“Adaptation Vs. Standardisation in International Marketing - The Country-of-Origin Effect”

AUTHORS	Demetris Vrontis Alkis Thrassou

ARTICLE INFO	Demetris Vrontis and Alkis Thrassou (2007). Adaptation Vs. Standardisation in International Marketing - The Country-of-Origin Effect. *Innovative Marketing* , *3*(4)
RELEASED ON	Thursday, 24 January 2008
JOURNAL	"Innovative Marketing "
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES	NUMBER OF FIGURES	NUMBER OF TABLES
0	0	0

© The author(s) 2026. This publication is an open access article.

Demetris Vrontis (Cyprus), Alkis Thrassou (Cyprus)

Adaptation vs. standardization in international marketing – the country-of-origin effect

Abstract

The literature on international marketing presents a confrontation between two mainstream schools of thought regarding international marketing. The one supports the standardization approach and argues that multinational companies' behavior should be uniform to minimize total costs and promote a global corporate image. The other argues for the need for adaptation to fit the unique dimensions of each local market. This research investigates companies' practical level of adaptation and standardization in international markets. It identifies the two approaches as coexisting and subsequently distils the findings of an extended literature review to determine the degree and nature of the country-of-origin effect in the process. The conclusions are that the effect has a universal and diachronic existence, though its manifestation into actual consumer attitudes and preferences varies considerably. The dissimilarity of consumer behavior both between and within individual markets is a result of specific combinations of collective and personal parameters. The findings are extrapolated and ultimately integrated in the Internationalization Factors Model to provide a more comprehensive understanding of the internationalization process.

Keywords: international marketing, country of origin, adaptation, standardization, adaptstand, consumer behavior.

Introduction

Multinational companies (companies that compete in more than one country), in their aim to develop their business practices, increase profitability and overcome any problems related with the saturation of existing markers, expand their operations to overseas markets.

Within the field and literature of international marketing, when a company decides to begin marketing products abroad, a fundamental strategic decision is whether to use a standardized marketing mix (product, price, place, promotion, people, physical evidence, process management) and a single marketing strategy in all countries or whether to adjust the marketing mix and strategies to fit the unique dimensions of each local market. Some people see markets as becoming more similar and increasingly more global and believe that the key for survival is companies' ability to standardize. Others point out the difficulties in using a standardized approach, and therefore support tailoring and market adaptation. However, literature quoting practical evidence suggests that companies make contingency choices, which relate to key determinants in each circumstance.

This research aims to investigate the practical complex relationship of the two extreme approaches (adaptation and standardization) and suggest methods and ways in determining the right level of integration. This will increase the understanding and knowledge of the integrated approach and develop models to guide multinational companies compete effectively and efficiently within the international marketing arena. Subsequently, the research will distil the findings of an extended literature review to determine the degree and nature of the country-of-origin effect in the process. The conclusions are that the effect has a universal and diachronic existence, though its manifestation into actual consumer attitudes and preferences varies considerably. The dissimilarity of consumer behavior both between and within individual markets is a result of specific combinations of collective and personal parameters. The findings are extrapolated and ultimately integrated in the Internationalization Factors Model to provide a more comprehensive understanding of the internationalization process.

1. Background literature and statement of the problem

As we look around us, all we seem to see in the wider marketing environment, is the confusion of change and the acceleration of uncertainty; a feeling currently intensified by the new millennium with all its promises – and threats – of epochal change. This confusion, change, and complexity are even greater within the international world-wide marketing environment.

The debate over the amount or extent of standardisation or adaptation is of long duration. Vrontis and Vignali (1999) comment that the debate on this came under discussion as early as 1961, with Elinder (1961) considering the idea with regard to world wide advertising. The early sixties first coined the term 'global village' that was further discussed by Roostal (1963) and Fatt (1964). Buzzell (1968) widened the debate by stating that it would encompass not just advertising, but the whole of the marketing mix.

Buzzel (1968) argues that in the past, dissimilarities among nations have led a multinational company to view and design its marketing planning in each country strictly as a local problem. However, the situation has changed, and the experiences of a growing number of multinational companies suggest that there are

© Demetris Vrontis, Alkis Thrassou, 2007.

real potential gains to consider when contemplating to standardize the marketing mix elements.

Supporters of standardization believe that consumers' needs, wants and requirements do not vary across various markets and countries. They believe that the world is becoming increasingly more similar in both environmental and customer requirements, and no matter where they are consumers have the same demands. As they argue, standardization of the marketing mix elements and the creation of a single strategy for the entire global market promise lower costs as well as consistency with customers.

Levitt (1983) argues that well-managed companies have moved from emphasis on customizing items to offering globally standardized products that are advanced, functional, reliable and low priced. He also argues that multinational companies that concentrated on idiosyncratic consumer preferences have become ''befuddled and unable to take in the forest because of the trees''. Only global companies will achieve long-term success by concentrating on what everyone wants rather than worrying about the details of what everyone thinks they might like. According to Levitt (1983) the globalization of markets is at hand. The global corporation operates with resolute constancy – at low relative cost – as if the entire world was a single entity; it sells the same things in the same way everywhere. With that, the international adaptation corporation which adjusts its products and practices in every market around the world – at high relative costs nears its end.

However, the above is opposed by supporters of the international adaptation approach, who react directly to the sweeping and somewhat polemic character of their argumentation. The contrary case argues that globalization seems to be as much an overstatement as it is an ideology and an analytical concept (Ruigrok and van Tulder, 1995). Lipman (1988) argues that the standardized marketing theory itself is bankrupt. Not only are cultural and other differences very much still in evidence, but marketing a single product one way everywhere can scare off customers, alienate employees, and blind a company to its customers' needs.

The fundamental basis of the adaptation school of thought, is that the marketer is subject to a new set of macroenvironmental factors, to different constraints such as language, climate, race, topography, occupations, education, taste, and to quite frequent conflicts resulting from different laws, cultures, and societies (Czinkota and Ronkainen, 1998). It is evident that people in different countries speak different languages; rules and regulations differ across national borders; most countries drive on the right, but some drive on the left. In addition there are other factors such as climate, economic conditions, race, topography, political stability, and occupations. The most important source of constraints by far, and the most difficult to measure, are cultural differences rooted in history, education, religion, values and attitudes, manners and customs, aesthetics as well as differences in taste, needs and wants, economics and legal systems. Supporters of this approach believe that multinational companies should have to find out how they must adjust an entire marketing strategy and, including how they sell, distribute it, in order to fit new market demands. Altering and adjusting the marketing mix determinants and marketing strategy are essential and vital to suit local tastes, meet special market needs and consumers non-identical requirements (Yip, 1989; Koudelova and Whitelock, 2001; Laroche et al., 2001; Pae et al., 2001; Harris and Attour, 2003; Cho and Cheon, 2005).

Both schools of thought are sensible, logical and coherent, highlighting the advantages and benefits that a multinational company could gain by acquiring such an approach. However, it is acknowledged and appreciated that the extreme use of either approach is impractical. The truth lies in neither of these two polarized positions as both processes coexist.

It is argued that standardization and adaptation are not an all-or nothing proposition but a matter of degree. Heterogeneity among different countries does not allow standardization in an absolute power. On the other hand, the huge costs involved in the adaptation approach and the benefits of standardization fail to allow adaptation to be used extensively, as theoretically suggested. The question at hand is straightforward. When companies' approach can fall anywhere on a spectrum, why the extreme views? (Quelch and Hoff, 1986; Kashani, 1989; Szymanski et al., 1993; Jeannet and Hennessey, 2001; Keegan, 2002; Ritzer, 2004; Zhang and Yoon, 2005; Kanso and Kitchen, 2004; Vrontis, 2005).

