Antecedents, Policies and Practices of Promotional Standardisation Strategy: A comparison of British MNC's a Advertising Agencies in three countries across the Europea Union.

By

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***"There lies the substance…."* William Shakespeare (1564-1616), British dramatist, poet. King Richard, in Richard II, act 4, sc. 1, l. 295-9.**

Abstract

The aim of this thesis is to provide a new insight into the "cause-effect" chain that "traditional" research on international promotional standardisation has neglected. A theory will be used as a conceptual base to formulate the research framework. This will identify key environmental and internal strategic factors as drivers and consequences of MNCs subsidiaries and Agencies' promotion standardisation decision making which, in turn affects the level of standardisation of these promotional elements – Advertising Strategy, Sales Promotion and the impact of the Internet on Promotion.

This framework allowed the researcher to formulate further hypotheses and the design of a questionnaire to test these hypotheses and carry out the necessary empirical research and collection of primary data. 300 British MNC's were compared across the UK, France and Germany. In-depth Interviews were conducted after the questionnaire to further confirm the findings from the questionnaire.

The framework supports the notion that there are antecedents that drive promotional standardisation. An additional contribution is that the model also looks at the impact of standardisation on promotion more fully than before and adds a valuable contribution in Internet Promotion. The thesis finds that, on average, managers reported that Standardised Advertising Strategy and Sales Promotion is fairly high across these markets in the EU with Internet Promotion being the highest

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Chapter 1

Introduction and Background

1.0   Introduction

The standardisation of promotion is one of the most researched topics in international marketing, having been formally studied in the academic literature for almost 50 years (Elinder 1961). In recent years, however, researchers have begun to recognise that the traditional "global-versus-local" debate is becoming pointless, because it has been realised that the issue is not the extent to which a promotional campaign for a brand can completely standardise, but to what degree it is possible to standardise a company's brand's campaign throughout the world. The Internet has also had an impact on the degree to which it is possible to standardise a company's brand campaign. Multinational corporations (MNCs) operating in European markets are now facing more pressure to generate more comprehensive marketing strategies on the web (Laroche et al 2001). The standardisation debate today also, has become materially different from the last thirty years, as the retailers have replaced the manufacturers as the people with power. According to (Vargo and Lusch 2004), the appropriate model for understanding marketing may not be one developed for the role of manufacturing in an economy.

Thus, this thesis will aim to look at the Antecedents, Policies and Practices of Promotional Standardisation Strategy. According to Theodosiou and Leonidou (2003), antecedent factors refer to all those background forces that influence the firm's decision to standardise or adapt its international marketing strategy. This will look at a comparison of British MNCs and Advertising Agencies in 3 countries

across the European Union. Namely: United Kingdom, where we will be looking at examples of British companies by ownership and France and Germany, where we will be looking at the operation of British Subsidiaries. Specifically, this will attempt to establish a theoretical framework in European markets where there has been little recent research into promotional practices by MNCs subsidiaries and Agencies operating in this region and including Internet Promotion in this study will provide a further contribution to the field (Please refer to Objective Two in Chapter 1.2 for further information on the need for this research).

1.1 Statement of the Problem

1.1.1 International Marketing

Within the field of international marketing, the debate over the amount of standardisation or adaptation of marketing is of long duration**.** The origin of the standardisation debate in marketing and advertising has been traced back to the 1920s, when David L. Brown, an advertising manager at Goodyear Tire and Rubber Company, stated that humanity possessed certain common attributes and that therefore it would not only be possible to standardise advertisements across countries but also logical (Brown 1923; Agrawal 1995; cited in Fastoso and Whitelock 2005). Many others came after Brown, but the everlasting standardisation debate was set off mainly by three authors: Elinder (1961; 1965), Fatt (1967) and Levitt (1983), who proposed standardisation as the only way to succeed in international marketing even if they did not add sound empirical evidence to their propositions (Fastoso and Whitelock 2005). Elinder (1961), considered the idea with regard to worldwide advertising. Roostal (1963) and Fatt (1964) further discussed the 'Global Village', which was first coined by Marshall McLuhan in 1964 (Paliwoda and Ryans 1995). Later in 1968, Buzzell widened the debate by stating that it would encompass not just advertising but the whole of the marketing mix. Buzzell (1968) argues that in the past, dissimilarities amongst nations have a led a multinational company to view and design its marketing planning in each country as a local problem. However, in recent years the situation has changed, and the experiences of a growing number of multinational companies suggest that there are real potential gains to consider in standardising the marketing mix elements. Nowadays, the commonly held belief among academics and practitioners is that the question is not *whether or not* to

standardise but *what* or *how much* to standardise (Fastoso and Whitelock, 2005).

However, according to Rugman et al (2004), most large MNCs have an average of 80% of total sales in their home triad region (Ohmae, 1985). Only nine firms among the largest Fortune 500 companies are unambiguously global. Rugman has gone further than most in arguing that there is no such thing as standardisation and regionalisation may be the best that companies can expect to achieve, for all others the dependency on the home region of the multinational continues to predominate.

An agency, which therefore is of special interest, is that of Ursula Gruber Communication International S.A. based in Paris, France and is reported to be the world's leading copy adaptation agency. They tailor international campaigns to local markets and cultures on 5 continents. They have over 30 years' experience and a network that embraces 30 countries. They have 2,000 clients (both advertisers and global advertising agencies), 35 of Fortune magazine's 'Global 500' and more than 500 national and international brands. This is further highlighted in Figures 2.2 and 2.3 respectively.

1.1.2   International Promotion

As stated above, over the past four decades, the standardisation versus adaptation of promotion in external markets has been extensively debated in the international marketing literature (Agrawal 1995). A standardised approach assumes that promotional content and strategy created at home can be effectively implemented in a host market, in translation where appropriate. A localised approach criticises the standardised assumption for not taking into account the economic, cultural and social aspects of a local environment. Decades of debate have also produced a compromise or contingency approach (Walters 1986), which contends that the choice of standardisation or localisation depends on case-specific environmental conditions (Onkvisit and Shaw 1999).

Given these arguments, many empirical studies have been conducted to determine the extent to which MNCs and Agencies standardise or localise promotional content in a variety of situations.

Recent findings in international advertising research include:

Laroche et al. (1999):

"For all countries, the degree of control is higher for strategic than for operational decisions. Advertising decisions are made by headquarters in France, by a combination of headquarters and multinational agencies in Germany, and by local agencies in the UK."

According to Sirisagul (2000):

"There are no significant differences in either use or degree of standardisation by MNCs from the U.S.A., Japan and Europe. The global advertising practices of the leading MNCs tend to have variations so similar that the results could not establish differences."

Chandra et al. (2002):

"The nature of the product was found to be a significant factor, but durable goods were negatively related to advertising standardisation. The more diverse the environments of markets, the more likely the firm is to standardise."

Samiee et al. (2003):

"The extent of advertising program standardisation of U.S. firms is positively influenced by organisational control, consumer similarity, advertising infrastructure, and competitive position."

However, little research has addressed the principal factors influencing standardisation decisions, with the two important exceptions of Laroche et al. (1999) and Samiee et al. (2003). The objective of this study is therefore to contemplate relevant research hypotheses on the Antecedents, Policies and Practices of Promotional Standardisation Strategy. This thesis will also attempt to establish a framework in Europe for promotional standardisation by MNC's and their Agencies in Europe, where there has been little recent research conducted.

1.1.3   Background – International Advertising defined and its significance

International advertising is hopefully about successful one-way communication of a message form and advertiser to a target audience. Often, it entails dissemination of a commercial message to target audiences in more than one country. Target audiences differ from country to country in terms of how they will perceive or interpret symbols or stimuli; respond to humour or emotional appeals, as well as in their levels of literacy and languages spoken so often the graphics have to take the place of written language, as with IKEA in the instructions for self assembly furniture. How the advertising function is organised also varies. In some cases, multinational firms centralise advertising decisions and budgets and use the same or a limited number of agencies worldwide. In other cases, budgets are decentralised and placed in the hands of local subsidiaries, resulting in greater use of local advertising agencies (Douglas and Craig 2002) and linked through a federation of advertising agencies.

International advertising can, therefore, be viewed as a communication process that takes place within multiple cultures that differ in terms of values, communication styles, and consumption patterns. International advertising is also a business activity involving advertisers and the advertising agencies that create ads and buy media in different countries. The sum total of these activities constitutes a worldwide industry that is growing in importance. International advertising is also a major force that both reflects social values, and propagates certain values worldwide. The media, which they employ, is also constantly changing as seen in the shift in developed countries

away from cinema and towards the Internet.

An important issue in determining international advertising strategy is whether or not to develop a global or regional advertising campaign that will be rolled out across a number of countries, or else to tailor communication to differences in local markets (Peebles and Ryans 1984). If the purpose of advertising is to develop a strong corporate or global image, a uniform global campaign is more likely to be used. When, on the other hand, the objective is to launch a new product or brand, or to more clearly differentiate the product or brand from other competing brands or products, local campaigns tailored to local markets are more often used. Therefore the question of how important the brand is to the company is raised and in terms of positioning is further explained in Chapter 3.8.4.

A global campaign offers a number of advantages. In the first place, it can be an important means of building a strong and coherent global image for the firm and/or its products worldwide. Use of the same image in different countries builds familiarity and generates synergies across world markets, which is increasingly important as air travel becomes more and more common across continents. Consumer mobility also carries with it expectations that brand names will stand for the same values internationally as well as exhibit product standardisation. It allows utilisation of good ideas and creative talent (both of which are scarce commodities) on a worldwide basis. In addition, use of a single campaign provides substantial cost savings in copy development and production costs. Conversely, development of multiple local campaigns can lead to duplication of effort and result in inconsistent brand images across countries and confusion in consumers' minds with regard to the benefits offered by the brand and corporate image.

While use of uniform advertising appeals offers a number of advantages, differences in customer perceptions and response patterns across countries and cultures, as well as media availability and government regulation are major barriers to use of a standardised campaign (although perhaps the Internet may overcome 'cultural resistance' as stated in Chapter 7.7). Even though technological developments allow adaptation of advertising appeals to different languages (for example, TV can have audio channels in two languages and Internet messages can be automatically translated), development of visual and verbal copy that works effectively in multiple countries poses many creative challenges.

Faced with this dilemma, firms may use a global umbrella campaign combined with local country or product-specific advertising. The global umbrella campaign develops a uniform image for the company or brand worldwide, often relying on consistent visual images and the corporate logo. Product-specific or country advertising builds on this image, modifying the appeal and providing information tailored to the local market. The objective of the umbrella campaign is to provide an integrating force, while local campaigns provide greater relevance to specific local customers and markets. The organisational structure (Please refer to Chapter 3.4.4) of the firm often plays a key role in the choice of global vs. locally adapted campaigns.

If international operations are organized on a country-by- country or geographical basis and operate as local profit centres with local advertising budgets, pressures exist for use of local advertising campaigns. If, on the other hand, the company is organised by product divisions, with centralised advertising budgets at corporate or regional headquarters, use of regional as stated in Chapter 1.1.1 (Rugman et al 2004)

or global advertising campaigns is more likely (Douglas and Craig 1995).

As discussed earlier, the debate over the standardisation or adaptation of promotion is of long duration. Consequently, it is paramount to understand promotional standardisation practices by MNCs and Agencies who operate in this European Union as the basis of the empirical work carried out in this thesis. This will focus on print media with regard to Advertising Strategy and Sales Promotion and also Internet Promotion e.g. Web 2.0. This is further explained in Chapter 3.4.1.

1.2 Aims and Scope of the Thesis

A review of the promotional standardisation literature will allow the development of a framework that will present the main schools of thought towards Antecedents, Policies and Practices of Promotional Standardisation Strategy: A comparison of British MNCs and Advertising Agencies in three countries across the European Union.

Therefore the aim of this study is to provide a new insight into the "cause-effect" chain that "traditional" research on international promotion standardisation has neglected. A theory will be used as a conceptual base to formulate the research framework. This will identify key environmental and internal strategic factors as drivers and consequences of MNCs and their subsidiaries and Agencies promotional standardisation decision making which, in turn affects the level of standardisation of these promotional elements – Advertising Strategy (Including Brand Positioning), Sales Promotion and the impact of the Internet on promotion.

Specifically, the research objectives are:

1. To examine the hypothesis suggested by the literature that key environmental and strategic factors can 'trigger' promotional standardisation strategy formulation for MNCs and their subsidiaries and Advertising Agencies' across the UK, France and Germany.

2. To develop a framework that will serve as a theoretical base for the primary research, which will examine the promotional practices of MNCs and their Agencies in the UK, France and Germany. The framework will be based on Zou and Cavusgil's (2002) GMS theory (Global Marketing Strategy – **see figure 1.1**), which predicts that companies with internal orientations and external conditions more conducive to standardisation, will be more likely to employ promotional standardisation. The external factors being – advertising infrastructure, market/customer similarity and competition across these markets. The strategic factors being – the extent they use a global brand image across these markets; whether there are cost savings to be made; cross market segmentation and the decision making of the firm (centralised at HQ and decentralised towards subsidiaries).

Figure 1.1
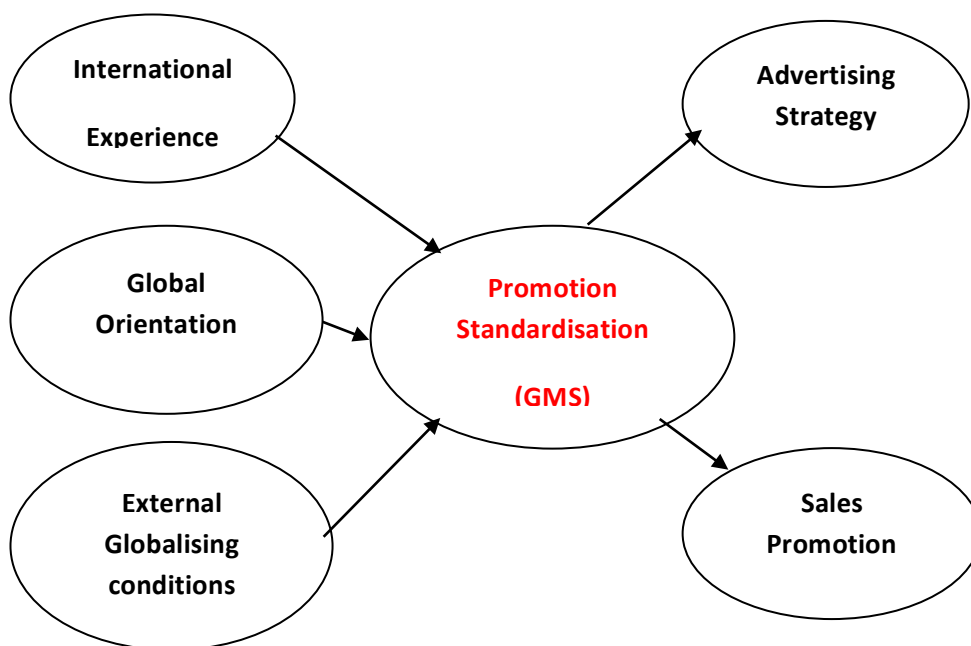
Source: Zou and Cavusgil (2002)

The promotional elements will be Advertising Strategy and Brand Positioning; Sales Promotion (elements that Zou and Cavusgil included in the GMS model and will be looked at in greater depth – except brand positioning) and Internet Promotion to take account of important trends and developments over the last few years. As stated in Section 1.0 by Laroche et al. (2001), the Internet has also had an impact on the degree to which it is possible to standardise a company's brand campaign.

It is therefore important to look at GMS from the perspective of the impact of the Internet on the standardisation of promotional strategies. Finally, as stated in Chapter 3.8.4, there has also been the emergence of brand positioning strategies in advertising that parallel the growth of the global market place and it is important to look at GMS from the perspective of the impact of brand positioning and standardisation of promotion strategies. This creates a

clear contribution to the field with the inclusion of Brand Positioning and Internet Promotion.

3. This framework will allow the researcher to formulate further hypotheses and to design a questionnaire to test these hypotheses and carry out the necessary empirical research and collection of primary data. This will confirm whether companies with internal orientations and external conditions more conducive to standardisation will be more likely to employ promotional standardisation (Meaning Advertising Strategy and Brand Positioning; Internet Promotion).

4. To develop a framework that can be used by MNCs, their subsidiaries and Advertising Agencies in order for them to address the principal factors influencing promotional standardisation practices.

The present study contributes to the literature in two ways. In the past, too much research has focused on whether a firm should standardise in a given environment. However, there have been few attempts to explore the principal factors influencing standardisation decisions with the exception of Laroche et al. (1999) and Samiee et al. (2003). This will confirm Objectives One and Two.

Second, the theoretical framework proposes a series of research hypotheses that can be tested by primary research among MNCs and Agencies operating in these European markets. As stated in Objective Three, this will confirm whether companies with internal orientations and external conditions more conducive to standardisation will be more likely to employ promotional standardisation (Advertising Strategy and Brand Positioning; Internet Promotion). This future survey seeks to substantially update and improve findings on promotional standardisation practices (as stated above with regard to Zou and Cavusgil 2002) from the

perspective of three countries in the European Union (Objective Four).

The rationale/justification for the selection of these three countries is that they are among the largest national economies in Europe, and they have the largest advertising spending in Europe. **Table 1.1** shows why the chosen countries were considered to be important markets – The GDP is highest for the UK, France and Germany; which have significant advertising expenditure in both an aggregate and per capita level in comparison to the other countries in the table. It was considered that these markets were sufficiently homogenous in terms of religion, culture, stage of economic development and media characteristics (Harris and Attour 2003).

