corporation manufacturing consumers' products could easily adopt different pricing policies around the world, without people realizing it. Furthermore, it was difficult for a private individual to purchase a product directly from the subsidiary of a global corporation located away, when this company possessed a subsidiary in the country in which he or she resided. Today organizations like Ali Baba, Amazon, and EBay can easily purchase a brand in the place where the price is the most attractive, and market it all over the world. Furthermore, the consumer, exposed to offers made in other countries, might easily resent the fact price discrimination among different markets. All this leads to a more standardized pricing policy for global corporations.

When it comes to advertising, whether through web sites or social network, the necessity of presenting a universal message is today paramount, since all humans are exposed to the same media. Even though ads must be translated in order to be understood by people speaking different languages, the basic message must remain the same, even if somehow adapted to take into account religious or cultural sensitivities. The days when it was possible to leave the choice of an advertising agency, and messages to the sole responsibility of a foreign subsidiary's management are probably over.

As far as product policy is concerned, there will still be some adaptation required in some industries due to geographical, regulatory, or infrastructure factors (e.g. the automobile industry), but it becomes dangerous for a global corporation to provide different quality levels of the same brand for different countries. This practice was popular in the past, in order to make it possible to sell a cheaper version of a product to developing nations. However, with the spread of parallel imports, this cheaper product might well end up in a store of a wealthier country. Disappointment with the performance of the grey product might lead to a deterioration of the overall brand reputation.

In a similar way, the offer of different product lines in different markets might trigger some negative reactions from customers who realize that the particular brand they would have liked to purchase is not domestically available.

IV. Managerial implications.

Traditionally, the marketing management was one of the most decentralized functions in multinational corporations (Aylmer (1970), Picard (1977)...), especially with regard to pricing, distribution, advertising and sales promotion. This naturally led to a tendency toward more adaptation of marketing programs to local markets. The trend toward more centralization already started with the huge technological improvements in communication and computer capacity that enabled headquarters to gain a better picture of the different local conditions. Nevertheless, as long as markets were isolated from each other, to the extent that consumers were generally unaware of the specific offers made by a specific company in other countries, many marketing decisions could be left to the local subsidiary level. With the necessity, that was described above, to present a more standardized approach across different countries as a consequence of the internet spread, a greater level of coordination becomes necessary. The relative independence that local management could enjoy in the past, might to a large extent become counterproductive, and a more intense involvement by headquarters in the subsidiary decisions be expected.

V. The Future of Adaptation strategy.

The present analysis should not lead to the idea that no more adaptation of marketing programs to local needs will be present in the future. First of all, if it was indicated that parallel imports created a need for brand and product line standardization, not every type of products is likely to be imported outside the official channel of distribution. The import of automobiles is one example, and this is probably true for other heavy electrical items (refrigerators, washers, etc...), which are not as easily transferable and serviced to the individual customer outside the regular channel, as could be smart phones, watches, portables computers, etc...

Also some products are very heavily culturally sensitive. Food is an example. Some producers of global beverage brands take into consideration the different countries sweet tastes, and adjust accordingly the quantities of sugar in their product. Sometimes, a global advertising message could offend or be misunderstood in a particular country, and should therefore be modified.

VI. Conclusion.

This paper has attempted to show that the long debate over the standardization versus adaptation of marketing programs in global corporations has been substantially affected by the advent and spread of the internet and E-Commerce. Gone are the days when consumers markets were isolated, and a company's customers were unaware of its marketing policies in other countries. It is therefore expected that standardization of product, communication, pricing and other marketing policies will increase, with local adaptation of those elements being reduced to a minimum for a large number of multinational businesses.

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