Prahalad and Yves Doz (1986), Vrontis (2003), Samiee et al. (2003) and Kanso and Nelson (2002) highlight the importance and necessity of both adaptation and standardization and support the argumentation that both concepts should be used simultaneously. However, it is acknowledged that theory that seeks to integrate both concepts is limited, offering a further impetus to the existence of the problem and the necessity of developing new theory to capture an integrated/middle approach.

2. Scope of the research

It is apparent that the debate on whether multinational companies should adapt or standardize international marketing behaviour is contradicting. For a multinational company to be successful it should incorporate

ingredients of both approaches. Multinational companies in their effort to be effective and enjoy as much as they can the benefits of both concepts, try, on the one hand, to standardize various marketing mix elements and marketing strategies but on the other hand, to enforce adaptation in order to maintain marketing orientation. Success is not dependent upon adaptation or standardization, but it depends upon merging the two and finding the right level of standardization and adaptation across the marketing mix elements and marketing strategies for each country.

This research hypothesizes that in practice multinational companies are not mutually exclusively adopting international adaptation or global standardization across their marketing mix elements, but seeking to identify the right level of integration that will allow them to achieve both customer satisfaction and organizational profitability. It investigates the complex relationship of adaptation and standardization and suggests methods and ways in determining the right level of integration. This will increase the understanding and knowledge of the integrated approach and develop new theory to aid marketing practitioners compete effectively and efficiently within the highly competitive international market place.

Specifically, the research objectives are:

1. To examine the hypothesis on that "multinational companies are not mutually exclusively adopting international adaptation or global standardization across their marketing mix elements".
2. To identify the reasons that force marketing practitioners to adapt international marketing tactics.
3. To identify the reasons that force marketing practitioners to standardize international marketing tactics.
4. To identify the factors underlying objectives 2 and 3.
5. To develop a new approach to aid multinational companies to decide on the degree of standardization and adaptation and locate this within the current literature in global and international marketing management.
6. To investigate the country-of-origin effect through an extensive literature review and incorporate the findings into a comprehensive internationalization model.

This research sets out to help multinational companies and their marketing practitioners to identify and assess the degree of standardization and adaptation across their worldwide markets. The findings of this research aim to help multinational companies to decide on the level/degree of adaptation and standardization on their marketing tactics in different countries around the world, taking also into consideration the country-of-origin effect. Identifying and implementing the right internationalization approach would be highly beneficial for multinational companies, as it would help them achieve both customer satisfaction and organizational success.

3. Research methodology

The research methodology draws on the concepts of the research wheel (Wallace, 1971) outlining the deductive and inductive approaches.

The process of scientific discovery supposedly proceeds clockwise around the 'wheel of science'. The researcher begins with theory. Using deductive reasoning, the researcher derives a testable hypothesis from the theory. Next the researcher decides on the appropriate method for testing the hypothesis. Then data are collected to test the hypothesis. Based on the results of data analysis, it is decided whether there is empirical support for the hypothesis. In the context of this study, the research approach relies on both deductive and inductive reasoning methods. Using the deductive method, secondary data were collected by an extensive review of the theory and literature including journals, articles, newspapers, magazines, books, on – and off – line databases. Primary research, described in more detail below, was collected by a questionnaire survey. Inductive reasoning is then necessary to analyze the data and reach the research results. The results aim to verify or reject the hypotheses and lead to the development of a new modelling approach and theorizing in international marketing.

A summary of the methodological approach is illustrated in Figure 1 below. This was arrived as a result of developing Wallace (1971) model in combining inductive and deductive strategies.

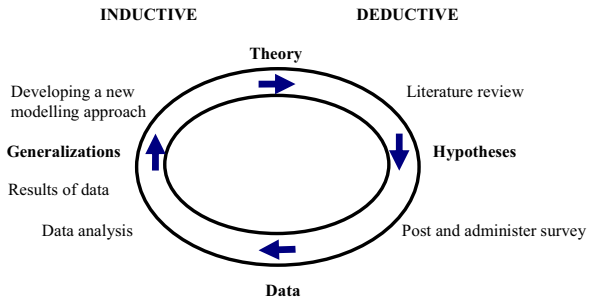

Fig. 1. Combining inductive and deductive strategies – research methodology

To generate all the relevant information required for the research aims, a questionnaire survey was believed to be the most appropriate method. This provided an insight into the behavior of different multinational companies, and allowed an in-depth comparison of their responses, taking into account their organizational characteristics, offerings and target markets.

It was decided to use a self-administered postal questionnaire. Self-administered questionnaires are completed by respondents. They have an advantage over interviewer-administered questionnaires as they allow respondents to give a considered rather than an immediate answer. Further, they allow the data to be analysed quantitatively, something that could not be achieved by the use of unstructured interviews and case studies.

As the field of this research study is international marketing, it was decided that the sampling unit should be comprised of UK multinational companies; that is companies that trade in more than one overseas market. Questionnaires were therefore posted to the biggest 500 UK multinational companies across five industrial sectors. The industrial sectors selected were manufacturing, services, transportation & communication, construction and retail & wholesale. Sampling procedure used falls at non-probability sampling and specifically within the category of purposive/judgement sample (Crouch and Housden, 1996).

The questionnaire encompassed both open and close-ended questions. The closed questions provided a number of alternative answers from which the respondent was instructed to choose, the open questions allowed respondents to give answers in their own way.

Dillman (1978) grouped the sorts of data that can be collected through questionnaires into four distinct types of variables. These variables are classified as attitudes, beliefs, behavior and attributes. The questionnaire for this research study has focused on behavior and attribute variables. Behavior variables record how respondents behave in international markets and the reasons associated with such behavior. It aimed to search on multinational companies' tactical level of adaptation and standardization when crossing national borders. Attribute variables contain data about the respondents' characteristics and they are best thought of as something a respondent possesses, rather than something a respondent does.

In constructing the questionnaire, the order and flow of original research questions were carefully considered. These have been presented in a way to be logical and coherent to the respondent. The questionnaire was also pre-coded to allow the classification of responses into analyzable and meaningful categories. In doing this, a numeric code was allocated to each category of a variable. This coding process was an essential step in preparing data for computer analysis.

Questionnaires were posted to marketing directors and they were kept anonymous. However, a confidential ID (identity) number allocated to different companies was added at the back of every questionnaire as a means of identification.

The administration of the actual questionnaire was very important. To encourage respondents to reply and maximize response rate, this research has undertaken three follow-ups.

Quantitative analysis and statistical tests were primarily performed by the aid of S.P.S.S. (Statistical Package for Social Sciences) and the complementary practice of Excel. In specific, statistical tests included ANOVA (analysis of variances) tests and chi-square (χ^2) tests that were performed in order to identify significant differences between factors in comparing them with reasons and elements of the marketing mix. On the other hand, in qualitative evidence the researcher used words to describe situations, individuals, or circumstances surrounding a phenomenon. Qualitative analysis deriving from open-ended questions established the reasons why multinational companies behave the way they do.

Saunders et al. (1997) suggested that a response rate of approximately 30% is considered reasonable for self-administered postal questionnaires. This is backed up by Nachmias and Nachmias (1996) who state that a reasonable response rate for postal questionnaires is between 20-40%. The response rate for this study was 24.8%. Out of these 500 companies, the number of usable respondents was 124. This indicates a response rate of 24.8%, which was sufficient for statistical analysis to continue

4. Research results

Research results illustrated that UK multinational companies use both adaptation and standardization across their marketing mix elements. Table 1 deals with the elements and sub-elements of the marketing mix and illustrates their level of importance in relation to standardization and adaptation.