Table 1.1: Advertising Spending- UK, France, Germany, Italy and the Netherlands.

Countries	GDP (Euros)	GDP per capita (Euros)	Advertising expenditure (Euros)	Advertising as % of GDP	Ad spend per capita (Euros)
UK	1334.6	22,239	16,970	1.19	289
France	1804.9	30,493	8,590	0.66	145
Germany	2701.6	32,822	16,578	0.90	202
Italy	1225.3	22,239	6,998	0.64	121
Netherlands	502.5	31,432	3,339	0.88	207

Source: World Advertising Resource Centre (2010).

This research has the potential to create contribution to extant knowledge in that it substantially updates the findings from Zou and Cavusgil's (2002) GMS model by offering a more detailed analysis of promotional activities – this thesis explores Advertising and Sales Promotion in far greater depth than the authors who researched that the execution of the advertising varies greatly from one country market to another; and the use of very different techniques for sales promotion in different country markets. This thesis also took 'External Globalising Conditions' and 'Global Orientation' (please refer to figure 1.1) from the GMS framework and named these 'Environmental Variables' and 'Strategic Factors' respectively (please refer to figure 3.2) and broke these down into further variables to provide a further contribution to extant knowledge. Finally, in terms of a valuable contribution to extant knowledge Internet Promotion was also studied which was not included in the GMS framework. It is important to look at this growing area of promotion as little research has been conducted in this area in terms of the potential impact of the Internet on promotional standardisation strategy.

1.3   Overview of the Thesis

The thesis is divided into seven chapters:

Chapter One defines the research area and statement of the problem. It provides an overview of the aim and objectives of the study and it outlines the structure of the thesis. It also provides a general background and defines International Marketing and Promotion and its significance.

Chapters Two and Three examine the topic of International Marketing and Promotional Standardisation and review the literature relevant to the main research

objectives of the study, which span an open, critical, debate among the supporters of International Standardisation and Adaptation of Marketing and Promotion.

Chapter Two presents an overview of the standardisation literature. It describes its impact on Marketing and will then focus more on Promotion (Advertising and Brand Positioning). Chapter Three suggests the key environmental and strategic factors that can affect the level of this promotion standardisation across these three countries **(Objective One).**

It details a framework of key environmental and strategic variables from the literature review. This framework summarises the main arguments of the different schools of thought towards the issues involving promotional standardisation **(Objective Two).** Sales Promotion and Internet Promotion Standardisation are developed in this Chapter. This is of paramount importance as it enables the formulation of hypotheses, and sets the base for the empirical design, collection and analysis necessary for this thesis **(Objective Three).**

Chapter Four of the thesis discusses the research methodology. This chapter is divided into two major sections. The first section concerns the philosophical positioning of this study and the underpinning rationale of selecting the positivist philosophy. This chapter discusses and responds to the criticisms made by other schools of thought on the selected approach and highlights the long-standing debate in social sciences about the most appropriate philosophical position from which research methods should be derived. The second section of this chapter involves the research methodology and research design adopted, consisting of a plan and structure as to how explanation could be obtained. It deals with sample selection as well as

designing, piloting, administration and analysis of the questionnaire survey in a way to achieve the highest response rate possible. During the design of the Questionnaire - as part of the first stage of a mixed-method approach - several Qualitative in-depth interviews were undertaken with academics and practitioners. The interview schedules are discussed in the Methodology Chapter (Please refer to Chapter 4.4.6).

Chapters Five and Six constitute an analysis of the research and discussion of the findings. The empirical research is analysed quantitatively in Chapter Five; Chapter Six introduces several Qualitative in-depth interviews undertaken with Advertising Agencies as part of a mixed-method approach. The quantitative analysis in Chapter Five summarises the major characteristics of the firms that responded to the survey, and aims to identify a representation of the collected questionnaires relative to the total sample. It then presents the characteristics and attitudes of the respondents so as to provide a fuller picture of the participating organisations. Moreover, it examines the primary hypothesis deriving from the literature that key environmental and strategic factors can affect the level of promotion standardisation across these 3 countries (Objective One). Specifically, it examines the five hypotheses in Chapter 3.2.1. Chapter Six uses qualitative analysis in order to reinforce the results deriving from the questionnaire so as to lead to a more coherent and integrated process.

Finally, Chapter Seven concludes the findings of the research in order to develop a theoretical and practical contribution to knowledge. The First Section examines the extent to which the research objectives have been achieved and it discusses whether hypotheses were verified or rejected. Section Two presents the main conclusions of the study and Section Three discuses the contributions to knowledge that this thesis will hope to make. Section Four details the managerial implications for marketing

managers and practitioners **(Objective Four).** In the final section of Chapter Seven, limitations of the present research study and possibilities and directions for future research are discussed.

Conclusion

This chapter has defined the research area and theoretical research problems. It has outlined the research aim and objectives of this study and provided an overview of intended content. Finally, it has provided a general background on the evolution of advertising standardisation internationally and its importance for this research.

Chapters Two and Three will deal with the literature review; they examine the current theory and the extant research relevant to this subject area. Chapter Two specifically deals with standardisation and adaptation of marketing/promotion, while Chapter Three examines the key environmental and strategic factors that can affect the level of promotional standardisation within a European context.

Chapter Two

Literature Review – Overview of International and Promotional

Standardisation.

2.0   Introduction

The literature review for this thesis will be discussed in the next two chapters: Chapter Two and Chapter Three. It will examine International Marketing and then narrow down by focusing in on International Promotion. This will review the literature, which is relevant to the main research objectives of this study.

Chapter Two is divided into Seven Sections. Section One will introduce the critical debate and differences between international adaptation and standardisation. It will provide an overview of the arguments, which are derived from the supporters of these two schools of thought. Section Two will examine this critical debate in greater depth and detail. Section Three will examine the literature on the standardisation of promotion.

Section Four will then explain International Advertising Standardisation further and Sections Five and Six will include the advocates and opponents of International Advertising. Section Seven will discuss the recent findings in International Advertising Research. Section Eight will introduce branding and also bring to the fore brand positioning as this is a part of advertising strategy in Chapter 3.8.4. Section Nine will look at the Internet and Promotion. This will lead to Chapter Three of the thesis, which will argue that key environmental and strategic factors can affect the level of promotional standardisation in a European context. Consequently, these two chapters will form the development of the framework outlined in Objective Two

and will constitute the basis of both the questionnaire design and the empirical investigation and analysis of the findings (Objective Three).

2.1 Adaptation vs. Standardisation: An Introductory Overview

As was discussed in Chapter One, within the field of international marketing, the debate over the amount of standardisation or adaptation of marketing is of long duration, as there appears to be three different directions in terms of research on standardisation.

As stated in Chapter 1.1 the first stream argues in favour of standardisation. Keegan (1969) proposed looking at the issue of standardisation vs. adaptation from both the product and promotion points of view. He described five qualitatively different strategies, which could arise from crossing the product-standardisation-versus-adaptation dimension with the promotion-standardisation-versus-adaptation dimension. The argument in favour of standardisation was cogently proposed by Levitt (1983), who argued that the forces of globalisation driven by technology were homogenising markets and that marketers needed to take advantage of this trend by following a standardised marketing strategy. Levitt felt that consumers would welcome this standardisation as it created availability of product together with uniformity of quality and a lower price. Ohmae (1985), focusing primarily on the 'Triad' market consisting of the USA, Japan and Europe, suggested that these markets were fairly homogeneous and since these markets were amongst the major markets in the world economy, a strategy of standardisation was the appropriate one to follow. The primary argument of the proponents of standardisation therefore rests on the assumption of a homogenisation of demand worldwide.

This homogenisation of demand expresses itself in a worldwide consumer demand for high quality and low costs due to the impact of technology. In addition, Levitt argues that firms should take advantage of technology by adopting a standardised approach that will result in the availability of products of high quality and low cost for world markets (This is further developed with regard to the impact of Internet Promotion).

However, other supporters of international adaptation argue that tailoring the marketing mix elements is vital in order to meet the demands, the needs and wants of the target market and so have pointed out that markets continue to be different in spite of the forces of globalisation. Boddewyn et al (1986) argued that the evidence for standardisation was weak and that standardisation was not a 'must' to compete in global markets. Douglas and Wind (1986), questioned the feasibility and benefits of a standardised approach, noting that in many cases, the costs of production may not be a significant part of the total cost for the firm to enjoy economies of scale. In addition, there are too many differences between countries and too many constraints in different markets for a standardised approach to be feasible.

Research supporting a contingent view of standardisation has identified a number of different factors on which standardisation would be contingent (Douglas and Wind, 1986; Jain, 1989; Shoham, 1999; Solberg, 2000 and 2002). The list of factors is diverse and includes economic factors such as economies of scale; competitive factors such as competitor similarity and competitive position; environmental factors such as the legal, political and economic environment; and organisation factors such as corporate orientation and headquarters-subsidiary relationship (This is further developed in the conceptual framework in Chapter 3.2.1).

A third and more recent stream of research focused on developing a contingent framework that suggests degrees of standardisation. Quelch and Hoff (1986) stated that many people view Global Marketing as an either/or proposition: Standardisation vs. Adaptation. They provided a framework for structuring the different areas of the marketing function as the business shifts to a global approach. Quelch and Hoff (1986), point out that how far a company can move towards a global approach depends to a great degree upon its evolution, traditions and current organisational structure.

Jain (1989) developed taxonomy of five different factors that impact standardisation: target market factors, market position factors, nature of product related factors, environmental factors and organisational factors (This is further developed in Chapter 3.1).

Cavusgil et al (1994), support the contingency framework (Quelch and Hoff 1986), and suggest that the degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labelling, and promotional approach) are significantly influenced by company, product/industry and export market characteristics.

2.2   Adaptation vs. Standardisation of Marketing: The Debate

As stated in Chapter 1.1 by Rugman et al (2004), the supporters of international adaptation state that when practising international marketing, a company goes beyond exporting and becomes much more directly involved in the local marketing environment within a country or market.

Supporters of the international adaptation approach believe that international marketing is exciting. Czinkota et al (1998), state that this is so because it combines

the science and the art of business with many other disciplines e.g. economics, anthropology, cultural studies, geography, history, languages, statistics, demographics and many other fields.

Many believe that adaptation is essential as a result of various constraints. According to Van Mesdag (1987), people in different countries speak different languages and rules and regulations differ across national borders; for example 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.

According to Vignali (2001), in many circumstances, a company will have to adapt their product and marketing mix strategy to meet local needs and wants that cannot be changed. McDonalds is a global player, however, their burgers are adapted to local needs. In India, where a cow is a sacred animal, their burgers are served with chicken or fish. In Mexico, burgers come with chilli sauce. Coca-Cola in some parts of the world tastes sweeter than in others. One can argue that standardisation is better for the organisation because it reduces cost, however, many organisations will have to 'think global, but act local' if they are to successfully establish themselves in foreign markets. Organisations must accept that differences in values, customs, languages and currencies will mean that some products will only suit certain countries and that as well as there being global markets e.g. for BIC and Gillette

razors, and for Coca-Cola drinks, there are important regional differences - for example, advertising in China and India needs to focus on local languages.

The product must possess characteristics that make it acceptable for the market - these may be features like size, shape, design, performance and even colour. For example, red is a popular colour in Chinese-speaking areas but the significance of colour also needs to be considered. Red symbolises good fortune and joy, green is for health, prosperity and harmony while yellow is considered to be the most beautiful colour. It is the colour of Imperial China and symbolises good luck. It also means freedom from worldly cares and so has been widely adopted by Buddhists. Colours that are important and meaningful to consumers cannot be ignored by their suppliers. In addition, organisations have to consider different languages, customs and health and safety regulations. Organisations also have to consider different languages, customs and health and safety regulations.

On the other hand, the supporters of standardisation, believe that the world is becoming a common marketplace in which people, no matter where they live, desire the same products and lifestyles.

Levitt (1983) stated that if a company forces costs and prices down and pushes quality and reliability up, whilst maintaining reasonable concern for suitability, customers will prefer its globally standardised products. The theory holds, no matter what conventional marketing research and even common sense may suggest about different national and regional tastes, preferences and needs. Levitt uses "the fox and hedgehog" as an example - The fox, knows a lot about a great many things and congenially adapts to supposed differences, but the hedgehog knows everything

about one great thing. It knows the absolute need to be competitive on a worldwide basis and seeks constantly to drive down prices by standardising what it sells and how it operates.

The force driving this process is technology, which has facilitated communication, information capital, transport and travel. Thus, the recent resurgence of interest in standardisation is attributed to global influences such as TV e.g. Satellite TV, SKY TV, BBC World and CNN; Films; Widespread travel/increased tourism e.g. More travel routes and low cost airlines; Telecommunications e.g. mobile technology such as the Smartphone (IPhone 4s) and the Computer (MacBook Pro) e.g. **The Internet** can be used to communicate with people all over the world and can help smaller firms compete on a global basis. Through this flow of information, it is argued that consumers have become global citizens and so must the companies that want to market them (This is further developed in Chapter 3.10).

Companies like Gillette, Coca-Cola, United Airlines, BIC, Cadbury-Schweppes, Ford and Mars have brands that are recognised across the globe. Many of the products that these businesses sell are targeted at a global audience using a consistent marketing mix. In the case of Mars, the company uses the homogenised branding of Snickers, M&M'S and Starburst on a global basis. The Ford Focus is also sold on both sides of the Atlantic. The aim of multinational companies is the creation of global products, which are easy to make, package and advertise and this can be enormously cost-effective. Therefore it may be argued that, rather than tailor a marketing approach to any individual market, it is more cost effective to develop a standardised marketing program.

It is now essential to investigate the literature in depth on promotional standardisation: Chapter Two: Sections 2.3 - 2.7 will outline the advocates and opponents of standardisation from the point of view of advertising and the findings arrived from the issues influencing advertising standardisation. Chapter Two: Section 2.8 will outline Branding and Brand Positioning. These sections will help to identify key environmental and strategic factors as drivers and consequences of MNCs and Agencies promotional standardisation decision-making (Chapter 3 - Section 3.1). Based on these two sections a framework (Chapter Three – Section 3.2) of environmental and strategic factors has been developed (Objective 2).

2.3   International Promotion Standardisation

According to Griffith el al (2002):

"Promotion standardisation is a determination of the degree to which the underlying elements of a firm's promotional campaign can be standardised."

As indicated more extensively in Chapter 3.2, given that Zou and Cavusgil (2002) defined promotional standardisation as one of the GMS dimensions (see figure 1.1), the principle of "fit" between a firm's strategy and its environment will be applicable to promotional management. In the context of Europe, EU convergence may provide a clearer example of how environmental change may affect strategy formulation. In the following sections, one will attempt to propose key environmental variables and strategic factors as antecedents of promotional standardisation in these countries across the European Union. Zou and Cavusgil (2002), developed measures for promotional standardisation on the basis of Cavusgil and Zou's (1994) work. These were intended to gauge the degree to which a MNC's promotional mix (e.g. these

measures were advertising and sales promotion as they work side by side usually and are deemed the promotional approach taken by the company) are standardised across the markets.

As the authors covered the 4P's of the Marketing Mix - which are Product, Price, Place and Promotion (McCarthy 1960) - on a general basis, a limitation of the study was that it didn't look at great depth in one element such as promotional standardisation. Zou and Cavusgil (2002) also suggested looking at other external and internal factors impacting upon promotional strategy. This thesis will seek to do this with regard to Advertising Strategy (Including Brand Positioning) and Sales Promotion. It will also look at promotion from the point of view of the Internet – this will present a clear contribution to the literature and substantially update the findings of Zou and Cavusgil (2002).

2.4 The Standardisation Literature on Advertising

According to Duncan and Ramaprasad (1995), standardisation concerns maintaining uniformity of the basic components of a multinational advertising campaign (brands and their advertising which spans more than one country) – in terms of strategy, execution and language. They also surveyed executives in international advertising agencies, who described a relatively high incidence of standardised international campaigns, at both the strategic and execution levels, for branded products.

What is standardisation of advertising? One can take a very strict approach and claim that an advertisement must be identical across markets to qualify as standardised. However, this strict definition is not very practical since almost no advertisements would qualify as standardised; for instance, this definition would exclude advertisements in which only the language has been adapted. All promotional efforts must be adapted to some degree even if that only means a translation into the local language (Harvey, 1993). Onkvisit and Shaw (1990) suggest that, strictly speaking, an advertisement is global only if it is virtually unchanged in all countries except for translation e.g. the images shown in ads for Drakkar Noir in the UK and Middle East where arms were covered up.

There is also a possibility that some elements of the advertising process can be standardized while others must be adapted. For instance, a corporation must adhere to local regulations that may prohibit some elements from being standardised while the process to make the advertisement may be standardised. There may be the issue of music and colours represented.

2.4.1   Which parts of the advertising process can be standardised?

Some parts of the advertising process can be standardised while others need to be adapted (Harvey, 1993). For instance, a corporation can standardise the marketing process, but this does not necessarily mean that the marketing programme is standardised. Onkvisit and Shaw (1990) claim that the process lends itself very easily to standardisation but this does not imply that the marketing programme needs to be standardised. A corporation can standardise the market strategy (target segment and positioning) but this does not imply that the tactics (implementation) must be standardised. The strategic-set variables are advertising objectives, test market decisions and final decision. The tactics-set variables are advertising theme, marketing research, copy layout, control of advertising budget and media selection (Kirpalani et al, 1988). In addition, Tai (1997) found that strategic decisions are easier to standardise, but tactical decisions depend on the competitive environment and cultural background.

According to Tai (1997), the definition of strategic decisions is those related to target audience, positioning, advertising objective and main theme. Melewar et al (2000) found that decisions for companies in the Middle East about positioning and the main theme were taken at the headquarters; decisions about target segment, creative execution and media strategy decisions were taken locally. The conclusion is that some parts of advertising process can be standardised while others can be adapted. Melewar et al (2000), state that academics seem to agree that strategic decisions are more likely to be standardised than tactical decisions. Melewar et al (2009) suggests that recognition of the impact of competition, culture, education, marketing institution and consumer related determinants have increased in importance over the

years, affecting decisions of advertising theme, creative expression and media mix. Of these, advertising theme is the easiest and most appropriately standardised theme, whereas, creative expression and media mix are most susceptible to adaptation as per the requirement of the MNEs

2.4.2   Schools of thought regarding advertising standardisation.

There are two dimensions to advertising strategies. The first dimension is to what extent an advertisement or a campaign is standardised and the second the geographical coverage of the campaign. There are three basic schools of thought regarding advertising standardisation (Onkvisit and Shaw, 1990; Melewar and Vemmervik, 2004). They are as follows:

(1) Standardisation – proponents of the standardisation school assume that due to faster communication there is a convergence of markets and that consumers are becoming increasingly similar.

(2) Individualisation (or adaptation) – proponents of the adaptation school point to cultural differences as barriers to standardisation and conclude that advertising must be adapted to take account of these differences.

(3) Compromise – proponents of this school recognise local differences but also that some degree of advertising standardisation is possible.

Moreover, the following authors have identified different schools of thought:

The standardisation school challenges the belief that markets are homogeneous and that an adapted approach is necessary. The standardisation school assumes that markets are driven "toward a converging commonality" (Levitt, 1983) by technology and increased communication. Proponents of this school assume that art, literature, tastes, thoughts, religious beliefs, culture, living conditions, language, and, as a

consequence, advertising is converging. Furthermore, they believe that even though people are different, their basic physiological and psychological needs are the same. This view is supported by Link (1988), who argues that more and more marketers recognise the need to build a global brand image and identity and that the resistance to global advertising should be overcome.

The adaptation school holds the opposite view compared to the standardisation school. The reason for adaptation of advertising is to create a differential advantage through local sensitivity and increased communications effectiveness (Hite and Fraser, 1990). Those who argue for adaptation generally point to differences among nations in terms of culture, stages of economic development, political and legal system, customer values and lifestyles (Cavusgil et al 1994). Proponents of this school argue that advertisers need to consider barriers to standardisation such as culture, taste, media availability and economic considerations. Owing to these differences it is necessary to develop adapted advertising programmes. Some scholars believe that advertising is more difficult to standardise than the other elements of the marketing mix. For instance, Boddewyn et al. (1986) state that advertising is more resistant to uniformity than are products and brands, and Hite and Fraser (1990) claim that advertising is more dependent on cultural influence than other marketing elements. Because of these characteristics, the visual and verbal parts of advertising are particularly sensitive and the use of local language, models and scenery increases the probability of the advertisement being effective.

The compromise school and continuum perspective is a middle-of-the-road school that not only recognises local differences, but also some degree of advertising standardisation is not only possible but also desirable (Onkvisit and Shaw, 1990).

One way to look at the compromise school is to view the standardisation versus adaptation as a continuum. Onkvisit and Shaw (1990) believe that the difference between standardisation and adaptation is in degree rather than kind and that the difference between them should be seen as a continuum. This view is supported by Link (1988) who argues that companies can be placed on a globalisation continuum. On the left side are companies with highly decentralised, multi-domestic operations and products. On the right side are the totally integrated and globally advertised brands and companies. In the middle are companies that increasingly standardise brands or products, but still adapt to local differences. A variant of the compromise school is the contingency perspective that suggests that there are factors within and outside the firm that determine the approach to advertising strategies. The contingency models identify the variables that potentially can affect the standardisation decision. Proponents of the contingency perspective include Harvey (1993), Grein and Gould (1996), Papavassiliou and Stathakopoulos (1997) and more recently Zou and Cavusgil (2002) on which the framework will be based.

2.5   Advocates of Advertising Standardisation

Advocates of International Advertising Standardisation base their arguments on certain common advantages of International Advertising. Examples of successful standardised advertising are – "We try harder" by Avis Rent-a-Car Co, which used this throughout the USA and Europe. Another example is Esso's "Tiger in your Tank" campaign, which was used throughout the world with considerable success (Terpstra et al 1997).

The most frequently cited reasons for giving support to Advertising Standardisation are as follows:

Economies of Scale

It is argued that MNC's utilising standardisation will reduce costs, in terms of artwork, copywriting, block production, printing, film production and creative staff. The cost to develop an individual campaign in many countries creates costs for photographs, layouts and the production of television commercials. According to Kotler (1997), Levi Strauss paid as much as $500,000 for one series of TV advertisements, "contrast this with 30 seconds at the Superbowl!" By using its advertisements in many countries, the company has saved on production costs. Therefore the company is able to spend more money on the original version and thus produce a better advertisement in terms of memorability.

Technological Changes

As stated in Section 2.2 Levitt (1983), claims that technology is the binding factor in keeping customers together e.g. Telecommunications and the Computer. Through this flow of information, it is argued that consumers have become global citizens and so must the companies that want to market to them. This leads to converging consumer needs, social change with people acquiring new habits, new conventions, new ways of dress and new ways of addressing each other.

The Influence of Global Media

This helps in homogenising tastes of Global consumers e.g. Satellite TV, SKY TV, BBC World and CNN; Films/TV e.g. 'CSI' the TV series is shown throughout the world, as was the 'X-Files'. Widespread travel/increased tourism e.g. more travel routes and low cost airlines. FHM is an International magazine for men sold worldwide and Playboy has been around since 1953 and is one of the world's best-

known brands (Guardian, 2009). In the business world Time, Fortune, The Economist and Business Week (used in this thesis in Section 2.8) are sold throughout the world. This leads to the creation of a 'Global Consumer'.

Increase in World Travel leading to homogenisation of consumer wants

With the substantial amount of international travel in developed Western Countries and the considerable overlap in media across national borders, companies are interested in creating a single image and promotional campaign to avoid any confusion caused though local campaigns that may conflict with each other. The Avis rent-a-car company, for example, have achieved considerable success in Europe with the "We're Number Two. We Try Harder" slogan that it had previously introduced in the USA (Independent, 2011).

Creating world-wide uniformity

According to Fatt (1964), a growing school of thought holds that even different peoples are basically the same, and that an international advertising campaign with a truly universal appeal can be effective in any market. Terpstra et al (1997) state that standardisation is desirable and helps goods to appeal to an International Market. L'Oréal, the French Cosmetics Company, is one of many companies that aim for this using a French brand name throughout the world, as does the Swedish Furniture Company IKEA with their Swedish language brand names.

Synergetic Effects

According to Douglas and Wind (1986), good advertising practices are difficult to develop, and should therefore be used as widely as possible by transferring them from one country to another. Creative talent is scarce; if an advertiser has a

significant advertising idea, not only may it be wasteful but often 'suicidal' to change this idea just for the sake of change.

Psychological meaning

Foreign products can be perceived as being of high quality, and this 'foreign' element can be a unique selling point maximising its 'country of origin' image. Anheuser-Busch, a heavy advertiser of Budweiser beer in the USA, began advertising this beer in Canada. It was hoped that a 1 or 2 % market share would be attainable. However, it gained 8 % market share in several months. This was due to the successful carryover of US television advertisements for Budweiser into the Canadian market (Terpstra et al 1997).

2.6 Opponents of Advertising Standardisation

On the other hand, opponents of international advertising stress individual differences amongst countries, supporting their views with a number of blunders that have taken place whenever marketers were ignorant and insensitive towards these seemingly trivial details. The common point in these blunders is the lack of market knowledge in any given market. An example of this is cited in Ricks and Mahajan (1984), where Procter & Gamble blundered in Japan whilst trying to sell Camay soap. It aired a popular European advertisement showing a woman bathing. In the advertisement the husband touches the woman approvingly. However, the Japanese considered the advertisement to be in bad taste and inappropriate for television. The advertisement was no longer used and P & G understood that cultures vary from country to country, adapted accordingly and sales improved. P & G went onto make further mistakes with 'Wash and Go' in Poland which was so over and ill-advertised

that people coined a slogan: "I wash, my hair go" which turned into a blunder. Another 'Wash and Go" story from Poland was the following jingle: "Take 2 bottles into the shower? Not me, I wash and go!" The problem was then that Poland had no showers only deep bathtubs and was coming out of communism and its accompanying market shortages and so had not yet learned about conditioner so the jingle was totally odd! It became popular to go into a bar and ask for a Wash & Go - which meant a small shot of ice-cold vodka and a glass of water!

Authors who are opposed to standardised International Advertising mainly stress differences prevailing across countries regarding:

Cultural Constraints

In designing an effective campaign for a specific country, cultural components such as religion, aesthetics, education and social class level, family, customs, norms, values and attitudes should be considered (Vignali et al 1999). Cultural components may affect both the advertising message and the way it is expressed. For example, a whisky label in the United Kingdom will be perceived differently in another country such as Italy and Japan. In the United Kingdom the image tends to be underplayed, in Italy it is more tied to 'machismo' and in Japan the status value is about going with the majority (Hollensen, 2011).

What might be a quite normal illustration to the French might be quite unacceptable in the USA. For example Sony PlayStation's ad 'Reborn,' for example, won the 2003 Grand Prix for advertising at the Cannes Lions International Advertising Festival. The eye-popping photo image pushes the boundaries of taste and humour for some, showing a leggy supermodel giving birth to a twenty-something game fan. The

award-winning ad (please see **figure 2.1** below), created by TBWA, Paris, also

shows how hard it is to know how far is too far in an advertisement, especially for a

global marketer dealing with different cultures, stated Cheryl Berman, Chairman of

Leo Burnett Worldwide. Ads that delight in one part of the world might be too

extreme for the tastes of consumers and marketers in another. According to Berman

(2011), "That type of work (PlayStation's 'Reborn') would never see the light of day

in the good old USA."

Figure 2.1

Many advertising messages are not suitable for foreign markets. For example, the

Hertz slogan "Let Hertz put you in the driver's seat" translated into Japanese became

"Hertz will turn you into a chauffeur" (Berkman et al 1987).

Advertising Legislation and Political Restrictions

The law can restrict advertising – particularly with regard to the advertising message

and visual presentation. Regulations can vary from country to country. France does

not permit television advertising of a wide range of goods and services. This includes

cigarettes, tobacco and certain alcoholic drinks (Kotler 1997).

Kellogg's, the manufacturer of breakfast cereals, illustrates the importance of

adaptation in international markets. Kellogg's ran a 30 second advertisement produced for British TV. When the advert was ran in the Netherlands the references to iron and vitamins was deleted; A child wearing a Kellogg's t-shirt would be edited out in France as children are forbidden to endorse products on TV and in Germany claims of 'best ever' would have to be dropped as there are stringent rules against competitive claims. Kellogg's discovered that the 30-second advertisement would now be 5 seconds (Terpstra et al 2000)!

Consumers' Taste

When Budweiser entered the British market with its beer, it faced the problem that the British drink their beer at a warmer temperature than Americans. However, Budweiser doesn't taste very good warm. Therefore, the theme of the advertising campaign was the refreshing coldness of Budweiser beer (Terpstra et al 2000).

Media Availability

The availability of media also affects the development of an International Advertising campaign. If the same media were available everywhere and utilised to the same degree as cinema in India, international campaigns would benefit greatly. As this doesn't exist it can prevent a standardised approach. The media do 'massage the message' to some degree, and a campaign prepared for TV would clearly not be identical to one prepared for radio or print (Douglas and Wind 1986).

Literacy Rate

The limited personal purchasing power in developing countries, often combined with low levels of literacy, poses a set of problems for marketers. In developed countries,

a persuasive message will be required more than in a developing country – which will require a more informative one (Czinkota and Ronkainen 1995).

Standard of Living

For example, an international marketer of packaged foods in the Philippines must refrain from using high value, on pack premiums in consumer promotions; otherwise, the final price would be beyond the reach of most customers (Kashani et al 1990).

Differing Consumer Behaviour patterns

The role of the initiator, decider, buyer and user usually differs in various countries around the world. This forces marketers to adjust their marketing techniques accordingly in order to stimulate consumer's interest and meet their needs and requirements (Shimp 1993).

Language   Barriers

Ursula Gruber (2008) had to take a French press advertisement for Toulouse-Blagnac Airport and adapt it for future use in England (please refer to **figures 2.2 and 2.3** respectively) when it appeared in poster form for a trade fair display in 2008. The word French word 'pistes' (= runway and ski slopes in English) needed to be replaced with one that would function effectively in an English context.

Figure 2.2 - Execution: Original Advertisement in France

Figure 2.3 - Execution**:** an adaptation involving 2 copywriters, 1 editor and completed in 2 days.

Source: http://www.ursulagruber.com/indexGB.html

Consumer Ethnocentrism

According to Balabanis et al (2001), at the dawn of the twenty-first century, the world is experiencing a concurrent rise in two major forces: nationalism and globalisation. While it may seem odd to speak about nationalism in an era of intensified global consciousness (Roniger, 1995), nationalism is on the rise in various countries and has emerged as one of the main issues facing the world (Smith, 1995). In trying to reconcile the paradox of nationalistic resurgence at a time of global economic and technological interdependence, Smith (1995) argued that nation-states remain the primary object of loyalty in the modern world because a nation's "memory is central to identity." Indeed, the quest for a sovereign identity is driving much of the nationalistic sentiments today: as insecurities about globalisation grow, loyalty to the nation-state increases. This helps explain why, at an economic level, the upsurge of globalisation has failed to weaken economic nationalism (Nayar, 1997).

The construct of consumer ethnocentrism was developed as an economic form of ethnocentrism and encompasses issues such as one's fear of economically harming one's beloved country by buying foreign products, the morality of buying imported products, and a personal prejudice against imports (Sharma et al., 1995).

Shimp and Sharma (1987) developed a multi-item scale to capture consumer ethnocentric tendencies (the CETSCALE) and showed that consumer ethnocentrism explains why consumers prefer domestic over imported products (even when the latter are cheaper and their quality is evidently better). Herche (1994) showed that

consumer ethnocentrism could predict (with varying precision across product-categories) consumers' preferences to buy or own domestic as opposed to foreign products. Importantly, he demonstrated that ethnocentric tendencies are better predictors of import purchase behaviour than demographic and marketing mix variables (Herche, 1994). However, consumer ethnocentrism's predictive ability of buying intentions varies from country to country; for example, Good and Huddleston (1995) found it to be important for Poles but not for Russians intentions to buy foreign products.

2.7 Findings in International Advertising Research

According to Peebles, Ryans and Vernon (1977), 'Prototype' Advertising is international advertising, where the only essential difference between the advertising implemented in overseas markets is in terms of language. An example of this is IBM's 'subtitles' programme (McCulloch 1996). This international campaign reflected a communications strategy shift with a new emphasis placed on facilitating integration between IBM's business units and a desire to speak with one voice worldwide. 'Pattern' standardisation concerns the development of a single strategy for multiple overseas markets, but allows for some detailed modification to advertising activity to better meet specific market conditions." An example of pattern standardisation was provided by the Exxon global 2001 campaign developed around the theme that "we are drivers too"; where management wanted to project the same look and feel in all overseas markets targeted. This was accompanied by the production of "five hours of commercial footage to be used as a library by local

markets… six different casts act out essentially the same story lines, with local markets picking which vignettes to use" (O'Connell 2001).

Studies report mixed results regarding advertising standardisation, but the tendency is for advertising to exhibit a medium level of standardisation (Harris 1994). However, some studies have found that advertising is closer to the standardised end of the spectrum; (Harris and Attour 2003) distinguished between deploying the same advertising material across all or most markets (prototype standardisation) vs. more pragmatic pre-planned efforts to design the campaign for use in multiple markets and vary execution details as required (pattern standardisation). The above illustrates that multinationals are faced with very complex decisions regarding advertising standardisation. Rather than a simple choice between advertising standardisation vs. adaptation, there are many shades of grey in terms of possible types and degrees of standardisation. Given this, Harris (1994) has argued that it is important to clarify such standardisation forms labelled 'partial' or 'modified', given that the practices of firms falling into those categories can vary substantially.

There is some evidence that headquarters is more involved in making strategic advertising decisions compared with tactical decisions (Michell and Bright 1995; Tai 1997). In an overview of academic vs. practitioner oriented papers on advertising standardisation between the 1950's and the end of the 1980's, Agrawal (1995) found that academics have tended to favour either adaptation or contingency approaches to advertising, while practitioners have alternated between adaptation and standardisation prescriptions to a greater degree.

Solberg (2002) investigates the standardisation/adaptation issue in international advertising from an organizational perspective, introducing two variables: knowledge of local market conditions at the centre (exporter/headquarters level) and headquarters' influence on local marketing decisions. The author interviewed 150 Norwegian exporters by mail on their experience in this respect. The results reveal that the two dimensions indeed have some impact on how firms develop their international marketing strategies. Knowledge of local market conditions seems to play an overriding role, leading to a more standardised approach by firms. In contrast, firms that have a more relaxed stance on the standardisation issue and leave the marketing decisions to the local representatives seem to have better relations with these representatives than do other firms.