The statistical results illustrate that there is a variable approach across international marketing behavior (marketing mix elements) and that adaptation and standardization are not mutually exclusive. This contradicts the two extreme schools of thought, illustrated in the literature, and apparently verifies the hypothesis (objective 1) of this research.

In dealing with the second objective, it was necessary to identify the reasons that force marketing practitioners to adapt international marketing tactics.

Table 1. Tactical behavior (percentage and mean)

Question: Is your organization standardizing (using the same) or adapting (using different) the following elements of the marketing mix in different countries around the world?				
Element researched	Average rating /Mean (μ) Min=1 Max=7	% Standardization	% Neutral	% Adaptation
Product/service				
Quality	2.37	78.3	4	17.7
Brand name	2.42	71.8	8.9	19.4
Image	2.54	71	8.1	20.9
Performance	2.65	67	11.3	21.8
Size and colour varieties	2.89	54.1	11.3	21
Packaging, styling	3.25	51.6	9.7	29.9
Pre-sales service	3.78	45.2	12.1	41.2
After-sales service, warranties	3.80	42.8	16.1	38.7
Product or service variety, design, features	3.81	48.4	4	47.6
Delivery, installation	3.81	41.9	12.9	41.9
Average mean	3.13	-	-	-
Price				
Discount allowances, payment period, credit terms	5.02	16.9	25.8	55.6
Price levels, list price, price changes	5.48	12.8	12.9	74.2
Average mean	*5.25*	-	-	-
Place/distribution	4.39	32.2	16.1	50
Promotion				
Advertising	4.52	28.2	16.9	52.5
Direct marketing	4.53	21	22.6	46
Personal selling	4.57	25.8	18.5	52.4
Public relations	4.60	26.7	17.7	53.3
Sales promotions	4.96	17	19.4	55.7
Average mean	*4.64*	-	-	-
People	3.90	41.2	19.4	39.5
Physical evidence	3.88	37.9	23.4	35.5
Process management	3.85	46.7	11.3	41.9

It is evident that UK multinational companies tailor their marketing tactics in overseas markets for a number of different reasons. Marketing practitioners who undertake this approach stated these reasons and their cross-comparison and quantitative analysis has presented them in order of importance, as reported by respondents. This is illustrated in Table 2. The percentage in the right column of the table represents the level of importance associated with each reason.

It was identified that the most important reasons driving UK multinational companies towards international tactical adaptation are culture, market development, competition, laws, economic differences and differences in customer perceptions. The remaining four reasons researched were of less importance.

Table 2. Reasons for adapting and their level of importance

№	Reasons in order of importance	Percentage (%)
1	Culture	93
2	Market development	87
3	Competition	84
4	Laws	82
5	Economic differences	78
6	Sociological considerations	74
7	Differences in customer perceptions	71
8	Technological considerations	60
9	Political environment	53
10	Level of customer similarity	49
11	Marketing infrastructure	44
12	Differences in physical conditions	39

In relation to objective 3, a number of reasons force marketing practitioners to standardize marketing tactics. Again, comparing the statements of interviewees it is apparent that multinational companies are aware of the benefits associated with global standardization. Consequently, when crossing borders, UK multinational companies standardize a number of marketing tactics. The underlying reasons for behaving as such are illustrated in Table 3. Table 3 outlines the factors researched and it presents them in order of importance, as reported by respondents. As shown, research analysis pointed out that the most important reasons for standardizing are global uniformity and image, economies of scale and synergetic and transferable experience. Consistency with consumers, easier planning and control and stock cost reduction are of less importance.

Table 3. Reasons for standardizing and their level of importance

№	Reasons in order of importance	Percentage (%)
1	Global uniformity and image	81
2	Economies of scale in production, R&D and promotion	75
3	Synergetic and transferable experience and efficiency	74
4	Consistency with the mobile consumer	52
5	Easier planning and control	48
6	Stock costs reduction	43

In relation to the fourth objective, it was necessary to examine the factors affecting the level of integration and the degree of adaptation and standardization. Therefore, this study identified nine factors (and their influencing elements) that were found to have a profound influence on international tactical behavior and are described as critical in identifying

the level of tactical integration in relation to international adaptation and standardization. These are the following:

1. Type of product (good or service) sold.
2. Type of customers (that the product is sold to).
3. Industrial sector (that the company is trading/competing in).
4. Entry methods (used in different countries).
5. Parent company's relationship with foreign subsidiaries.
6. Company's total amount of world-wide turnover.
7. Total number of continents (that the company trades in).
8. Amount of delegated authority (given by parent company to subsidiaries).
9. Company's worldwide number of employees.

It is therefore evident that even though international adaptation and global standardization of marketing tactics do take place, and can bring benefits, the decision on tactical behavior is not a dichotomous one between complete standardization and customization. The choice concerning these two polarized positions is a matter of degree.

Figures 1 (see Appendix) and 2 summarize findings of this research in a visual and comprehensive way. They illustrate the reasons why UK multinational companies adapt (Figure 1, see Appendix) and standardize (Figure 2) their marketing mix elements in international markets. They outline the underlying reasons that enforce international adaptation or/and global standardization over the multinational companies' tactical approach.

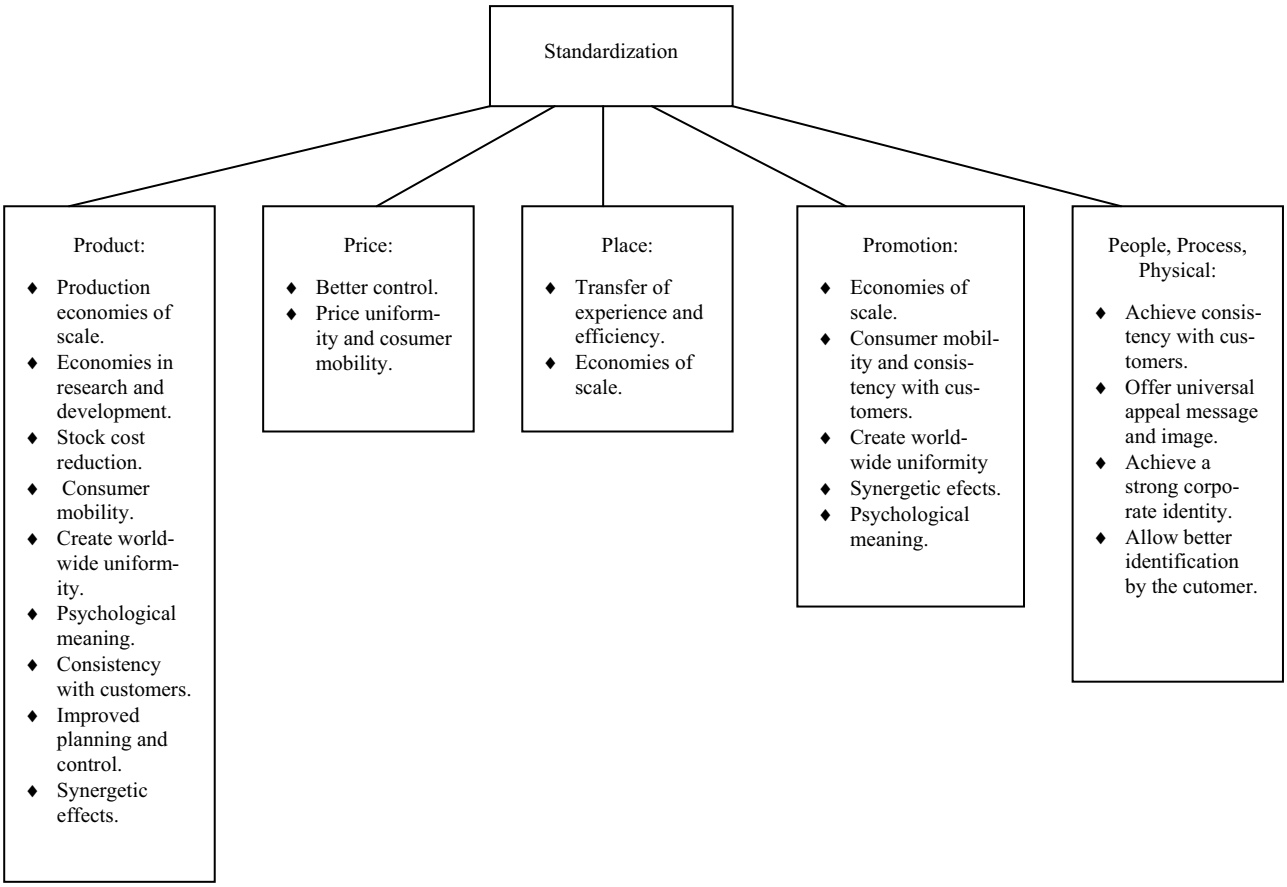

Fig. 2. Why do UK multinational companies standardize?

5. The country-of-origin effect

5.1. Background literature review. The rising importance of the global market over the past 40 years has brought on an increase of interest into the causes of competitive advantage of one product over another. Among the many factors believed to have an impact on international competitiveness, that of the country-of-origin is of considerable relative weight and great interest (Al Sulaiti and Baker, 1998).

Morello (1984) describes the emergence of the country-of-production image: 'Before 1918 nobody knew where the products came from. That year Germany lost in the First World War. In order to punish the German industry and at the same time warn European consumers, German producers were required to label their every exported product with a 'Made in Germany' mark. Soon it became a sign of quality.' As early as 1962 researchers stated that "made-in", as a fifth element of the marketing mix, can have a

tremendous influence on the acceptance and success of a product over and above the specific advertising and marketing techniques used' (Dichter, 1962). Following the intense business internationalization and globalization, products' country-of-origin image has become one of the key factors in creating and maintaining competitive advantage. This is even truer for products and services with which consumers are less familiar (Da Silva, 1999).

Despite consumers' frequent and numerous remarks that a product's country-of-origin is not important (Papadopoulos and Heslop, 1993; Hugstad and Durr, 1986) they will readily use country-of-origin as an important factor in quality evaluation. This is markedly so with such products as cars, household appliances, computer technology, apparel, cosmetics and similar. Therefore, it is not surprising that a number of studies undertaken in the past thirty years corroborates the hypothesis that country-of-origin image influences a purchase decision, since it is a concept which reflects and describes basic consumers' perceptions of the quality of a product coming from a certain country and people from that respective country. The most frequently used definition of the country-of-origin image is that which defines it as 'the picture, the reputation, the stereotype that businessmen and consumers attach to products from a certain country' (Johansson, 2000).

Products from positive image countries are perceived as being of higher quality compared to those from negative image countries and which are therefore usually underrated. Negative country image sets a barrier to entering and positioning in the international market, while a positive one facilitates business internationalization. Products' image, is created by way of product's *cues* or information about products, country-of-origin being one of them. Cues can be divided into intrinsic and extrinsic. Intrinsic cues are those product attributes that are intrinsic to the product in the sense that they cannot be changed or manipulated without changing the physical characteristics of the product. Examples of intrinsic cues are design, taste, sound, fit, and shape. Extrinsic cues comprise attributes which are not physical (Olson and Jacoby, 1983). Some examples of extrinsic cues are brand name, packaging concept, store image, price. Country-of-origin may be classified as an extrinsic cue since the 'made in' label can be removed from a product without altering its physical characteristics (Eroglu and Machleit, 1988).

The image of countries, in their role as origins of products, is one of the extrinsic cues that may become part of a product's total image (Papadopoulos and Heslop, 1993). The two most frequently cited models used to explain the influence of country-of-origin image on product's quality evaluation are the "Halo Model" (Johansson et al., 1985) and "The Summary Construct Model" (Min Han, 1990). The Halo hypothesis suggests that consumers rely on country-of-origin image only when unfamiliar with products. Johansson et al. provided proof for it when they conducted a multidimensional research into car properties (price, safety, horse-power, country-of-origin, etc.) from the USA, Japan and Germany. Their results showed that in this particular case there occurred no country-of-origin effects. It corroborated the thesis that the effects of country-of-origin image may be used only as a surrogate when respondents lack sufficient knowledge of products. On the other hand, consumers familiar with a specific product class will rely less on the 'made in' label. Furthermore, favorable or unfavorable experience with products or brands from a particular country may distort evaluations of other products or brands from the same country (Johansson et al., 1985).

Min Han advocates the Summary Construct Model. This comprises a file of information about various brands from one country that consumers develop over time. Such a file, stored in the consumer's memory in the form of an overall evaluation of products from a certain country, is used every time when a certain country's brand is being evaluated. Min Han asserts that when consumers are not familiar with a country's product, they infer product information from country image and beliefs that stem from experience and learning (Min Han, 1990). Placing this in the context of apparel, a hypothesis may be formed that when consumers are not familiar with apparel from a particular country, their perception of the product will be influenced by the total of beliefs regarding that country and/or that country's products.

In the first recorded research ever into country-of-origin image, Schooler (1965) proved that there was an influence of country-of-origin image on consumers' perception of product quality (Schooler, 1965). Schooler and Sunoo (1969) tried to examine consumers' perception of Asian, African, Latin American and European products. 320 American students expressed their views of apparel from different continents. The conclusion of the study was that there was no bias against products bearing a regional origin label. In 1971 Schooler undertook a research into consumers' perception of products coming from different countries and regions (the USA, West Germany, Czechoslovakia, Chile, India, Nigeria, North America, Asia, Latin America). Results obtained from a sample of 866 adult Americans showed that consumers valued products of Germany more than those from Asia and India, while products of the USA were rated better than those of Western Europe. Schooler concluded further attitudes and

used this study to support the hypothesis of the influence of country-of-origin image on consumers' perception of product quality and to deduce some evidence of socio-demographic differences among consumers regarding the importance of country-of-origin image (Schooler, 1971).

Gaedeke tried to examine the opinion of US consumers towards imported products from different developing countries and the USA. Results obtained from a research on 200 respondents (students) showed that American products were rated the highest, while products from developing countries were rated lower. The research lent support to stereotypes about consumers perceiving products of developing countries to be of lower quality (Gaedeke, 1973).

Dornoff et al. (1974) tried to examine consumers' perceptions of imported products and the influence of socio-economic characteristics on consumers' perceptions. The research was done on 400 American respondents and on various types of products. The study showed that American consumers were neutral towards French fashion merchandize, that no differences existed among the males' and females' opinions and that more educated consumers are more in favor of imported products (Dornoff et al., 1974).

Darling and Kraft researched the impact of the 'made in' label on Finnish consumers. The research on 303 Finnish respondents showed that there existed a striking ethnocentrism with Finnish consumers in all categories of products (Darling and Kraft, 1977). Baumgartner and Jolibert tried to measure French consumers' perception of their own country's products' quality and those imported from different countries: the USA, Germany and Great Britain. A sample of 108 French respondents showed that French consumers had a very strong preference for 'made in France' products (Baumgartner and Jolibert, 1977).