According to Chung (2003), the proposition is that an across-the-board standardisation strategy is not realistic in the home-host scenario. Managers should understand that some elements of their program and process (e.g., product) are more likely than others (e.g., promotion) to be standardised. The results of this study reveal that the spectrum of degree of standardisation of marketing program/process constructs is product —> process --> price --> distribution —> promotion. However, the findings indicate that it is possible to employ a highly standardised marketing program and process in the inter-market scenario if a careful analysis and evaluation of the cross-market similarity/dissimilarity is conducted – this thesis includes cross-market segmentation in the conceptual framework in Chapter 3.2.1

According to Okazaki and Mueller (2007), where we need to go with regard to methodological issues in cross-cultural advertising research surveys, is to ensure that

responses from different countries are conceptually and statistically equivalent. Response equivalence should be examined in terms of both construct equivalence and measure equivalence. Construct equivalence consists of functional equivalence, conceptual equivalence, and category equivalence. In Chapter 5.3 the reliability of the constructs used in this thesis are measured with Cronbach's alpha (a). While measure equivalence is comprised of calibration equivalence, translation equivalence, and metric equivalence.

Okazaki and Mueller (2007) stated that often, a problem with construct equivalence occurs because of a lack of linguistic equivalence. Validation of equivalence among respondents in different cultures can be enriched by employing the translation/back-translation method. However, a recent investigation revealed that the translation/back-translation method may not be sufficient to ensure conceptual equivalence. Douglas and Craig (2006) propose an alternative approach, known as "collaborative and iterative translation". It begins with a committee establishing the equivalence of terms, followed by parallel translations. These translations are then pre-tested and revised, and, when satisfactory versions are attained, the questionnaire is administered to the selected population.

Okazaki and Mueller (2007) also stated that for measure equivalence, two elements of equivalence are typically considered: the equivalence of the scale (or scoring procedure) used to establish the measure, and the equivalence of response to a given measure in different countries. This thesis will use composite reliability and average variance extracted to measure the scales as detailed in Chapter 5.3. Scalar equivalence, which ensures that the score obtained in one culture has the same meaning in another culture, is important, because some scales have been shown to be

more effective than others in various countries. For example, countries tend to be more comfortable with five or seven point Likert scales, and this thesis will make use of the five point scales as shown in Chapter 4.4.2.

Okazaki and Mueller (2007) finally highlighted where we need to go with issues in country selection and report that those "countries seen as more advanced in market reforms – the Czech and Slovak Republics, Hungary, and Poland – attracted almost three-quarters of the foreign investment" in transition economies. However, this drastic expansion has not been reflected in cross-cultural advertising research.

According to Hultman et al (2009) a comprehensive, multi-environment set of factors significantly related to product adaptation is theoretically significant. The authors demonstrate how combining external and internal factors in an integrated strategy formulation–implementation framework is opposite to export marketing strategy decision-making. In the past, marketing strategy researchers have used narrow conceptual models that employ internal but not external environmental factors; this thesis will seek to use both internal and external factors. Their results suggest that a thorough set of factors encompassing macro, micro, and internal influences shapes fit between extent of product adaptation and context, with positive implications for performance in export ventures; this thesis will use a thorough set of factors encompassing macro, micro, and internal influences in the conceptual framework in Chapter 3.2.1.

2.8   Introduction to Branding and Positioning

According to Keller (1998): *"A brand is a set of mental associations, held by the consumer, which add to the perceived value of a product or service. These associations should be unique (exclusivity), strong (saliency) and positive (desirable)."*

According to De Mooij (2005):

"A global brand is one that is available in most countries in the world and shares the same strategic principles, positioning and marketing in every market throughout the world, although the marketing mix can vary. It has a substantial market share in all countries and comparable brand loyalty (brand franchise). It carries the same name or logo."

In 2007, Coca Cola topped the Interbrand list of global brands with the highest values with 65.32 Billion Dollars (Kiley, 2007). Still No. 1, but consumers' shift with soda in the West has hurt Coke. Success with Coke Zero hasn't made up for Coca-Cola Classic's continued loss of share. Even such perennial winners as Coca-Cola (No. 1) can have trouble boosting their brand. The beverage giant claimed the top spot for the seventh year in a row in 2007 mostly because it is big and everywhere, but failed to further burnish its reputation because its move into healthier drinks and snacks hasn't been as successful. They appear to be promoting their corporate image at the expense of their products.

According to Kiley (2007), in the 2007 ranking the following big winners and losers

were as follows (please refer to **Table 2.1**)

The Big Winners

Amazon.com was the surprise mover in 2007 along with Google, which shows the
increasing impact of the Internet in terms of branding and promotion, which is an
important contribution to this thesis.

Legend for Table 2.1

A: BRAND
B: BRAND VALUE $BILLIONS
C: CHANGE SINCE 2006

	A	B	C
1	Google	25.6	43%
2	Apple	13.7	24%
3	Amazon	6.4	19%
4	Zara	6.0	15%
5	Nintendo	8.8	13%

The Big Losers

Wall Street firms have taken a serious beating. The majority appear to be financial
companies − out of sight = out of mind. Please refer to **Table 2.2** below for the 2008
ranking (Kiley, D 2008).

Legend for Table 2.2

A: BRAND
B: BRAND VALUE $BILLIONS
C: CHANGE SINCE 2007

	A	B	C
1	Merrill Lynch	11.4	-21%
2	Gap	4.4	-21%
3	Morgan Stanley	8.7	-16%
4	Citi	20.2	-14%

| 5 | Ford | 7.9 | -12% |

However, Coca Cola maintained its number 1 position on 66.667 Billion Dollars.

According to Kiley, D (2009), the recession has presented marketing executives around the world with the toughest test of their careers. **Table 2.3** below shows the overall top global brands.

The Overall Top Global Brands (Kiley, 2009)

Legend for Table 2.3

A: BRAND
B: BRAND VALUE $BILLIONS
C: CHANGE SINCE 2008

	A	B	C
1	Coca Cola	68.7	3%
2	IBM	60.2	2%
3	Microsoft	56.6	-4%
4	GE	47.7	-10%
5	Nokia	34.8	-3%

2.8.1   Global Brands – Why Standardise?

According to Kapferer (2008), today's brands are post-global and distanced themselves from it without exactly renouncing it. Today, it is more appropriate to refer to selective globalisation of the post-global brand, being somewhere between the local and the global (Kapferer 2005). In the competitive race, economies of scale provide a strategic lever in that they contribute to competitive pricing. A company designing a car with worldwide market potential in mind has a competitive advantage over the manufacturer who only sets his sights locally. Even though the latter may produce a car which better reflects the tastes of his own country, the difference in price from that of a Japanese or a Korean car designed from the start with a worldwide market in mind will naturally make even the most patriotic motorist hesitate. This is especially relevant in the 'financial' crisis facing a customer in 2012.

It is also necessary to retain a single brand when the brand itself corresponds to the signature of its individual creator. Take the luxury trade – Pierre Cardin is Pierre Cardin wherever his products are found, just as Ralph Lauren is Ralph Lauren (Kapferer 2008). Their creations are bought around the world because their signature bears witness to the values of their creator. Whether or not the creator lives on in body or in spirit does not change the rule: from a single source comes a single name.

In contrast to the global approach, many multinational firms follow a 'multi-local' philosophy, preferring to follow specific trends in each country's market. Not only will the same brand differ from one market to the next, both in positioning and in

price level, it is also supported by its own specific advertising campaign. Coca-Cola follows a global marketing policy, while Nestlé prefers multi-local marketing.

2.8.2   Conditions favouring Global Brands

Holt et al (2004), state that Global branding has lost lustre because transnational companies have been under virtual siege. The evidence was on the streets and in the stores. Brands like Coca-Cola, McDonald's, and Nike have become lightning rods for anti-globalisation protests. Who can forget the images of angry demonstrators in 2003 smashing the windows of a McDonald's outlet in Davos, Switzerland, or stomping Coke cans in Seattle? Anti-American sentiment has grown over the last few years particularly since the troubles in Iraq and Afghanistan. Occupy Wall Street is a protest that began on September 11th 2011 in Zuccotti Park located in New York City's Wall Street financial district. The main issues are social and economic inequality, greed, corruption and the undue influence of corporations on government—particularly from the financial services sector.

According to Holt et al (2004), a research project involving 3,300 consumers in 41 countries, found that most people choose one global brand over another because of differences in the brands' global qualities. Rather than ignore the global characteristics of their brands, firms must learn to manage those characteristics.

The forces that Levitt (1983) described didn't produce a homogeneous world market; they produced a global culture. Culture is created and preserved mainly by communication. For instance, consumers everywhere have to make sense of the world vis-à-vis Hollywood and Bollywood films, CNN and al-Jazeera news reports and hip-hop music. The means that they use to make sense of the world and have

come to rely on is to a large extent now via the **'Internet'** and this is further explained in Chapter 3.10 with regard to its contribution to this thesis.

Kapferer (2008) agrees and states that the rise of a global culture doesn't mean that consumers share the same tastes or values. Rather, people in different nations, often with conflicting viewpoints, participate in a shared conversation, drawing upon shared symbols. One of the key symbols in that conversation is the global brand. Like entertainment stars, sports celebrities, and politicians, global brands have become a lingua franca for consumers all over the world.

There are a number of reasons for creating a global brand – economies of scale, synergies between countries, the speed with which innovations created worldwide can be brought onto the market, the existence of exploitable global segments and finally, as has already been suggested, the benefits of having an international image.

A quantitative study carried out in the United States and South Korea, by Alden et al (1999), demonstrated that perceived globalisation (the fact of being perceived to be selling products worldwide) exerted a strong influence over purchase decisions. Contrary to expectation, this influence was not because perceived globalisation enabled consumers to participate in a global culture. In fact, perceived globalisation primarily influenced the perceived quality and secondly, the perceived prestige, of the brand.

When the brand is perceived as being international, its authority and expertise are automatically accepted. Several of the above factors explain why luxury brands have gained a worldwide appeal. In the first place, they bear a message – each creator is expressing his or her own personal values (Alden et al 1999). They were not

conceived as a result of any market study or consumer analysis from one country to the next. It is the creator's identity and his or her desire to express his or her own values that form the automatic basis of the brand's identity, in no matter what part of the world. Second, behind every luxury brand there is a guiding standard – sometimes even an archetype. According to Alden et al (1999), "Cacharel and Nina Ricci represent the dawning of femininity, a dawn tinted with shyness and modesty". Certain organisational factors also ease the shift to a global brand. One-man companies and brands that bear the name of their creator who is still alive are from the start more global. Countries have less ability to modulate locally the identity of Ralph Lauren since the head of the company is precisely Ralph Lauren. It is also true for Laszlo Biro who invented the first ballpoint pen in 1938.

Holt et al (2004) found out how consumers in different countries value global brands. First they conducted a Qualitative study in forty-one countries to identify the key characteristics that people associate with global brands. They then conducted a Quantitative study in twelve nations with eighteen hundred people to measure the relative importance of those dimensions when consumers buy products.

Quality Signal

Consumers watch the fierce battles that transnational companies wage over quality and are impressed by the victors. According to Holt el (2004), a focus-group participant in Russia told us: "The more people who buy [a] brand...the better quality it is."

Global Myth.

Consumers look to global brands as symbols of cultural ideals. They use brands to create an imagined global identity that they share with like-minded people.

Social Responsibility

As infamous cases have filled the airwaves- Nestlé's infant-formula sales in Africa since the 1980s, Union Carbide's Bhopal gas tragedy in 1984 with its on-going tragic consequences to the present day, the Exxon Valdez spill in 1989, the outcry over Shell's plan to sink its Brent Spar oil rig, the protests at its Nigerian facilities in 1995 and to the present day and BP's recent spill in the Gulf of Mexico in 2010, people have become convinced that global brands have a special duty to tackle social issues.

2.8.3   Standardising Advertising of the Brand

According to Keller (2007) campaigns identify what unites the brand, which is what it wants to globalise:

- The brand spirit, the parameters of brand identity

- The brand's visual identity

- The strategic product (prototype: as referred to in Chapter 2.7)

- The executional codes of the campaign (pattern: as referred to in Chapter 2.7)

These must be identified before moving any closer towards an identical copy strategy, a common creative concept or even a global campaign. Companies also vary depending on whether they impose a certain discipline or encourage the search for standardisation.

Nivea uses similar guidelines as advocated by Keller (2007) above, with very explicit guidelines on the brand identity, the personality of each sub-brand, and the strict provisos for handling the publicity that create the 'Niveaness' so typical of all

the brand ads, in spite of their diversity. This enables Nivea to standardise their brands.

2.8.4   Standardisation of Brands

According to Whitelock et al (1995), who examined top UK brands in the fast-moving consumer goods sector and highlighted some interesting characteristics that seem to affect the propensity of a brand to be pan-European, both nationality of the parent company and market of origin of the brand have been shown to have a significant effect on whether brands are pan-European. However, Whitelock et al (1995) stated that most of the brands that are expected to become pan-European within 1998 were shown to be of UK origin, belong to UK companies, and to have been launched after the 1950s.

Whitelock et al (1995), stated that it has also been shown that modifications were required to some or all of the elements of the marketing mix for the brand to become pan-European and that there is some agreement as to which factors influence the need for these modifications. For example, Distribution for 21 (75 percent of the total in the survey) brands had been modified in some way, as had pricing. Modifications to promotion strategies had been adopted for 22 (79 percent) brands.

According to Baker and Sterenberg (2002), there is growing consensus that the truth about standardisation of brands lies somewhere between the extremes of Ted Levitt's thesis of homogenisation (Levitt, 1983) and Naomi Klein's more recent prediction of

a 'no logo' backlash (Klein, 2000). These findings have been further analysed to produce a 'road map' for brand managers based on their brand typology and decision criteria for standardisation versus localisation.

According to Baker and Sterenberg (2002), in assessing a brand's need for getting the global/local balance right marketers must consider four key factors (please see **figure 2.4**):

1. Type of brand
2. Nature of the category
3. Level of management aspiration
4. Nature of the local culture

A 'Road Map' for Brand Managers

Start				
Type of brand	Prestige brand	Master brand	Super brand	GLoCal brand
Category	Luxury High tech Fashion Automotive	Fashion Cosmetics Electronics	Personal Care Household Products Banking Insurance	Food Local retail
Desired aspiration	High	High medium	Low medium	Low
Culture	Global Individualists	Global Sensitives	Cultural Individualists	Cultural Sensitives

− Level of localization required +

Figure 2.4 Baker, M. and Sterenberg, G. (2002)

2.8.4.1 Four distinct types of Global Brand

The study by Baker and Sterenberg (2002) revealed four different types of global brand and included interviews with people from various countries in the EU.

1. Master brands like Nike, Sony and Coca-Cola define their category and are built on powerful myths or narratives (e.g. Levi's theme of independence or Nokia's theme of connection). For these brands it is this universality of their narrative rather than the fact of globalness itself that is at the heart of their appeal. According to Baker and Sterenberg (2002), in Italy: "They talk about a product, but also about a specific style, a precise philosophy when you buy it; it is like choosing something with which you identify".

2. Prestige brands such as Chanel, BMW, Rolex and Gucci have an appeal built on specific myths of cultural origin or the provenance of a founder or a technology e.g. Mercedes as the embodiment of German design and engineering excellence. According to Baker and Sterenberg (2002), in Germany: "To me, it means differentiation from others. It increases my self-esteem and my self-confidence."

3. Super brands are universally available like Master brands. Unlike Master brands, Super brands are defined more by their category than by a myth or narrative. Examples include Gillette, Pepsi, McDonald's, Shell, Philips and American Express (regular card). According to Baker and Sterenberg (2002), In the Netherlands: "They represent good quality, but are not as unique or universal as Coca-Cola."

4. The actual term 'glocalisation' was developed by businessmen in Japan and was later described by Roland Robertson in an edited volume called Global Modernities in 1995 (Robertson 1995). As Maynard (2003) describes it, 'glocalisation is sometimes reported to be a reaction to globalisation, or a reinforcement of cultural identity at the local community level'. However, the way the concept is generally applied relates to marketing a product produced by a multinational corporation by appealing to local cultural cues.

    So McDonald's sells no pork in Saudi Arabia, a teriyaki McBurger in Japan, and Curry Pie in Hong Kong and IKEA makes furniture smaller when it is sold in Japan and Hong Kong because people live in smaller spaces (Baker and Sterenberg 2002). Google offers its search engine in China minus the availability of sites found offensive by the Chinese government. This happens not only in China.

    GloCal brands such as Dove, Nestle and Danone are available globally, but marketed locally, often under a variety of local or regional product names

(sub-brands). Even where consumers are aware of this global distribution, a GloCal brand may 'feel close' and be seen as 'one of ours' - and it is this, rather than its universal availability, that enhances its equity. In Turkey: "As Lipton has a long history in Turkey it has become like a local brand in our minds and we see Lipton as a local brand". This is just as the Americans do with Coca Cola (Ogan et al 2007)!

2.8.4.2 The Category the brand is in and the level of aspiration towards it

Categories with high display value (or with highly aspirational positioning within a given category) will require and permit less localisation. Because they are rooted in local taste, traditional culture and physiology, food, food retail, household cleaning and personal care products will nearly always need more localising. It is worth applying the aspirational test to a brand's positioning (Baker and Sterenberg 2002).

They applied the aspirational test to a brand's positioning:

Toyota, while in a high display category is, for instance, viewed as a local brand in many countries because its positioning is distinctly everyday and it successfully connects with local values.