Niffenegger at al. (1980) investigated the product images of American, French and British products among British retail managers. A sample of 92 professional British retail managers was used to measure their vision of products in terms of price, value, advertising, reputation, design, style and consumer profile. The study indicated considerable differentiation in the perception of quality, technical advancement and price, and further indicated demographic trends of perception. Furthermore, their study (Niffenegger et al., 1980) showed there existed ethnocentrism among British consumers and a bias towards their domestic products.

Kaynak and Cavusgil (1983) examined Canadian consumers' opinion of products from 25 different countries. The study on a sample of 197 Canadian consumers showed that country-of-origin image might function as a surrogate when there is a lack of information about products, including apparel. The research showed that the less is known about the brand and product the greater impact origin-of-product has on a consumer's decision to buy. Hugstad and Durr (1986) investigated the importance of country of manufacture to American consumers through a sample of 341 American consumers. The study showed that they were most apprehensive towards products from China, Korea and Taiwan, that is to say, they considered them to be unreliable in terms of product quality. On the other hand, they perceived apparel of their own country to be of the highest quality.

Heslop and Wall examined the differences between males and females on the basis of country-of-origin product image. A total of 635 respondents in Canada were asked to evaluate the quality of products from thirteen different countries. The results indicated the ethnocentrism of Canadian consumers and supported the stereotype regarding the quality of Italian products and the risk involved with Eastern Europe and the Far East products (Heslop and Wall, 1985). Al-Hammed (1988) investigated the Saudi Arabian consumers and resellers' attitudes towards different types of products from different countries. The results on a sample of 300 consumers and 193 Saudi resellers showed price to be the most important attribute to be considered when buying all kinds of products.

Ettenson et al. tried to examine the effect of country-of-origin image in relation to a 'made in' campaign. The study was based on 55 students at the University of Maryland where the respondents were asked to assess the importance of the attributes of style, cut, fabric quality, content, price and brand when deciding to purchase apparel. All the products were American and respondents were administered the questionnaire before and after the introduction of the 'made in the USA' campaign. The results of the study demonstrated that contrary to previous findings, the effect of country-of-origin was relatively small both before and after the launching of that campaign. From these findings it can be concluded that price and quality may have a stronger effect on consumer than country-of-origin information. Furthermore, the authors suggested that clothing retailers should be cautious in using patriotic themes in promotion since their effectiveness need not necessarily be positive (Ettenson et al., 1988).

Khachaturian and Morganosky investigated consumers' quality perceptions of apparel from different countries. The results largely corroborated previous researches' findings in relation to consumer percep-

tions: clothing made in the USA and Italy was perceived as having the highest quality, specialized stores received the highest ratings, while the authors concluded that associating a brand with less industrialized countries could potentially lower its quality image (Khachaturian and Morganosky, 1990).

Patterson and Tai (1991) examined country-of-origin impact on Australian consumers and their results were largely in agreement with the majority of studies presented above.

Wall et al. determined the effects of country-of-origin when combined with brand name and price on consumers' evaluation of quality, risk, value and likelihood of purchase. The authors examined 40 Canadian respondents' opinions of apparel quality from Canada, Hong Kong, Italy, South Korea, Taiwan and the USA. The results indicated that country-of-origin was related to the assessment of product quality, but when it came to evaluating purchase likelihood, country-of-origin seemed not to be important (Wall et al., 1991).

Liefeld et al. studied the effect on two different products taking into account both intrinsic and extrinsic cues. A sample of 326 Canadian respondents was chosen to measure the importance of extrinsic (country-of-origin, price, brand name) and intrinsic cues (appearance, content, design). The results revealed that extrinsic cues varied in importance depending on the products (Liefeld et al., 1993).

Smith tried to examine American consumers' perceptions towards manufactured goods that were labelled regionally. On a sample of 224 American students the author determined consumers' perceptions towards products made in Africa, Latin America, Asia and Western Europe. The results of the study showed that Asian products were rated better than others, while African and Latin American were rated better than those from Western Europe. This study's findings substantially differed from the ones in almost all previous researches (Smith, 1993).

Lin and Sternquist (1994) investigated the effects of information cues, country-of-origin and store prestige on Taiwanese consumers' perception of quality and price. The sample consisted of 265 Taiwanese consumers and it was shown that the country-of-origin was the only cue that influenced the Taiwanese consumers' perception of sweater quality, though the country-of-origin did not influence the Taiwanese consumers' perception of price.

Beaudoin et al. (1998) conducted research to determine if young trend setters and fashion followers differed in their attitudes depending on products being imported or domestic (the USA). They showed that trend setters were more in favor of imported products.

Goudge and Ivanov (1999) conducted a study in FYROM to examine the effects of country-of-origin image, brand name and price on consumers' behavior. In this study the authors showed that the strength of a powerful global brand name is insufficiently strong to reduce the negative impact of country-of-origin image of a developing country.

Kaynak et al. (2000) examined Bangladeshi consumers' perceptions of the quality of products imported from nine countries and Bangladesh. The study was conducted on a sample of 196 respondents from the capital of Bangladesh and showed that country-of-origin image has a significant impact on Bangladeshi consumers' perception of product quality.

Archarya and Elliot (2001) examined the effects of country of production, country of design, price and brand name on consumers' quality perception and purchase intention. A complex multifactor analysis examined 248 Australian respondents' opinions of these elements in relation to a number of products from different countries. Once more, the study results showed that country-of-origin also plays a decisive part in consumers' perception of product quality, as well as their decision to purchase.

5.2. Conclusion – the principal elements that form the country-of-origin effect. The above literature review provides overall a set of ten major elements that affect the degree to which the country-of-origin effect influences consumers' perceptions of quality etc. These are:

- experience;
- knowledge;
- stereotypes;
- ethnocentrism;
- political and/or cultural relationship between country-of-origin and country-of-purchase;
- general country-of-origin image;
- specific-to-product-in-question country-of-origin image;
- brand image;
- country-of-purchase political, social and economic factors;
- target segment specifics.

Irrespective, though, of the degree to which these perceptions adhere to reality, perceptions are ultimately the consumers' subjective realities. Therefore they are principal factors in the consumer purchase and pre-purchase-evaluation-of-alternatives stages of the decision making process, and should play a critical role in the design of international companies' marketing strategy and approach.

6. The internationalization factors model – incorporating the country-of-origin effect

In summary, this research examined a number of reasons that 'pull' tactical behavior (marketing mix elements – 7P's) towards adaptation and standardization. Research results identified that these hold a different level of importance for UK multinational companies based on a number factors related to the organizational and operational characteristics of every individual company. Reasons are seen as those behavioral aspects pulling multinational companies tactical behavior towards the one or the other side of the continuum, while factors are those determinants affecting the behavior and the importance of the reasons pulling it.

At the same time the findings regarding the "country-of-origin effect" show that it has a universal and diachronic existence, though its manifestation into actual consumer attitudes and preferences varies considerably. The dissimilarity of consumer behavior both between and within individual markets is a result of specific combinations of collective and personal parameters. The review of existing research on this phenomenon has surfaced ten specific elements that affect consumers' perception of quality and consequently their purchase intention.

Therefore, this research has identified three distinct groups of forces/elements that substantially affect the internationalization processes of companies: the Adaptation set, the Standardization set and the Country-of-origin set. These are combined and comprehensively presented in Figure 2 (see Appendix), along with the relationship between reasons and factors, and their effect on tactical marketing behavior.

Conclusions and implications

The recurrent theme in international marketing in whether companies should aim for a standardized or country-tailored marketing approach is very much debated in the academic literature and is a concern for every multinational company and marketing practitioner. On one hand it has been argued that the global market has become homogenized that multinational companies can market their products and services the same all over the world by using identical strategies with resultant lower costs and higher margins. On the other hand, some observers emphasize the obvious dissimilarities between the markets of various countries, especially those for consumer goods and argue in favor of using international differentiated marketing programs.

This research developed the Internationalization Factors Model that serves as a mechanism to aid marketers to decide on the level of integration. Multinational companies should not treat the world as one single market. They should undertake market research and determine their customers, their needs and wants. They should get to know their customers and understand their problems. Equally, they need to identify their unique external environmental constraints and benefits of standardization. Each element and sub-element of the marketing mix and market have to be studied on their own merits and shortcomings. Applying generally preconceived ideas for or against standardization and adaptation is not very helpful, as in practice the level of integration necessary has to be applied in ways that take account of given circumstances.

It is anticipated that the findings of this research carry implications not only for the literature but also for international marketing practitioners. As this research was based upon the practical experience and behavior of UK multinational companies, marketing practitioners can use its results as a means of comparing their current behavior with that of other similar companies. This observation will enable them to take corrective action and lead to the further development of the approach that they currently use.

It is advised that marketing practitioners undertake first an internal and external environmental analysis to identify a company's organizational position and industrial obstacles in a single market. The benefits deriving from globalization should also be considered. The outcome of this research provides marketing directors and managers with an overview of what influences marketing behavior in international markets. On the basis of the research, marketing practitioners will be better able to identify the importance of the reasons, factors and elements of the marketing mix and any difference between them relevant to their situation. An understanding and consideration of the above could benefit and aid UK multinational companies in formulating international marketing planning and implementing marketing strategy and tactics.

The identification and implementation of the right degree of integration are essential as it increases the chance for multinational companies to remain competitive and marketing orientated within their industrial structure and international marketing arena. A detailed in-depth consideration of the Internationalization Factors Model could increase organizational cost effectiveness without undermining consumer requirements and other micro and macro-environmental constraints micro-evident in the situation analysis. Furthermore, the comprehensive approach that includes the country-of-origin effect, allows a more realistic incorporation of the vital marketing element of consumer perception. The model arms international companies not only with a mechanism for theoretical comprehensions but also with an adaptable practical tool for planning and implementation of international marketing strategies.

References

1. Al Sulaiti, K., Baker, M.J. (1998), "Country of Origin Effects: a Literature Review", *Marketing Intelligence & Planning*, Vol. 16, No. 3, MCB University Press, pp. 150-199.
2. Al-Hammed A. (1998), "A study of the Saudi Arabian Market for Selected Imported Manufactured Goods – an Economic, Cultural an Attitudinal Analysis with Particular References to UK Suppliers", PhD Thesis, University of Bradford, UK.
3. Archarya, C., Elliot, G. (2001), "An Examination of the Effects of "Country-of-Design" and "Country-of-Assembly" on Quality Perceptions and Purchase Intentions", *Australian Marketing Journal*, Vol. 9, No. 1, pp. 61-75.
4. Baumgartner, G., Jolibert, A. (1997), "The Perception of Foreign Products in France" in H. Keith Hunt, editor, *Advances in Consumer Research*, Association for Consumer Research, Vol. 5, pp. 603-605.
5. Beaudoin, P., Moore M.A., Goldsmith R.E. (1998), "Young Fashion Leaders' and Followers' Attitudes Toward American and Imported Apparel", *Journal of Product and Brand Management*, Vol. 7, No. 3, MCB University Press, pp. 193-207.
6. Buzzell, R.D. (1968), "Can you Standardize Multinational Marketing?" *Harvard Business Review*, (November/December), pp. 102-113.
7. Cho, C.-H., and Cheon, H.J. (2005), "Cross-Cultural Comparisons of Interactivity on Corporate Web sites", *Journal of Advertising*, Vol. 34, No. 2, pp. 99-115.
8. Crouch, S. and Housden, M. (1996), Marketing Research for Managers, Second Edition, Oxford: Butterworth-Heinemann.
9. Czinkota, M.R. and Ronkainen, I.A. (1998), *International Marketing*, Fifth Edition, Forth Worth, London: The Dryden Press.
10. Da Silva, R.M. (1999), "Counry of Origin and Destination Effects in Buyer Decision Making", *Working paper No 392*, Manchester Business School.
11. Darling, J.R., Kraft F.B. (1997), "A competitive profile of products and associated marketing practices", *European Journal of Marketing*, Vol. 11, No. 7, MCB University Press, pp. 11-23.
12. Dichter, S.H. (1962), "The world consumer", *Harvard Business Review*, Vol. 40, July/August, pp. 113-122.
13. Dillman, D.A. (1978), *Mail and Telephone Surveys: The Total Design Method*, New York: Wiley.
14. Dornoff, R., Tankersley, C., White, G. (1974), "Consumers' Perceptions of Imports", *Akron Business and Economic Review*, Vol. 5, Summer, pp. 26-29.
15. Elinder, E. (1961), "How International Can Advertising Be?" *International Advertiser*, December, pp. 12-16.
16. Eroglu, S.A., Machleit, K.A. (1998), "Effects of Individual and Product Specific Variables on Utilising Country of Origin as a Product Quality Cue", International Marketing Review, Vol. 6, No. 6, MCB University Press, 1988, pp. 27-41.
17. Ettenson, R., Wagner, J., Gaeth, G. 1998, "Evaluating the effect of country of origin and the 'Made in the USA' campaign: a conjoint approach", *Journal of Retailing*, Vol. 64, No. 1, MCB University Press, 1988, pp. 85-100.
18. Fatt, A.C. (1964), "A Multinational Approach to International Advertising", *International Advertiser*, September, pp. 17-20.
19. Gaedeke, R. (1973), "Consumer Attitudes toward Products Made in Developing Countries", *Journal of Retailing*, Vol. 49, Summer, MCB University Press, pp. 13-24.
20. Goudge, D., Ivanov, B. (1999), "The Country of Origin Effects in Newly Emerging Eastern European Countries: A Macedonian Consumer Study", *Research Paper*, University of Central Oklahoma, pp. 1-8.
21. Harris, G., and Attour, S. (2003), "The International Advertising Practices of Multinational Companies: A Content Analysis Study", *European Journal of Marketing*, Vol. 37, nos. 1 & 2, pp. 154-168.
22. Heslop, L.A., Wall, M. (1985), "Differences Between Men and Women in the Country of Origin Product Images", *Administrative Science Associations of Canada Proceedings*, Montreal, Canada, pp. 148-158.
23. Hugstad, P., Durr, M. (1986), "A Study of Country of Manufacturer Impact on Consumer Perceptions", in: Malhotra N., Hawes J., *Development in Marketing Science*, Vol. 9, Academy of Marketing Science, Coral Gables, pp. 155-199.
24. Jain, S.C. (1989), "Standardisation of International Marketing Strategy: Some Research Hypotheses", *Journal of Marketing*, Vol. 53 (January), pp. 70-79.
25. Jeannet, J.P. and Hennessey, H.D. (2001), Global Marketing Strategies, Fifth Edition, Boston: Houghton Mifflin Company.
26. Johansson, J.K., Douglas, S.P., Nonaka, I. (1985), "Assessing the Impact of Country-of-Origin on Product Evaluations: A new Methodological Perspective", *Journal of Marketing Research*, pp. 388-396.
27. Johansson, J.K., (2000), *Global Marketing*, Second Edition, Boston: Irwin McGraw-Hill.
28. Kashani, K., (1989), "Beware the Pitfalls of Global Marketing", *Harvard Business Review*, (September-October), pp. 91-98.
29. Kanso, A. and Kitchen, P., (2004), "Marketing Consumer Services Internationally: Localization and Standardization Revisited", *Marketing Intelligence & Planning*, Vol. 22, no. 2, pp. 201-215.
30. Kanso, A. and Nelson, R.A., (2002) "Advertising Localization Overshadows Standardization", *Journal of Advertising Research*, Vol. 42, no. 1, pp. 79-89.