2.8.4.3 The nature of the local culture

The final factor required for the globalisation 'roadmap' is the nature of the culture in which the brand must operate (Baker and Sterenberg 2002). Thus, compared to

Western Europe and North America, Japan is traditionally thought of as a collectivist society. Nevertheless, as consumers, the Japanese share with their counterparts in northern Europe and the Anglophone countries a desire for brands to relate to them as individuals. These countries are, in turn, differentiated among themselves in terms of their pride in their own culture versus receptivity to others.

According to Baker and Sterenberg (2002), the classification is as follows:

1. **Cultural Individualists**

These countries have a high pride in their culture combined with strong individualistic values. This requires both localisation and an individual connection with local consumers, with the individual connection probably more important than the cultural one (Baker and Sterenberg (2002).

2. **Global Individualists**

These countries have less interest or pride in their own culture and a correspondingly greater openness to the world. While there is thus low need for localisation, consumers in these cultures still have a high need to connect with brands at an individual level (Baker and Sterenberg (2002).

3. **Global 'Sensitives'**

These are collectivist societies that are open to the world. Connectivity through and availability of global brands is often more important than pride in local culture. There is thus a medium-need for localisation in these cultures, more a matter of translation than adaptation. A product or brand's origin and where it is manufactured are important (Baker and Sterenberg 2002).

4. Cultural 'Sensitivities'

In these collectivist markets, consumers take high pride in local culture. They expect global brands to understand and respect their culture and, when possible, adapt to local situations both in terms of communication and product features.

Europeans set less emphasis on country of origin (Baker and Sterenberg 2002). Less developed countries, many of which have a history of being passed off with second-rate international products, will often want to know where the item is manufactured as well as the provenance of the brand. It appears that branding is substituting/replacing the country of origin factor (Baker and Sterenberg 2002).

Combining the Type of brand, Nature of the category, Level of management aspiration and Nature of the local culture yields a globalisation 'road map' or planning matrix that brand managers can use to assess the need for or possibility of localising versus globalising a specific brand in specific circumstances.

2.9   The Internet and Promotion

Until the early nineties, direct advertising on the WWW (World Wide Web) was frowned upon by most Internet users (Kimball 1993, cited in Hamill 1997). However, according to Hamill (1997), this attitude has changed significantly with the increasing commercialization of the Web. More and more companies are setting up their own Web sites as a means of disseminating useful company and product specific information to potential customers and encouraging customer feedback and interaction. Since 1997 the web functionality has increased via Web 2.0 and since 2010-2012 with the increased web functionality via Web 3.0 there are even more technologies available on the web (please refer to Chapter 3.10.7 for further explanation).

According to (Ellsworth and Ellsworth 1996, cited in Hamill 1997) marketing and sales promotion, both business-to-business and direct to customers, have been revolutionalised by the WWW. According to Hamill (1997), a good Web site can be used for advertising, corporate visibility, brand name recognition, public relations, press releases, corporate sponsorship, direct sales, customer support and technical assistance. The key to achieving these benefits is a well-designed site and effective marketing of the site to ensure a large number of "hits". Successful business Web sites, according to the authors, have a number of common characteristics including: information-rich and regular updating to encourage repeat visits; clear navigation paths to allow smooth movement around the site; the provision of value-added to the user in the form of real information and services rather than just a place for marketing and sales; interactivity and responsiveness to user feedback; the site should be designed to allow the gathering of information about users; integration of

the site with other marketing channels used by the company; and institutional support, i.e. the site should have its own budget and be supported by the whole organization rather than being the responsibility of a small group of "techies". Finally, the site needs to be marketed properly in order to ensure high access. This can be done in various ways including registering the site with all of the online search engines; establishing reciprocal cross-linkages to other sites; and ensuring that the URL address is used in all company correspondence.

According to Sheth and Sharma (2005), the impact of international e-marketing strategies on the processes of firms and customer behaviours is as follows:

Traditional marketing versus reverse marketing

Traditional marketing has focused on the products and services that firms provide. The goal of marketing is to create a demand for the product that matches organizational requirements and, therefore, marketing management has traditionally been viewed as demand management. E-marketing changes the focus of marketing from a "supplier perspective" to a "customer perspective," that is, reverse marketing. Instead of marketers manufacturing and then seeking orders, manufacturing will only start when the customer orders. E-marketing increasingly makes the marketing function responsible for "supply management (Sheth and Sharma 2005)."

Mass market versus customer-centric marketing

As stated earlier, marketing has developed from a mass-market perspective. E-marketing allows firms and marketers to cater to the needs of individual customers. E-marketing is also expected to lead to better customer selection. E-marketers allow

firms to collect better data on costs of each of their different customer activities and processes. With data from e-markets, marketers will divide their customers into segments based on whether they are financially viable (Is this customer profitable?) and strategically viable (Is this customer of strategic importance?) which will allow better targeting (Sheth and Sharma 2005).

Standardising versus adaptation versus personalisation

Markets are experiencing greater commoditisation of products and services due to standardisation. In the e-marketing era, the trend is expected to change in terms of more personalization. With increasingly flexible design and manufacturing technology, and given the personalization potential of the web, increased personalization will emerge. The web makes personalization of products easier and more transparent to the user (Sheth and Sharma 2005).

Variable versus fixed costs

Traditional economics and, therefore, traditional marketing practices, were based on the existence of variable costs in all marketing transactions. The e-marketing era will be the age of extensive investment in technology that will aid in the reduction of transactional costs. This will give rise to economics of scale and scope, and firms will seek to spread their fixed costs over a larger volume. As examples, databases and voice response technologies have high fixed costs, but reduce transactional costs. The costs of these infrastructures are largely invariant with respect to volume (Sheth and Sharma 2005).

Changes in customer behaviour

Just as e-marketing will change marketing practices, e-marketing will also change customer behaviour. Some interesting areas of change are highlighted below (Sheth and Sharma 2005).

Co-creation

With an increase in usage of e-marketing, the customer will take an increasingly active role in the fulfilment process, leading to "co-creation." Co-creation involves both customers and marketers interacting in aspects of design, production, and consumption of the product or service. We see this process in services (e.g. hair styling) but will increasingly see it for physical products. Firms that do not allow co-creation will be at a disadvantage when compared to firms that do (Sheth and Sharma 2005).

Geographical versus universal availability

Since customers live in a physical world, the geographical location of resources is critical for consumers. When markets evolved from local to regional or national markets, buyers and sellers were typically not in the same geographical location. This geographical separation led to customers seeking intermediaries in their geographic locations that advanced the interests of consumers in terms of information, communication, transactions, physical movement of goods, and customer service. The difficulty and cost of obtaining locational assets close to the customer has led to a small set of large retailers and intermediaries developing and maintaining competitive advantage. E-marketing will reduce customers' locational

dependence (e.g. Amazon). For business customers, instead of relying on a geographical or locational sales force, e-marketing allows customers to more readily engage in direct, order taking, and technical support (Sheth and Sharma 2005).

Fixed versus flexible times

Time has been central to customers, as marketers, retailers, or buyers have traditionally set the times of transaction or exchange. Typical areas where customers have changed marketing practices are banks through ATMs, catalogue sales (through 24-hour telephone access) and airline ticketing (through 24-hour online reservation lines). Customers will increasingly use e-marketing to conduct non-time-based interactions (Sheth and Sharma 2005).

According to Okazaki and Skapaa (2008), American MNCs tend to apply a high level of visual components in Polish and Czech sites. However, the level of standardization in textual messages is notably low. Specifically, it appears that the textual information in Polish sites is highly localized – despite their uniform visuals, in the same manner as German sites. In addition, MNCs use web site functions in Polish sites to a similar extent to their home US sites, but to a much lesser extent in Czech sites. This thesis will seek to build on this by looking at standardisation from the perspective of British MNCs and their subsidiaries and Advertising Agencies across the UK, France and Germany.

Summary and Conclusions

This chapter has outlined that the debate on whether MNCS' and agencies should adapt or standardise their marketing/advertising is on-going. Both theoretical schools

of thought, those favouring international adaptation and those favouring standardisation, support their point of views with evidence and case examples based on theory and practice.

The chapter also examined the literature on International Promotion Standardisation. This illustrated the arguments and counter-arguments deriving from adapting or standardising advertising. It also looked at Branding – focusing in on Brand Positioning. Finally, the chapter looked at the Internet and the impact on Promotion. This chapter has set the basis for the development of the framework (Objective 2) that is the subject of Chapter Three (Section 3.2).

Chapter Three

Literature Review - key environmental and strategic factors affecting the level of promotional standardisation in a European context.

3.0   Introduction

A number of authors in International Promotion agree that key environmental and strategic factors can affect the level of promotional standardisation in a European context. Chapter Three examines the arguments for this approach. It is divided into two sections. The first section will examine the primary determinants identified in the current literature by International Promotion Strategy Academics. It suggests these factors should be highly considered by MNCs and Agencies whose aim will be to identify the 'triggers' of promotional standardisation with regard to strategy formulation. The second section of this chapter is concerned with the development of the conceptual framework that will serve as a theoretical base for the primary research, which will examine promotional standardisation policies and practices of MNCs and Agencies in these European countries.

This framework is designed to summarise the main arguments of the different schools of thought with regard to Promotional Standardisation, discussed in Chapter Two and this Chapter Three. The construction of this framework will be of primary importance to this thesis as it will allow the formulation of the initial hypothesis H1 and H2 and further hypotheses (H3 − H5), and will set the base for the empirical research to be

carried out in this study.

3.1   Key environmental and strategic factors affecting the level of promotion standardisation in a European context.

As was discussed in Chapter Two, there is a great deal of debate as to whether companies should standardise or adapt their promotion in international markets. Over the past four decades, the standardisation versus adaptation of promotion in external markets has been extensively debated in the international marketing literature (Agrawal 1995). A standardised approach assumes that advertising content and strategy created at home can be effectively implemented in a host market, in translation where appropriate. A localised approach criticises the standardised assumption for not taking into account the economic, cultural and social aspects of a local environment. Decades of debate have also produced a compromise or contingency approach, which contends that the choice of standardisation or localisation depends on case-specific environmental conditions (Onkvisit and Shaw 1999) as stated in Chapter 1.1.2.

More work is needed to investigate the 'triggers' to standardisation policy and practice. More testing of appropriate frameworks is required and, in seeking to better understand the propensity to standardise, it can be argued that linkages between promotional strategy and practices are worth investigating. This represents a knowledge gap.

Antecedent Factors

As defined in Chapter 1.1.2, these factors are critical to the thesis. Although at times a large number of such factors were proposed to have an influential role on aspects of marketing strategy, only a small subset of them have been empirically examined. An attempt has been made to develop broad classificatory schemes for these factors (Jain 1989), which for the purposes of this review were consolidated into environmental, market, customer, competitive, product/industry, organisational and managerial.

Environmental factors consist of a broad spectrum of economic, sociocultural, political-legal, and physical forces, which have an influence, either direct or indirect, on international business operations. Of these, political-legal and economic factors have received most research attention, whereas sociocultural and physical aspects have been largely ignored (Jain, 1989). However, the Internet has had a great impact on socio-cultural factors and so is therefore looked at in further detail in Section 3.10.

Market characteristics refer to those factors that determine the level of sophistication and development of a particular foreign market, including its marketing infrastructure, advertising media availability, distribution structure and market size. The Internet, for example, is seen to have created many new markets (Jain, 1989).

Customer issues *Jain* (1989), states that these focus on the characteristics/behaviour, tastes/preferences, and usage patterns of customers in overseas markets. In fact, the firm's success or failure abroad largely depends on its ability to satisfy the needs of its target customers better than the competition. Despite its importance, this group of

antecedent factors has, rather surprisingly, been the grouping least examined by researchers in the field.

Competition-related factors include the structure (i.e., monopolistic vs. oligopolistic), nature (i.e., price vs. nonprice), and intensity (i.e., mild vs. fierce) of competition in foreign target markets (Jain, 1989).

Product factors Jain's (1989) recommendation is to refer to the type of the product (i.e., consumer or industrial) and the stage of product life cycle (i.e., early or mature).

Organisational factors, according to Jain (1989), the focus is on internal company characteristics and consists of four items: (a) the nationality of the parent company, where results show that although certain product and advertising aspects are influenced by the origin of the parent office, other marketing strategy parameters were not influenced; (b) the nature of company ownership, where results were non-significant, with the exception of Ozsomer et al's (1991) study which reported that the extent of standardisation of the overall marketing strategy was higher in wholly-owned subsidiaries than in joint ventures; (c) the firm's international experience, where one study found a positive association with product and promotion adaptation (Cavusgil, Zou and Naidu, 1993). This is further developed in Chapter 7.9.

The final set of antecedent factors produced by Jain (1989) refer to *managerial attitude toward international operation*s, and include the degree of centralisation of decision-making (i.e., centralised vs. decentralised) and corporate orientation (i.e., the extent of management's willingness to accommodate foreign perspectives). The

Internet has also impacted upon Logistics and Distribution – How people even hear about products has changed, as well as how they buy.

Moreover, little research has addressed the principal factors influencing standardisation decisions, with the two important exceptions of Laroche et al. (1999) and Samiee et al. (2003) as indicated in Chapter 1.1. The objective of this thesis is therefore to contemplate relevant research hypotheses on the cause and effect of promotional standardisation. An attempt will be made to establish a framework of promotional standardisation practices by MNCs and Agencies in Europe where, little research has previously been conducted.

Given that Zou and Cavusgil (2002) defined promotional standardisation as one of the GMS (Global Marketing Strategy) dimensions, the principle of "fit" between a firm's strategy and its environment may well be applicable to promotional management. In the context of Europe, EU convergence may provide a clearer example of how environmental change may affect strategy formulation. The following section will propose key environmental and strategic factors as drivers of promotional standardisation across the UK, France and Germany in the European Union. In the international marketing literature, it is well documented that a primary purpose of the use of global marketing strategy is to improve the global image of a product as well as to increase sales (Yip 1995). The GMS model suggests that when the external environmental forces and internal organisational characteristics are conducive to global marketing, a higher degree of promotional standardisation fits

both the external environment and the internal firm characteristics, makes the promotion more effective and therefore increases sales.

An analysis of the debate outlined in Chapter Two and again in this Chapter has led to the formulation of the primary hypothesis (PH 1 and 2) of the thesis (Objective One):

To examine the hypothesis suggested by the literature that key environmental and strategic factors can "trigger" a promotional standardisation strategy for British MNCs and their subsidiaries and Advertising Agencies across the UK, France and Germany.

The following sections form a literature review, which pulls together propositions from the theory and suggests environmental variables, strategic factors and conduct with regard to MNCs and Agency Promotional Standardisation. This then identifies constructs (please refer to Figure 3.2 represented by the circle), which have been used to develop the conceptual framework and these constructs can then be used as measures to carry out empirical research. Reflective questions have been posed which will be used in the empirical research but will be pre-tested/piloted through several exploratory in depth interviews with academics and industry.

3.2   Theoretical Foundations

In proposing a theoretical framework explaining the variables and factors of promotional standardisation in Europe, we will adopt industrial organisation (IO) theory. This theory has often been used in literature in terms of a connection between the external environment and company strategy. Fundamentally, IO theory suggests that market or industry performance is determined by various market structure

variables, in particular, environmental variables (Venkatraman and Prescott, 1990). Many firms tend to choose their strategies, which would best fit the external market characteristics. This coalignment or consistency between the market environment and company strategy is an important organising concept in organisation research (Venkatraman and Prescott, 1990). Zou and Cavusgil (2002) applied IO theory in examining the relationship between marketing standardisation and performance.

Zou and Cavusgil (2002) proposed global marketing strategy (GMS) theory (please refer to figure 3.1 on page 76) which posits that global marketing strategy is composed of eight dimensions: product standardisation, promotion standardisation, distribution standardisation, pricing standardisation and other dimensions related to coordinating value-adding activities such as: concentration of marketing activities, co-ordination of marketing activities, global market participation and integration of marketing activities . In their model, the notion of "fit" is emphasised. Here, fit refers to how closely a company's global marketing strategy matches its external environment and internal organisational resources.

Zou and Cavusgil (2002) found that strategic and company performance were maximised when the fit between external market factors and internal organisational characteristics were conducive to a global marketing strategy. On the other hand, little attention has been paid to the influence of environment-strategy co-alignment on MNCs' promotional strategy, which this thesis seeks to explore.

Given that Zou and Cavusgil (2002) defined promotional standardisation as one of the GMS dimensions, the principle of "fit" between a firm's strategy and its environment will be applicable to promotional management. In the following sections, we will attempt to propose key environmental variables and strategic

factors as antecedents of promotional standardisation in these countries. The measures for promotional standardisation were developed on the basis of Cavusgil and Zou's (1994) work. These were intended to gauge the degree to which a MNC's promotional mix (e.g., advertising and sales promotion) are standardised across markets. As the authors covered the 4P's on a general basis – a limitation of the study was that it did not look at great depth in one element such as promotional standardisation, the authors also suggested looking at how other external and internal factors impacted promotion strategy and this thesis will seek to do exactly this.