31. Kaynak, E., Cavusgil, S.T., (1983), "Consumer Attitudes Towards Products of Foreign Origin: Do they Vary Across Product Classes", *International Journal of Advertising*, Vol. 2, no. 5, pp. 147-157
32. Kaynak, E., Kucukemiroglu, O., Hyder A.S., (200), "Consumers' Country-of-Origin (COO) Perceptions of Imported Products in a Homogenous less-Developed Country", *European Journal of Marketing*, Vol. 34, nos. 9 & 10, MCB University Press, pp. 1221-1241.
33. Keegan, W.J., (2002), *Global Marketing Management*, Seventh Edition, International Edition, New Jersey: Prentice Hall.
34. Koudelova, R., and Whitelock, J. (2001) "A Cross-Cultural Analysis of Television Advertising in the UK and the Czech Republic", *International Marketing Review*, Vol. 18. no. 3, pp. 286-300.
35. Laroche, M., Kirpalani, V.H., Pons, F. and Zhou, L., (2001), "A Model of Advertising Standardization in Multinational Corporations", *Journal of International Business Studies*, Vol. 32, no. 2, pp. 249-266.
36. Levitt, T. (1983), "The Globalization of Markets", *Harvard Business Review*, (May-June), pp. 92-102.
37. Liefeld, J., Wall, M., Ji, Y., Xu, X., (1993), "Cue Interaction and Cue Type Effects in Product Choice: Conjoint Analysis of Choice Processes", in: Finlay, K., Mitchell A., Cummins, F., Wingrove, C., *Annual Convention of the American Psychological Association Division*, Vol. 23, Consumer Psychology, pp. 124-133.
38. Lin, L., Sternquist, D., (1994), "Taiwanese consumers' Perceptions of Product Information Cues: Country of Origin and Store Prestige", *European Journal of Marketing*, Vol. 28, no. 1, MCB University Press, pp. 5-18.
39. Lipman, J., (1988), "Marketers Turn Sour on Global Sales Pitch Harvard Gury Makes", *Wall Street Journal*, New Jersey: Princeton, (May 12).
40. Min Han, C., (1990), "Testing the Role of Country Image in Consumer Choice Behaviour", *European Journal of Marketing*, Vol. 24, no. 6, pp. 24-39.
41. Morello, G., (1984), "The 'Made In' Issue: A Comparative Research on the Image of Domestic and Foreign Products", *European Research*, Vol. 12, no. 1, pp. 5-21.
42. Nachmias, F.C., and Nachmias, D., (1996), *Research Methods in the Social Sciences*, Fifth Edition, London: Edward Arnold.
43. Niffenegger, P., White, J., Marmet, G., (1980), "How British Retail Managers view French and American Products", *European Journal of Marketing*, Vol. 14, no. 8, MCB University Press, pp. 493-508.
44. Olson, J.C., and Jacoby, J., (1983), "Cue Utilisation in Quality Perception Process", In advances in Consumer Research, *Association for Consumer Research*, Ann Arbour, pp. 167-179.
45. Papadopoulos, N., Heslop, L.A., (1993), "Product-Country Images, Impact and Role in International Marketing", *International Business Press*, p. 338.
46. Patterson, P., Tai S.K., (1991), "Consumer Perceptions of Country of Origin in the Australian Apparel Industry", *Marketing Bulletin*, Vol. 22, no. 2, pp. 31-40.
47. Prahalad, C.K., and Doz, Y., (1986), *The Multinational Mission: Balancing Local Demands and Global Vision*, New York: The Free Press.
48. Quelch, J.A, and Hoff, E.J., (1986), "Customizing Global Marketing", *Harvard Business School*, Vol. 64 (May/June), pp. 59-68.
49. Ritzer, George (2004), "The Globalization of Nothing", *Thousand Oaks*, CA: Pine Forge Press.
50. Roostal, I., (1963), "Standardization of Advertising for Western Europe", *Journal of Marketing*, Vol. 27 (October), pp. 15-20.
51. Ruigrok, W., and Van Tulder, R., (1995), *The Logic of International Restructuring*, Routledge: London.
52. Samiee, S., Jeong, I., Pae, J.H., and Tai, S., (2003), "Advertising Standardization in Multinational Corporations: The Subsidiary Perspectives", *Journal of Business Research*, Vol. 56, no. 8, pp. 613-626.
53. Saunders, M., Lewis, P., and Thornhill, A., (1997), *Research Methods for Business Students*, London: Pitman.
54. Schooler R.D., (1965), "Product Bias in the Central American Common Market", *Journal of Marketing Research*, Vol. 3, no. 11., pp. 394-407.
55. Schooler, R.D., (1971), "Bias Phenomena Attendant to the Marketing of Foreign Goods in the US", *Journal of International Business Studies*, Vol. 2, no. 1, pp. 71-81.
56. Schooler, R.D., and Sunoo D.H., (1969), "Consumer Perceptions of International Products", *Social Science Quarterly*, Vol. 49, March, pp. 886-890.
57. Smith, W.R., (1993), "Country-of-Origin Bias: A Regional Labelling Solution", *International Marketing Review*, Vol. 10, no. 6, MCB University Press, pp. 4-12.
58. Szymanski, D.M., Bharadwaj, S.G., and Varadarajan, P.R., (1993), "Standardization versus Adaptation of International Marketing Strategy: An Empirical Investigation", *Journal of Marketing*, Vol. 57 (October), pp.1-17.
59. Vrontis, D. (2005), "The Creation of the AdaptStand Process in International Marketing", *Journal of Innovative Marketing*, Vol. 1, no. 2, pp. 7-21.
60. Vrontis, D. (2003), "Integrating Adaptation and Standardisation in International Marketing", *Journal of Marketing Management*, Vol. 19, no. 3 & 4, pp. 283-305.
61. Vrontis, D. and Vignali, C., (1999), *An International Marketing Reader*, UK: The Manchester Metropolitan University.
62. Wall, M., Liefeld, J., and Heslop, L., (1991), "Impact of Country of Origin Cues on Consumer Judgements in Multi-cue Situations: A Covariance Analysis", *Journal of the Academy of Marketing Science*, Vol. 19, Spring, pp. 105-113.
63. Wallace, W., (1971), *The Logic of Science in Sociology*, Chicago: Aldine Atherton.

64. Yip, G., (1989), "Global Strategy: In a World of Nations?", *Sloan Management Review,* Vol. 31 (Fall), pp. 29-41.
65. Zhang, J., and Yoon, D., (2005), "Cultural Values Reflected in Chinese and American Web Service Advertising", *Presented at the annual conference of Association for Education in Journalism and Mass Communication*, San Antonio, Texas.
66. Zhou, N., and Belk, R., (2004), "Chinese Consumer Readings of Global and Local Advertising Appeals", *Journal of Advertising*, Vol. 33, no. 3, pp. 63-76.