Figure 3.1: GMS

Source: Zou and Cavusgil (2002)
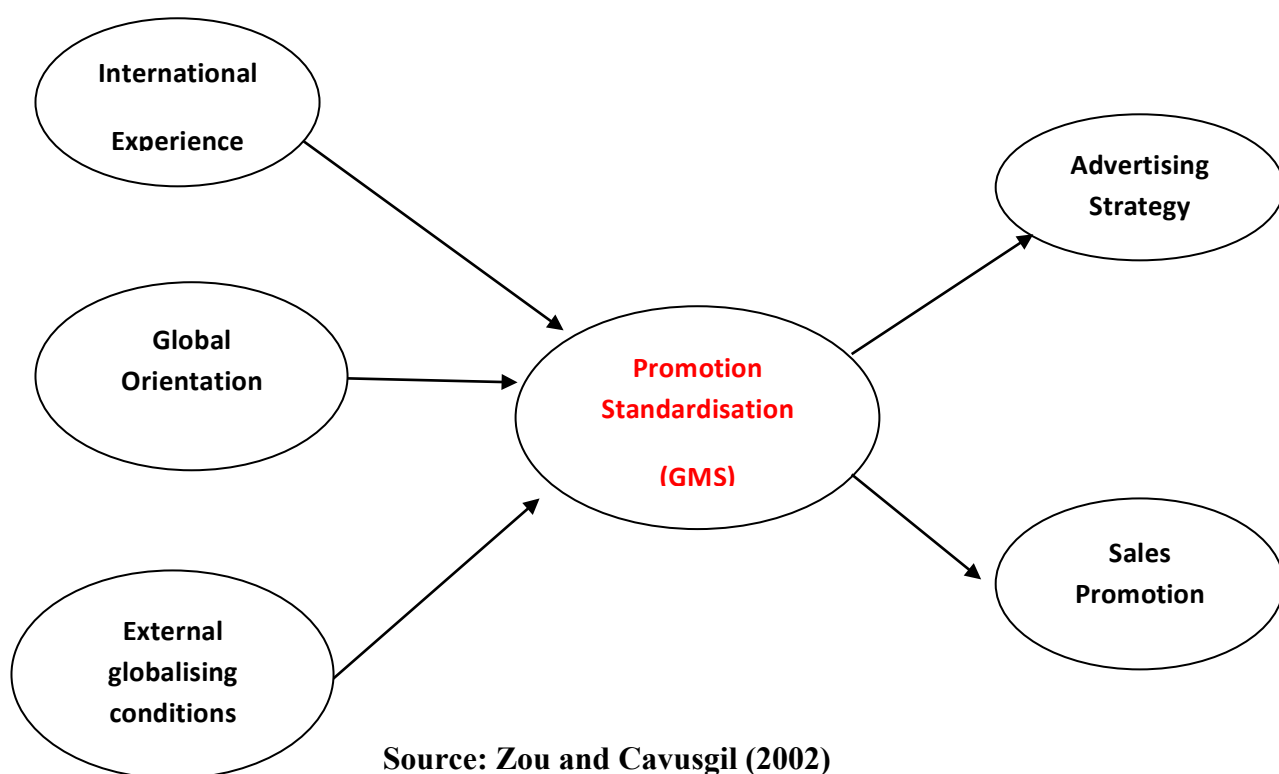
The review and synthesis of the literature in the following sections suggests that three general categories of factors affect the level of promotional standardisation that a firm will employ. These are external environmental factors, strategic factors and factors that relate to internal organizational characteristics. The GMS model (please

see **Figure 3.1** above) predicts that companies with internal orientations and external conditions more conducive to standardisation will be more likely to employ promotional standardisation.

There are also several other models identifying the factors that determine the degree of standardisation of promotion. The models are all similar in the sense that they map external and organizational factors on the internal promotional process. Furthermore, most of these models are contingency models. The contingency perspective suggests that there are factors within and outside the firm that determine the firm's approach to promotion. The contingency models identify the variables that potentially can affect the standardisation decision. Proponents of the contingency perspective include Grein and Gould (1996), Harvey (1993) and Papavassiliou and Stathakopoulos (1997).

According to Taylor and Okazaki (2006), a study of advertising standardisation suggested: "relatively few empirical studies have examined the standardisation of advertising from the perspective of managers". Indeed, although reviews of the literature on international advertising standardisation in general have been undertaken (Agrawal, 1995; Taylor and Johnson, 2002; cited in Fastoso and Whitelock 2007) there appears to be no review dealing specifically with international advertising standardisation (IAS) studies among managers.

This is a surprising gap given that major issues within the IAS field such as company motivation for companies to pursue IAS (Dunn, 1976; Hite and Fraser, 1988; cited in Fastoso and Whitelock 2007), the analysis of the company benefits derived from standardisation strategies (Cavusgil and Zou, 1994; Okazaki et al 2006; cited in Fastoso and Whitelock 2007) as well as process standardisation issues (Walters, 1986;

Solberg, 2002; cited in Fastoso and Whitelock 2007) can only be addressed through studies among managers.

3.2.1   The Framework and Hypotheses Formulation

The framework (please see Figure 3.2 on page 92) of environmental variables and strategic factors in international promotion based on GMS theory, aims to summarise the findings from the literature review (secondary data) in a visual and comprehensive way. The impact on this level of standardisation promotional strategy is based on general promotional strategy decisions (Jobber 2007) and this is in line with the list compiled by Zou and Cavusgil (2002) and includes the impact of the Internet on Promotion. It is based on the literature review discussed in Chapters Two and again in Chapter Three (Sections 3.3 – 3.10) and presents the main perspectives of the different schools of thought towards Standardisation in Promotion.

This framework will make possible two main stages in this research. It will allow the researcher to formulate further hypotheses. It will also allow the design of the questionnaire to test these hypotheses and carry out the necessary empirical research and collection of primary data.

The conceptual framework in **Figure 3.2**, consists of the variables of promotion standardisation (Objective Two), this conceptual model will be empirically tested by the survey. This model predicts that key environmental and strategic factors will affect the level of promotional standardisation across these three chosen countries.
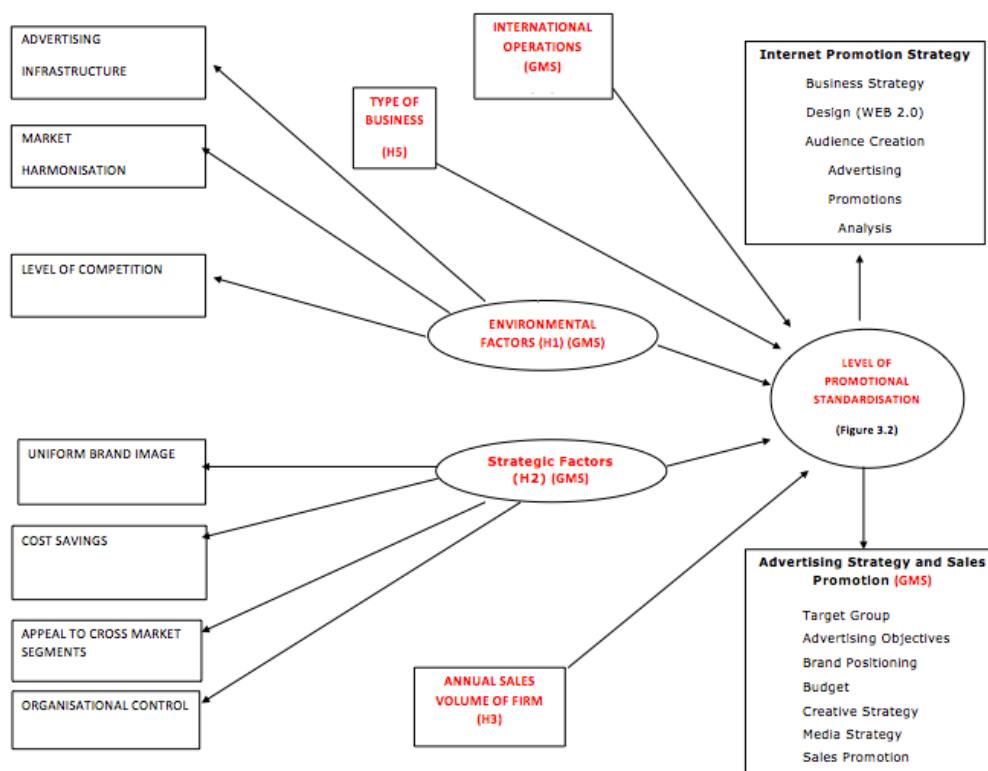
H1: The level of importance of promotional standardisation is dependent on environmental factors (Please refer to Chapter 3.3).

The GMS (Figure 3.1 – External Globalising Conditions) was used as a basis here (as indicated on the framework 3.2) but other environmental factors have been adapted through further literature review to allow for an incremental contribution of knowledge.

H2: Firms that emphasize internal global strategic factors will pursue a higher degree of promotional standardisation (Please refer to Chapter 3.4).

The GMS (figure 3.1 – Global Orientation) was used as a basis here (as indicated in framework 3.2) but other strategic factors have been adapted through further literature review to allow for an incremental contribution of knowledge.

H3: The larger the annual sales volume of the firm, the higher the degree of promotional standardisation (Please refer to Chapter 3.5).

This has been added to the framework (fig 3.2) through further literature review to allow for an incremental contribution of knowledge.

H4: The longer a firm has had international operations, the higher the degree of promotional standardisation (Please refer to Chapter 3.6).

The GMS (fig 3.1) used international experience and this has been adapted to the framework (fig 3.2) to allow for an incremental contribution of knowledge.

H5: the type of business influences the degree of promotional standardisation (Please refer to Chapter 3.7).

This has been added to the framework (fig 3.2) through further literature review to allow for an incremental contribution of knowledge.

The level of promotional standardisation is included in Sections 3.8 – 3.10 (Please see fig 3.2).

This has been adapted to the framework (fig 3.2) through further literature review to allow for an incremental contribution of knowledge.

The data contained in the framework above and the formulations of the hypotheses are fundamental for this research as they will form the basis of the empirical analysis **(Objective Three)**. This analysis is of primary importance as it leads to the creation of an approach **(Objective Four)** that will guide marketing academics and practitioners in addressing the principal factors influencing standardisation decisions.

3.3   Environmental Factors

According to Zou and Cavusgil (2002), the presence of these environmental factors makes standardised promotion more feasible and desirable. We then predict that there will be a positive relation between these factors and the level of standardisation **- Hypothesis One**. Consistent with GMS theory, to the extent that customers are more similar across markets, a more standardised promotional programme would fit this external environmental factor and would thus be more effective.

The emergence of pan-European market segments encourages the process of standardisation, since it makes it possible to identify common groups across markets which have similar needs/characteristics, and as such can be targeted by a similar marketing programme (Halliburton and Hunerberg, 1993).

Global giants, such as Tesco and Carrefour, make selling brands throughout Europe seem a relatively simple task. Rather than dealing with more several retailers per market, it is now possible to deal with one. The same is true of advertising agencies, which are expanding throughout Europe. This means that one promotional campaign can be created for all product markets in Europe, ensuring that the same message is communicated to all target consumers (Leslie, 1995). This overcomes the issue of having different agencies that would add their own interpretation to the campaign and would deliver a slightly different message to customers in different markets,

leading to confusion among customers who are geographically mobile (Melewar et al 2008).

This development in pan-European marketing is of interest, and advertising has been one of the most studied elements of the marketing mix. Since the introduction of the Euro, in particular, Non-European MNCs' such as Microsoft, Dell, Mitsubishi and Electronic Arts have restructured their pan-European business to develop a consistent brand strategy across the continent (Sweeney, 2003). For example, Yahoo and MSN report that the number of multinational campaigns across Europe doubled over 12 months and included companies such as Adidas, Apple, Levi's and Nissan (New Media Age 2004). A press release reported that the Levi Strauss Dockers brand launched its first pan-European online campaign in five languages (Carter, 2003).

However, while there is widespread agreement that there has been movement toward convergence within the EU and elsewhere, thereby allowing for the use of more standardised approaches (e.g., Duncan & Ramaprasad, 1995; Harris, 1994; Özsomer & Simonin, 2004), some consumer researchers have questioned the extent to which consumers are becoming more homogenous (Boddewyn & Grosse, 1995; De Mooij, 2004). Individual EU countries still maintain their own rules and regulations for the advertising industry, and marketing executives tend to believe that such regulations would probably be an obstacle to the development of "true" pan-European advertising (Kanso and Nelson 2002).

The advancement of European economic and political unification directly and positively influences the degree of promotional standardisation across the three countries in the EU. Therefore, the following environmental variables have been identified from Hypothesis 1:

3.3.1 Advertising Infrastructure

As discussed by Samiee et al. (2003) in Chapter 1.1.2, standardisation is positively influenced by advertising infrastructure. There has been general movement toward a more integrated EU, but differences remain. Prior research demonstrates that there are differences among countries with respect to media allocation and agency compensation (Keown et al, 1992). For example, satellite television and radio are less common in Britain, where larger percentages of the advertising budget are spent on magazines and newspapers than on satellite television and radio (Chaffey al. 2009).

However, overall, technological convergence within the EU has accelerated in recent years. For example, the advancement of the Internet and Broadband Connections has substantially improved media availability and has enabled cross-national media-buying practice (Chaffey et al. 2009). Thus, it is interesting to examine whether firms operating in the EU believe that the advertising infrastructure is similar across markets.

The similarity of the advertising infrastructure, including the availability of similar media with similar costs (Taylor and Johnson 2002), the presence of similar laws (Harvey 1993; Taylor and Johnson 2002), and access to market research firms, has also been predicted to influence the level of standardisation in a market (Samiee et al. 2003). In general, when advertising infrastructures are similar across markets, it has been found that it is more feasible for companies to engage in standardised advertising as referred to by Jain (1989) in Section 3.1.

3.3.2 Market Harmonisation

Another interesting question is whether managers consider that EU markets have become more harmonised? The degree to which companies perceive markets across EU member states as harmonised is also likely to be a factor that affects the feasibility of standardised advertising. Issues such as similarity in the level of economic and political development, market conditions, educational levels and the overall economic homogeneity of the EU market may affect the decision to standardise advertising.

Market Harmonisation refers to the degree to which the countries served by the MNC have similar levels of economic and political development. In the context of this study, market harmonisation reflects both the extent to which managers view the individual countries as economically similar, and their responses on the impact of economic unification on the overall market similarity of the EU. This is further discussed in Chapter 4.4.2.

As with customer similarity, GMS theory suggests that firms are more likely to standardise promotion if they view the cross-national markets they serve as having similar levels of economic and political development (Harvey 1993; Duncan and Ramaprasad 1995; Samiee et al. 2003).

3.3.3 Level of Competition

As the EU moves toward greater integration, it is plausible that some EU markets are more sought after than ever. As a result, it stands to reason that the level of competition would be high across these markets. Thus, we will examine the degree to which competitive conditions are perceived as high across the EU. The level of

competition can affect the propensity to standardise (Samiee et al. 2003). In settings where competitive conditions are intense, GMS theory would recommend using standardised promotion to build a consistent image to gain a competitive advantage, or to respond to a competitor that has built a consistent image. It should be noted that the level of competition, as defined here, will refer not to the firm's relative competitive position in each market but, rather, to the overall degree of competition that the company faces in those markets in which it operates.

3.4   Strategic Factors

It has been suggested that in addition to environmental factors, various internal strategic factors influence the level of standardisation in which a firm engages e.g. (Duncan and Ramaprasad 1995; Zou and Cavusgil 2002). As with the external environmental factors, GMS theory suggests that the aforementioned internal strategic factors are likely to facilitate a standardised promotional strategy. Thus, it is hypothesised that a higher level of each of the following strategic factors will lead to a higher level of promotional standardisation – **Hypothesis Two.**

3.4.1   Uniform Brand Image

The idea of a firm having a uniform brand image has received considerable attention in the marketing strategy literature, but it has not been the focus of the literature on promotional standardisation. However, Zou and Cavusgil's (2002) GMS perspective suggests that promotional standardisation is a key characteristic of firms that have a global brand image. The GMS perspective clearly implies that firms with a uniform brand image will be more likely to standardise their promotion.

One content analysis study examined the effectiveness of standardised visual effects in international advertising (Harris and Attour 2003). Its findings suggested that print

ads (which this thesis will use for advertising and sales promotion) used internationally, employing the same pictures, general layout, advertising topic and language, are likely to be more effective in avoiding image confusion and irritation than a localised approach. Additionally, the series of content analysis studies found that luxury consumer products, such as fragrance or cosmetic brands (Please refer to **Figure 3.3** below), are likely to deploy a higher level of standardisation in European magazine ads and show a high level of similarity (Harris and Attour, 2003). This is a good example of a firm wishing to achieve a Uniform Brand Image across the UK Germany and France. These are the three countries that this thesis will test with primary research along with uniform brand image.

Figure 3.3: UK, French and German Advertisement for Chanel Allure - Pour Homme

Allure Homme Sport Cologne Sport (UK)

Discover the Invigorating Freshness of Cologne Sport

Allure Homme Sport Cologne Sport (France)

Decouvrez La Fraicheur Tonique De La Cologne Sport

Allure Homme Sport Cologne Sport (German)

Entdecken Sie Die Belebende Frische Von Cologne Sport

Source: Harris and Attour (2003)

Research on promotional standardisation has found that for many MNCs, building a uniform brand image across markets is the single most important reason to standardise and that "saving money" is less important (Duncan and Ramaprasad

1995). Turnbull et al (2000), also report that the most valued advantage of standardisation is that it provides a consistent brand image across markets. As a result, it is reasonable to suggest that MNC's subsidiaries and Advertising Agencies will desire to create a uniform brand image.

Therefore, the intention to develop a global brand image directly and positively influences the degree of promotional standardisation in Europe.

3.4.2   Cost Savings

A widely accepted benefit of promotional standardisation is that it takes advantage of economies of scale/scope (As stated in Chapter 2.5).   Therefore, the motive for saving costs positively influences the degree of promotional standardisation in Europe.

3.4.3   Cross Market Segmentation

Another concept related to Zou and Cavusgil's (2002) GMS perspective is the firm's belief that cross-market segmentation can be effective. Cross-market segmentation is defined as the extent to which firms believe they can and should target consumers with similar characteristics across markets. Several researchers have suggested that MNCs should engage in cross-market segmentation (Hassan and Katsanis 1994; Shermach 1995; Miller 1998; Hassan et al 2003). In such cross-border segments, customers are likely to share "uniform" characteristics, in terms of needs, preferences, lifestyles, and tastes and habits (Boddewyn et al 1986).

Levitt (1983) argues that there is greater worldwide customer similarity and therefore argues that there are clearly cases when the same consumer segment exists in many countries across the world, though obviously to different degrees. Many advertising

agencies have attempted to identify segments that cut across countries (Hassan et al 2003). Thus, it is worthwhile to explore whether firms believe that it is important to target cross-national segments. Conventional segmentation classifies a market into segments on a country-by-country basis, with consumers likely to be classified into segments based on clusters of similar characteristics. In this case, standardisation decisions depend upon the existence of such clusters of countries, which MNCs and Agencies perceive as having common characteristics in terms of products and brand perceptions. Therefore, the pursuit of cross-market segmentation directly and positively affects the degree of standardisation.

3.4.4   Organisational Control

Another internal factor that has received widespread attention is the *level of control* that the parent firm has over subsidiaries and its impact on advertising standardisation (Laroche et al 1999; Samiee et al 2003). It is widely believed that when control is centralised at the MNC's headquarters, advertising will be more standardised (Duncan and Ramaprasad 1995; Laroche et al. 2001).

The following EPRG (Ethnocentric, Polycentric, Regiocentric and Geocentric) framework (Wind, Douglas and Perlmutter 1973) is the degree to which the management is committed affects the specific international strategies and decision rules of the firm.

Ethnocentric – Overseas operations are viewed as secondary to domestic operations and primarily as a means of disposing surplus domestic production – promotion and distribution strategies are similar, to the extent possible, to that employed in the

home country. In ethnocentric enterprises, the touchstone is advertising in the home market, which may reflect a view that both this market is highly developed and at the 'cutting edge' or that foreign markets do not differ much from that at home. Standardised overseas advertising can be rapidly implemented, but may not be responsive to local conditions.

Polycentric – Subsidiaries are established in overseas markets. Each one operates independently of the others and establishes its own marketing objectives and plans. Each subsidiary establishes its own pricing and promotion policy.

Regiocentric – the company views the region or entire world as a potential market, ignoring national boundaries. Promotional policy is developed regionally or worldwide to project a uniform image of the company and its products.

Geocentric - is often associated with market segmentation activity designed to seek out global demand segments, with similar characteristics, which are susceptible to uniform advertising because of their homogeneity.

In the 1980/90s, there was extensive research into organisational control, which is considered particularly important in advertising decisions. An MNC's market knowledge and international experience, whether at headquarters or a subsidiary, influences its advertising standardisation decisions. Most studies of advertising standardisation focus almost exclusively on culture and economies of scale, but Martenson (1987) introduced internal factors, such as corporate culture and the focus

of decision power.

Similarly, information exchange, persuasion, coordination, approval and controls have been suggested as factors influencing headquarters' control over subsidiary managers (Quelch and Hoff 1986). Recently, Laroche et al. (1999) examined headquarters' degree of control over subsidiaries' advertising strategies, and identified four basic determinants: the competitive situation in the target country, the level of communications in the target country, the international involvement of the firm, and the marketing autonomy of the subsidiary. They concluded that the greater the local resources such as the services of advertising agencies, the more responsibility is delegated to the subsidiaries in the field of advertising, either to adapt the campaign to local conditions (strong control) or to develop a new campaign (weak control)

Solberg (2002) investigated the standardisation/adaptation issue in international advertising from an organizational perspective, introducing two variables: knowledge of local market conditions at the centre (exporter/headquarters level) and headquarters' influence on local marketing decisions. The author interviewed 150 Norwegian exporters by mail on their experience in this respect. The results reveal that the two dimensions indeed have some impact on how firms develop their international marketing strategies. Knowledge of local market conditions seems to play an overriding role, leading to a more standardised approach by firms.

Not surprisingly, centralised decision power seems to lead to more negative reactions at the intermediary level. Therefore, the strength of headquarters' control over

subsidiaries directly and positively influences the degree of promotional standardisation in Europe.

3.5   Size of the Firm

According to Hill and James (1991), as subsidiaries became more experienced, their product lines became more localised. This conclusion is based on findings with regard to sales levels, length of establishment and product line size. Subsidiary sales levels under $25 million have higher percentages of US originated products (70 per cent) and lower percentages of locally-created products (12.1 per cent) than those with over $25 million in sales (where ex- US products constitute 40 and locally created products 41 per cent). Sandler et al (1992) also stated that there was also some support for the hypothesis that the higher the percentage of sales outside the home country, the less standardized the brand and advertising strategy. However, research by Kanso and Nelson (2006) supports the notion that companies with small sales volume tend to use localized approaches due to their instability in international markets. Furthermore, the research expands on Hill and James's notion of sales volume by examining a new element in the standardization and localization equation (e.g. length of business).

Research by Melewar and Saunders (1999) noted larger firms are more likely to expand into foreign markets and to have a standardised worldwide image. In addition, their work on foreign market entry suggests that large firms are more prone to prefer wholly owned subsidiaries, partly to ensure that their general corporate strategy is carried out uniformly. At the subsidiary level, it can be argued that it is also likely that larger firms will be more prone to engage in closely coordinated

activities. Thus, GMS theory would identify large firm size as an internal factor that is consistent with standardisation (Samiee et al 2003). Taylor and Okazaki (2006) stated that as large subsidiaries have a greater strategic importance to the MNE than small subsidiaries, the need to bring them into line with an international standardisation strategy is greater. Fastoso and Whitelock (2012), considered the influence of micro-environmental factors on the implementation of international advertising. Their results in relation to the influence of subsidiary size confirmed their expectations, as large subsidiaries use pattern implementation significantly more often than small/medium subsidiaries. Small/medium subsidiaries, in turn, use clustering significantly more often than large ones. Therefore the size of the firm is defined here as the subsidiary's annual sales volume.

Hypothesis Three: The larger the annual sales volume of the company, the higher the degree of promotional standardisation

3.6 International Operations

Several researchers have found that experience is also helpful to firms in planning international strategy (e.g., Hill 1996; Douglas and Craig 1989). Cavusgil and Zou (1994) found empirical support for the idea that more experienced exporters have higher levels of success in international markets. In addition, according to GMS, Zou and Cavusgil (2002), found a significant link between the firm's level of international experience and its use of a global marketing strategy, including a global promotional strategy. As a result of this prior research, one would expect more experienced firms to engage in more standardisation.

Hypothesis Four: the longer a firm has had international operations, the higher the degree of promotional standardisation**.**

3.7   Type of Business

Many academics identify the product as being one of the most important variables that determines the degree of standardisation of advertising (Chandra et al, 2002 – Please refer to Chapter 1.1.2). For instance, Boddewyn et al (1986), suggests that standardisation of marketing practices depends on the product type and claims that the nature of the product may be the most important factor.

Product categories are usually divided into consumer durables, consumer non-durables and industrial goods. Boddewyn et al (1986) found that industrial goods had the highest level of standardisation followed by consumer durables and consumer non-durables. This view is supported by Cavusgil et al (1994), who conclude that greater adaptation is necessary for consumer goods than industrial goods.

Hypothesis Five: The type of Business influences the degree of promotional standardisation.

3.8   The Policies and Practices of Promotional Standardisation across these three countries in the EU

3.8.1   Advertising Strategy

In this study, the level of standardisation is construed as a combination of the use of a uniform strategy and the use of uniform executions. Research has found an increasing trend to standardise strategy more frequently than executions (Duncan and Ramaprasad 1995, Please see Table 3.1). It is therefore important to measure standardisation at both levels.

According to Fastoso and Whitelock (2005), another characteristic of international advertising and marketing standardisation studies is their tendency to analyse International Advertising Standardisation as a variable without subdivisions. Only four out of 33 studies divide IAS into strategic and executional aspects (Killough 1978; Hill and James 1990/1991; Duncan and Ramaprasad 1995 and Chhabra 1996; cited in Fastoso and Whitelock 2005), and only one further study (Synodinos, Keown and Jacobs 1989; cited in Fastoso and Whitelock 2005) uses a more detailed classification by comparing budget-setting methods, timing of expenditures, allocation of media, measures of advertising effectiveness and creative approaches in 15 countries (Please see **Table 3.1**).

The study proposed here will analyse the standardisation of advertising strategy in a comprehensive manner after Fastoso and Whitelock (2005) who used brand positioning, advertising objectives, target group, budget decisions, media decisions, brand benefits, reasons-why and advertising tonality in the analysis. This also highlights all the key areas where a firm will have a clear definition for its advertising strategy and branding can be incorporated here (Jobber 2007). Moreover, as indicated in Chapter 3.3, Fastoso and Whitelock (2005) drew on the Mercosur in their study. However, no study has looked at this from the point of view of the

integration of the EU countries. The thesis will also look at the executional aspects as well and substantially update the findings since (Duncan and Ramaprasad 1995).

Table 3.1 Empirical studies on the extent of international marketing & advertising

standardisation (1967-2003)

Author	Year	Respondents based at HQ and/or SUBSIDIARIES (SUB)	Standardisation practices evaluated with respect to HQ, regionally or globally.	Differentiated analysis of advertising strategy and execution	Focus on Latin American/Mercosur countries
Terpstra	1967	HQ	HQ	NO	NO
Donnelly and Ryans	1969	HQ	HQ	NO	NO
Donnelly	1970	HQ	HQ	NO	NO
Kacker	1972	HQ + SUB	HQ	NO	NO
Ward	1973	*SUB*	HQ	NO	NO
Dunn and Yorke	1974	HQ	n.A. (standardisation practices were not assessed)	NO	NO
Sorenson, Wiechmann	1975	HQ + SUB	HQ	NO	NO
Dunn	1976	HQ + SUB	HQ	NO	NO
Ryans and Fry	1976	HQ	HQ	NO	NO
Brandt, Hulbert	1977	*SUB*	HQ	NO	*YES*
Boddewyn and Hansen	1977	HQ	HQ	NO	NO
Wills and Ryans	1977	HQ	n.A. (standardisation practices were not assessed)	NO	NO
Killough	1978	HQ	HQ	buying proposal vs. creative context	NO
Michel	1979	HQ	HQ	NO	NO
Weichmann, Pringle	1979	HQ + SUB	n.A	NO	NO
Boddewyn, Soehl, Picard	1986	HQ	HQ	NO	NO
Hite and Fraser	1988	HQ	HQ	NO	NO
Kirpalani, Laroche and Darmon	1988	HQ	HQ	NO	NO
Synodinos, Keown and Jacobs	1989	*SUB (and local companies)*	n.A. (respondents were only asked about local practices)	partially	NO
Hill and James	1990, 1991	HQ + SUB	HQ	sales platform vs. creative context	NO
Akaah	1991	HQ	HQ	NO	NO
Grosse, Zinn	1991	HQ	HQ	NO	*YES*
Oszomer, Bodur, Cavusgil	1991	*SUB*	HQ	NO	NO
Kanso	1992	HQ	HQ	NO	NO
Sandler, Shani	1992	HQ	HQ	NO	NO
Harris	1994	HQ	*REGIONAL*	n.a. (only executions)	NO
Duncan and Ramaprasad	1995	n.A. (advertising agencies)	GLOBAL	strategy, execution, language	NO
Boddewyn and Grosse	1995	HQ	HQ	NO	NO
Chhabra	1996	HQ	HQ	NO	*YES*
Tai	1997	HQ + SUB	HQ	NO	NO
Laroche *et al.*	2001	HQ	HQ	NO	NO
Kanso and Nelson	2002	*SUB*	HQ	NO	NO
Samiee *et al.*	2003	*SUB*	HQ	NO	NO

Source: Analysed standardisation studies (Fastoso and Whitelock 2005)

The major decisions that need to be taken when developing an advertising strategy are shown below (Jobber 2007). This is also in line with Fastoso and Whitelock (2005) who incorporate branding into this framework.

3.8.2 Target Group

According to Backhaus et al (2001), the most important determinant of a standardised advertisement campaign is the use of the same picture. All other elements play a minor role in determining perceptions of similarity. Consciously or unconsciously, respondents seem to take mainly the visual aspects into consideration when evaluating the similarity of print advertising. For a practitioner, this outcome implies that, in a standardised campaign, the most important factor is that visual aspects be identical. With respect to other elements of an advertisement, country-specific modifications can be made without destroying the standardised character of a campaign. Hence, by using the same visual elements in an international campaign, it is perceived as standardised from a respondent's point of view, and thus enables an advertiser to create an advertising campaign that is perceived as standardised by the target group of international advertising in several countries.

According to Backhhaus and Van Doorn (2007), advertising practice can be illustrated with an example: assume a marketer wants to implement an advertising campaign that is standardised throughout the European Union; because French legislation prohibits the use of foreign languages in advertising, a completely standardised campaign is not possible. Instead, the marketer must design a campaign that is as standardised as possible but still meets the French legal restrictions. A viable option would be to select an image-based advertisement and use the same picture, layout, and slogan but alter the language for each country. This

advertisement could achieve a better than 90% degree of standardisation. In this case, it is possible to enact a highly standardised campaign and at the same time meet legal restrictions.

However, when legal regulations affect the use of the picture, the issue becomes more complicated. In the case of alcohol advertising, for example, advertisers face severe restrictions in France, which allows advertisements to refer only to certain elements of the alcoholic beverage, such as its origin, history, and ingredients; they cannot show a person drinking alcohol (Tungate 2003). Using image-based advertisements and keeping the other elements equal would imply a low degree of standardisation (approximately 35%) if the advertiser used a different picture in the French market. A marketer aiming for a high degree of standardisation, therefore, might use a picture that complies with French regulations throughout the world. Of course, this choice then entails the danger of a less effective campaign in other countries. However, in the case of Stella Artois (Belgian Beer), it is well promoted on this basis because it emphasises tradition and can charge a higher price in the UK. This also seeks to justify it in terms of quality/taste.

3.8.3   Advertising Objectives

According to Papavassiliou and Stathokopoulos (1997), concerning the objectives of advertising information and memorability, a single advertising message with only minor modifications, or even advertisements with proper translations, can be used in all countries to reach consumers. Sufficient consideration of specific peculiarities is not very important to meet the objectives of advertising information and memorability.

Following the same objective across different countries, a simplification in the advertising planning process takes place and, consequently, a reduction in the planning and development costs of advertising. In addition, a better co-ordination and control of the international advertising campaign is possible, while comparisons can easily be made among the different regional areas regarding the effectiveness of advertising.

However, there may be reasons for the advertiser to develop an international standardised advertising strategy when persuasiveness is the objective. Some of the main reasons can be: similarities in the target groups, similarities in product positioning, transnational use of good ideas and transfer of know-how, tendencies to centralisation in the management of the international firm, increased mobility of consumers, internationalisation of competition, use of media overlapping and limited knowledge of the regional markets on the part of the central advertising agency. Finally, in the context of advertising, one has to examine the economic function of advertising across different countries. When this function is similar (i.e. information about products and services, where they are available, what benefits they offer to consumers and so on), one can standardise the advertising strategy (Johansson, 1997).

3.8.4   Brand Positioning Strategies

There has also been the emergence of brand positioning strategies in advertising that parallel the growth of the global market place. According to Alden et al (1999), who label this strategy 'global consumer culture positioning' (GCCP) and hypothesise that GCCP can be contrasted with two other types of consumer culture positioning:

local consumer culture positioning (LCCP), in which the brand is associated with the local consumer culture (e.g., Budweiser's association with small-town American culture in its U.S. advertising), and foreign consumer culture positioning (FCCP), in which the brand is associated with a specific foreign culture (e.g., Singapore Airline's use of the "Singapore Girl" in its global media advertising).

Alden et al (1999) examined the emergence of brand positioning strategies in advertising that parallels the growth of the global marketplace. A new construct, global consumer culture positioning (GCCP), was proposed, operationalised, and tested. This construct associates the brand with a widely understood and recognised set of symbols believed to constitute emerging global consumer culture.

Building on the emergence of globally shared meanings, this study presents a new brand positioning strategy designed to assist international managers who seek to strengthen their brand's equity in an increasingly competitive marketplace (Kapferer 1992).

For example, a jeans brand could be positioned as one worn by adult, middle-class men who are globally cosmopolitan. The objective would be to have consumers identify the brand as a sign of membership in a globally cosmopolitan segment. A real-world example includes Benetton ('The United Colours of Benetton') whose slogan emphasises the unity of humankind and promotes the idea that people all over the world consume the brand.

The proposed conceptualisation of GCCP should not be confused with globally standardised advertising as discussed in Duncan and Ramaprasad (1995). Such advertising entails the use of similar content around the world (Johansson 1997). Although GCCP can be employed in a standardised advertising campaign, so can

FCCP (e.g., Louis Jadot wine positioned globally as a "taste" of France). At the other extreme, a manager may position the brand using GCCP in one national market, FCCP in a second, and LCCP in a third.

The dimensions of GCCP are:

Language – The extensive use of English in advertisements around the world gives consumers the impression that they are cosmopolitan. Therefore, one way for a brand to communicate GCCP is to use English words, written and/or spoken, in its communications. In contrast, a brand manager wanting to use LCCP might emphasize the local language. Finally, a brand could associate itself with a specific foreign consumer culture (FCCP) by employing spoken and written words from that culture in its advertising and/or brand name. Examples of FCCP are: Volkswagen has used the slogan 'Fahrvergnugen' in U.S. advertisements; Audi have used 'Vorsprung durch technik'.