Appendix

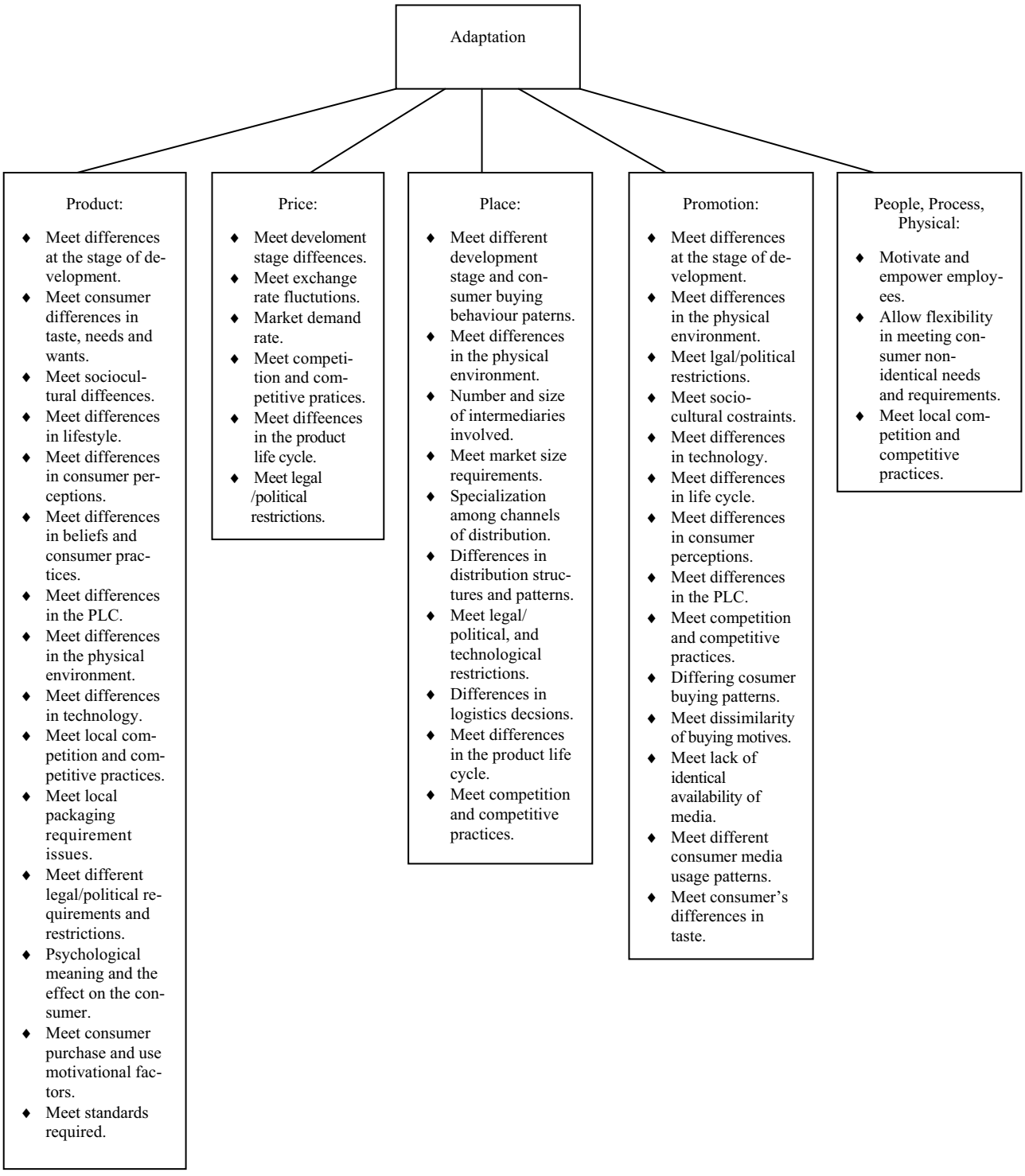

Fig. 1. Why do UK multinational companies adapt?

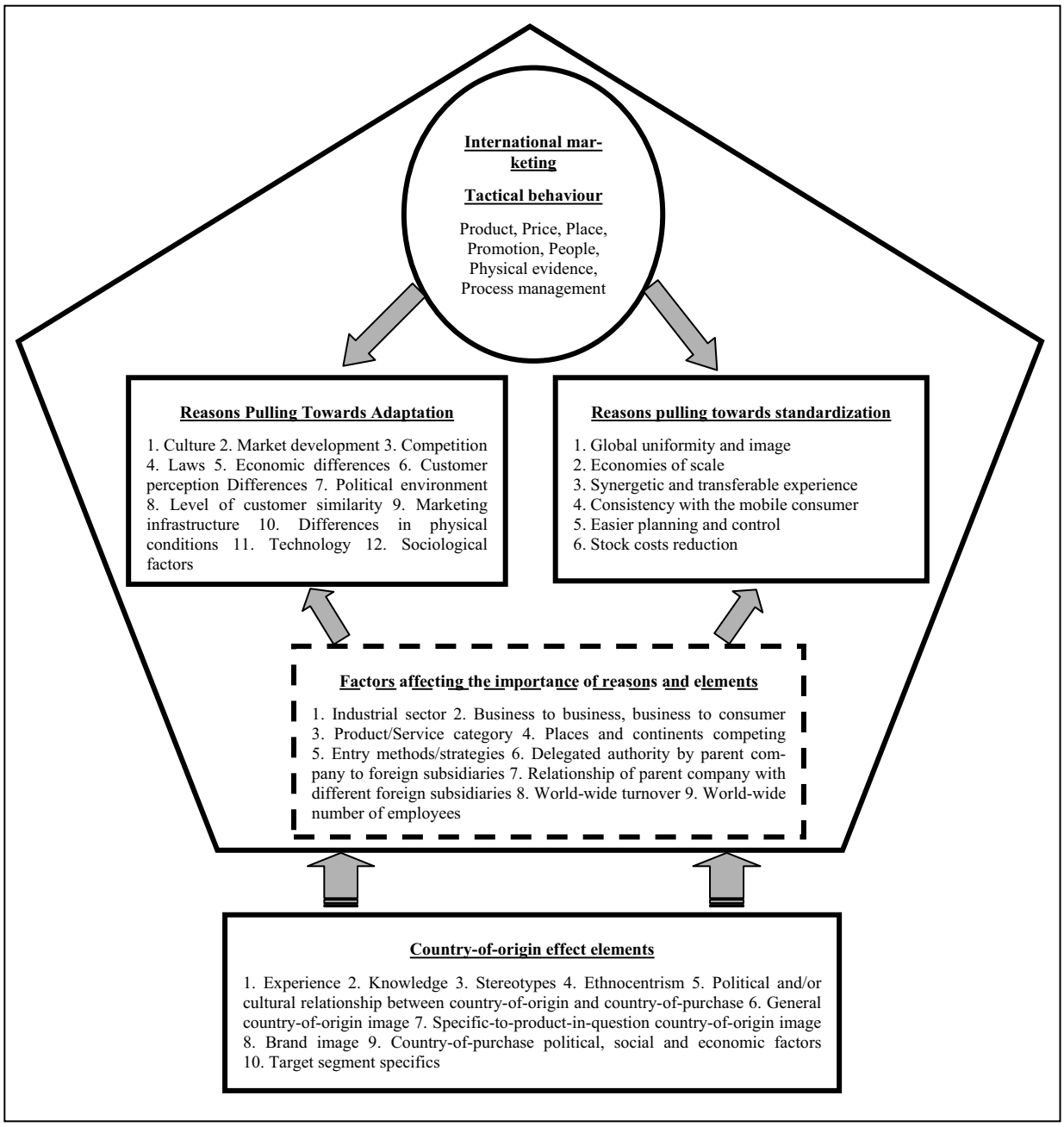

Fig. 2. The internationalization factors model