Aesthetic styles – This could be a spokesperson that reflects the local culture and gives the brand more global image. To the extent that the spokesperson embodies aesthetic characteristics that reflect the local culture (e.g., a French businesswoman driving a Peugeot in a French television advertisement) or a specific foreign culture (e.g., a German engineer spokesperson for Audi in a U.S. television advertisement), consumers are likely to associate the brand with that culture.

Story Themes – Ownership of the brand signifies that the consumer is a member of a transnational commerce culture. Certain story themes are likely to be identified generally as symbolic of global consumer culture. For example, the young, professional businessperson who is on the rise uses a Toshiba laptop whether in New York, New Delhi, or Paris. Thus, the story theme implies that ownership of this

brand signifies that the consumer is a member of the "transnational commerce culture" (Hannerz 1990a). Other story themes are more likely to be associated with a specific foreign positioning, such as the purple cow in the Alps in the advertisements for Milka chocolate in Europe.

According to Alden et al (1999), a final area for future theoretical development involves managerial use of GCCP, FCCP, and LCCP. Surveys of local and multinational brand managers could begin to address these issues. Building on Roth's (1995) work, managerial reports would help determine whether the effectiveness of depth versus breadth strategies for GCCP, FCCP, and LCCP also varies by target market and other macro-level factors. Over time, such research will enhance the competitive tools that brand managers can apply to the global marketplace.

3.8.5   Budget

According to La Roche et al (2001), some researchers define advertising standardisation as the determination of common communication objectives and budget whereas others include in the definition the creative and media decisions involving the whole corporation. In particular, Michell and Bright (1995) underline that, in their study, headquarters of MNCs in the UK take control of all decision levels regarding advertising standardisation including objectives, budget as well as strategies and choices of local agencies.

3.8.6 Creative strategy

The creative advertising strategy is the overall policy/principle that determines the general nature and character of the advertising messages (Frazer, 1983). Simon (1971) developed the following set of ten different creative strategies: information, argument, motivation with psychological appeals, repeated assertion, command,

brand familiarisation, symbolic association, imitation, obligation, and habituating. In the relevant literature there are only three empirical studies which, based on Simon's classification, examined whether the creative advertising strategy can influence the degree of international advertising standardisation. Martenson (1987) showed some differences between US and award winning international Renault Clio television advertisements where the US prohibited the use of a standardised advertising message. Similarly, Martenson (1987) found creative differences between US and Swedish advertisements.

Zandpour et al's. (1992) results of television advertisements from the USA, France and Taiwan indicated clear differences in creative strategies, making a standardised advertising message inappropriate. In addition, the authors stated that the slow change from mass marketing to niche marketing demands customised communication strategies. In general, though, advertising can be classified into two totally different forms: rational and emotional advertising (Rossiter and Percy 1988). Rational advertising includes important information for the consumer (i.e. the description of features of the product). In contrast, emotional advertising appeals to feelings and pleasure, which are related to the advertised products. In rational advertising, information about the product is very important and advertising is directed mainly towards the mind. The advertising content is mainly based on the vocabulary of everyday language. This means that people's perceptions in different regional areas differ and, consequently, adaptation of advertising in that case is necessary.

On the other hand, in emotional advertising mood (atmosphere) is very important. Image and comprehensibility are not very crucial factors. Yet, elements of advertising strongly related to fashionable and technologically superior ideas can be standardised because these elements can have a transnational character (Rinner-Kawai, 1993).

3.8.7 Media strategy

In the international context, the availability of media within different countries is characterised by a considerable heterogeneity because the number and type of media differ from one country to another and different media have different significance, different target groups, and different reach, as well as frequency, in each country (Albaum et al 1990; Meffert and Althans 1992). This difference in media patterns is due to cultural, sociological, economic and even psychological differences among countries. In the developed countries, the great majority of the population read a daily newspaper. In contrast, in countries characterised by low educational levels and low consumer income, readership of the press is limited to a small part of the market in the middle and upper socioeconomic groups.

As for magazines, in Europe, there are a great number of consumer magazines, each having a very limited circulation compared to the national magazines in the USA. Technical and business magazines do not exist in many world markets.

Often, either the lack of periodicals or the small circulations of many periodicals are the reasons that multinational advertisers rely less heavily on these than they would otherwise prefer. Radio is an important advertising medium for products with a wide market. Radio is used more in Latin America than in Europe because of European

restrictions on radio advertising. This medium is very important for markets characterised by a low rate of literacy and low consumer income. Finally, television is an important advertising medium for a few world markets only.

Yet, certain countries, in which television is government-owned (e.g. Sweden and Italy), impose severe restrictions on TV advertising, which can limit its effectiveness. In other countries, television can reach only a relatively small percentage of the market (Albaum et al 1990). The above discussion clearly suggests that developing an international standardised media strategy can be very difficult. Finally, one needs to consider two additional factors pertaining to media strategy: international media and the overlapping of certain national media in other countries (Albaum et al 1990; Meffert and Althans 1992).

By international media, it is meant the media that circulate, or are heard or watched, in two or more nations. The international print media (e.g. *Business Week*) and the international broadcast media (e.g. Radio Luxembourg, Radio Monte Carlo) are considered credible sources of information for world-marketed products.

Concerning television, more specifically, satellite transmission has created the potential for an expanded use of television as an international medium (e.g. BBC World, Al Jazeera, CNN, Pan-European TV stations such as Euronews and Internet TV such as joost.com). Therefore, the continuous and increasing presence of international media may prove to be useful in developing a uniform or at least a consistent image in a number of relevant foreign markets. The other important factor within the context of international media selection is the overlapping of certain national media in other countries – that is, certain national media can be used for purely technical reasons in other countries (the use of TV programmes from

neighbouring countries). Hence, a multinational advertiser can use the effect of such free-of-charge contacts to advertise products in neighbouring countries (e.g. from Germany to Austria and Switzerland, from France to Belgium, from Belgium to Luxembourg and The Netherlands).

3.9 Sales Promotion

According to Foxman et al (1988), Sales Promotion is an important part of the marketing communication mix. The fact that it is subject to different environmental sensitivity factors than advertising suggests that it might be effective cross-nationally in situations where advertising is ineffective. Therefore it is important to study this as well as advertising in terms of promotion. Foxman et al (1988) stated that there is a need for information on which environmental sensitivity factors affect sales promotion strategy in different countries — that is, there is a need for solid information on the reasons different types of sales promotion techniques are favoured or rejected in different countries. This thesis seeks to do this with regard to environmental and strategic factors.

According to Hollensen (2007):

"Sales promotion is defined as those selling activities that do not fall into the advertising or personal selling category. Unlike media advertising, which is 'above the line', Sales promotion is 'below the line' and refers to non media advertising.

According to Hollensen (2011), In Europe, the European Commission estimates that the rate of the growth of spending on sales promotion was double that for conventional advertising throughout the period 2007-2010.

Factors contributing to the expansion of sales promotion activities include:

- Greater competition amongst retailers

- Higher Levels of Brand Awareness among consumers

- Improved retail technology

- Greater integration of sales promotion with conventional media campaigns

- Point Of Sale

- The recession

The conceptual framework (figure 3.2) looks at the following types of sales promotion:

- Price Discounts e.g. cash-back deals

- Catalogues/Brochures

- Coupons e.g. on pack

- Samples e.g. gives an idea of the quality of the product

- Gifts e.g. buy 2 Clinique items and receive a free make-up set.

- Competitions e.g. on pack, leaflets or through media advertising

3.10   Internet Promotion

With regard to Internet traffic, the world's focus is now shifting to Europe, as Europeans now account for 22.7 per cent of all Internet users (rest of the world is 77.3 per cent), with "Internet penetration levels static throughout much of the rest of the world". Of this amount in Europe: Germany is No 1 with 65.1 Million Users; UK is No 3 with 51.4 Million Users and France is No 4 with 45.2 Million Users (Internet World Stats 2011). By the end of 2015, Internet data traffic in Europe will have increased twentyfold compared to today's levels, driven largely by increases in the data-heavy streaming of HDTV content, according to the managers of DE-CIX, a central Internet node based in Frankfurt (Deutsche Well 2011). Therefore the study of the UK, France and Germany in terms of Internet Promotional Standardisation certainly merits attention in terms of a contribution to this thesis. It was considered that these markets were sufficiently homogenous in terms of religion, culture, stage of economic development and media characteristics (Harris and Attour 2003).

Clearly, multinational corporations (MNCs) operating in European markets are now facing more and more pressure to generate more comprehensive marketing strategies on the web (Laroche et al 2001). Among various forms of online environment, web sites have been one of the most popular platforms, allowing consumers to see, consult and obtain product-related information anytime, anywhere.

Such web sites can be seen as a new form of "global interactive marketing communications", offering opportunities to strengthen effective relationship marketing in multiple markets (Roberts and Ko, 2001).

First, the growth of the Internet has particularly favoured the proponents of international promotional standardisation, because anyone can access any web site from any wired or wireless terminal in the world. However, Roberts and Ko (2001) argue that global interactive communications should be viewed as "cross-cultural marketing communications", suggesting that web sites can be effectively programmed for "establishing corporate and brand consistency and strong equity, while simultaneously allowing flexibility in being culturally sensitive" For example, Amazon have a number of different websites e.g. UK, France, Germany and the USA. So there is a need to localise because of the language differences.

Second, as the array of marketing communications has been broadening, global network agencies have expanded their service portfolios geographically, by merging with more specialised agencies (Tharp and Jeong, 2001). In this vein, more and more interactive agencies have been expanding their international network under the network's umbrella, while improving technology has allowed artistic and idea diversity in creative marketing communications. For example, 'WPP Group' (the agency that was used in the in-depth interviews for this thesis) has acquired 'Arkansas' based Digital Shop Rockfish Interactive (Ad Age Agency News, 2011).

The standardisation-versus-localisation issue has attracted considerable research efforts in recent years, but most studies have focused on traditional media, leaving the cross-cultural variability of online communications unexplored (Taylor and Johnson, 2002). This section of the thesis therefore attempts to summarise the components influencing Internet Promotional Standardisation by MNC's and Agencies across these three countries in Europe.

The results from this thesis will therefore benefit both academics and practitioners by providing clearer evidence as to whether a truly standardised approach has been adopted on the Internet.

According to (Hollensen 2011) the web audience development process consists of the following six phases (this embraces section 3.10.1-3.10.6). These will help in terms of the likely advancement of the standardisation debate embracing the Internet and Web 2.0.

3.10.1　The Integration of Internet Strategy into an Overall Business Strategy

This looks at how the website fits into the company's overall business strategy. This will look at the site in the context of overall marketing and sales efforts. The overall flavour should be consistent across all media e.g. promoting its website in brochures and print advertising. In terms of the likely advancement of the standardisation debate embracing the Internet and Web 2.0, this will look at the degree to which the Internet fits into the company's promotional standardisation strategy across the countries in which they advertise.

3.10.2　　　Design Requirements that are Unique

This looks at the design of the website and whether it is, of course, aesthetically pleasing. This makes it easy for people to navigate the site and encourages/motivates them to explore the site further, purchase products and return another day. According to Tim O'Reilly (2004):*"Web 2.0 is the business revolution in the computer industry caused by the move to the Internet as a platform, and an attempt to understand the rules for success on that new platform."*

Web 2.0 refers to the second generation of web development and web design. It is characterized as facilitating communication, information sharing, interoperability, user-centered design and collaboration on the World Wide Web. It has led to the development and evolution of web-based communities, hosted services, and web applications. Examples include social-networking sites, video-sharing sites, wikis and blogs. These will now be explained.

In terms of the likely advancement of the standardisation debate embracing the Internet and Web 2.0 this will look at the following categories as proposed by Constantinides and Fountain (2008):

1. *Blogs*: Short for Web logs: online journals, the most known and fastest-growing category of Web 2.0 applications. Blogs are often combined with *Podcasts*, that is, digital audio or video that can be streamed or downloaded to portable devices. Examples: http://gizmodo.com and http://www.boingboing.net.

2. *Social networks*: applications allowing users to build personal websites accessible to other users for exchange of personal content and communication. Examples: http://www.myspace.com and http://www.facebook.com.

3. *Social networks*: applications allowing users to build personal websites accessible to other users for exchange of personal content and communication. Examples: http://www.myspace.com and http://www.facebook.com.

4. *Content Communities*: Websites organising and sharing particular types of content. Examples are applications of Video sharing: http://video.google.com and www.youtube.com. Photo Sharing: http://www.flickr.com; Social Bookmarking: www.digg.com and http://del.icio.us and publicly edited encyclopaedias: www.wikipedia.org.

5. *Forums/bulletin boards*: sites for exchanging ideas and information usually around special interests.

   Examples:www.epinions.com, www.personaldemocracy.com and http://www.python.org.

6. *Content aggregators*: applications allowing users to fully customise the web content they wish to access. These sites make use of a technique known as Real Simple Syndication or Rich Site Summary (RSS). Examples: http://uk.my.yahoo.com/ and http://www.netvibes.com.

Moreover, Constantinides and Fountain (2008) state that MNC's can capitalise on these developments in three different ways:

- The first way is to understand how social media function and include them in their PR arsenal as a means of reaching and informing the new online opinion leaders (bloggers and podcasters) about their products, services and new market offers; this in an effective means of passing the message through to their target markets or even to very specific market segments at a fraction of the costs required by traditional media. Advertising in well-selected blogs

and popular search engines can also be a very interesting and relatively low-cost communication option.

- The second way in which marketers can engage the Web 2.0 is by actively engaging and 'listening-in' to the customer's voice: what people say about the firm and its products in blogs, podcasts, forums and online communities. This is by no means an easy task but there are already tools available to marketers: specialised parties and search engines making possible the detection and collection of this type of online content. The value and quality of this information are obvious.

People like to exchange online experiences about products, services and firms, advising others or even proposing how products can be improved; this is high-quality and low-cost market information. A simple way to start is to search for content related to the firm and posted in sites like YouTube. Coca Cola discovered that a range of amateur videos were building up in YouTube, showing the funny experiences of customers dropping Mentos Mints into Diet Coke bottles, something that is causing an explosive soda fountain. After initially distancing itself from the exploding Diet Coke videos and several unsuccessful efforts to stop them, the company finally understood the value of this free publicity, signing a formal deal with the initial creators of the videos. Based on this idea, the firm introduced the 'Coca-Cola Challenge' campaign asking consumers to submit videos showcasing creative uses of everyday household items.

- The third way to utilise Web 2.0 media is to engage these as tools of direct, personalised one-to-one marketing. Brick-and-mortar firms like Nike, Disney, Coca Cola, TIME Magazine and The Hearst Media are already experimenting with social media as part of their direct marketing strategy seeking communication, interaction and customer feedback.

They do this by introducing Web 2.0 web sites based on user-generated content and encouraging social networking and community forming. These sites offer their customer the possibility to reach their peers, exchange information and experiences.

Another option is to actively participate in the Web 2.0 domain by launching corporate blogs and podcasts. Several business executives like the CEO of Sun Microsystems- Jonathan Swartz, the CEO of Apple Computers- the late Steve Jobs and the McDonalds' Vice President- Bob Langert post regularly on corporate blogs, encouraging customers to interact and freely express their feelings, suggestions or remarks about the company and its products.

Some firms are going a step further: Sony, Frito-Lay's, Sunkist are some examples of a growing pool of corporations partnering with talented amateurs, who create viral films or television commercials for them. The idea behind such partnerships is that messages created by real customers reflect the genuine feelings of product users and as such they are more credible and more effective than messages created by advertising agencies.

3.10.3 Techniques for Audience Creation

Search Engine Optimisation - effective optimisation of search engine results requires carefully designed Meta tags and other HTML code and pointer pages specialised for individual search engines. Editorial Placement in new media – Companies can reach out with the Internet as a communication tool to contact traditional journalists. It can also reach out to 'online only' news media e.g. via hyperlinks such as http://news.uk.msn.com/. Strategic Linking – The more inbound links a company establishes on other sites, the more qualified visitors the site will attract e.g. Coca-Cola advertising on Social Networking Sites such as Facebook. Interactive Public Relations – This can include newsgroups, mailing lists, forums, bulletin boards and other virtual communities, which can be important sources of visitors for a site.

3.10.4   Methods of Advertising the Site

In terms of the likely advancement of the standardisation debate embracing the Internet and Web 2.0, this will look at the following categories:

Banner Advertising – Online banner ads use multimedia effects e.g. animation to attract attention and draw visitors to the site. The Questionnaire used in this thesis (please refer to Appendix I) will look at similar banner advertising in the countries in which these MNCs advertise.

Sponsorships - Sponsoring editorial content is an effective way to establish long-term brand identification among target audiences. The Questionnaire used in this thesis (please refer to Appendix I) will look at the use of identical sponsorship in the countries in which the MNC's advertise.

Barter Advertising – Companies can take advantage of this low cost advertising method by establishing personal relationships and negotiating barter deals with other sites.

3.10.5   Effective promotions that attract attention

Contests – Competitions can be used to build sales, brand recognition, customer loyalty and market research. The Questionnaire used in this thesis (please refer to Appendix I) will look at similar contests in the countries in which the MNC's engage in promotion.

Loyalty Programmes – These can help retain customers and motivate them to recruit new customers by recommending a company's site or products to friends e.g. Subway Sandwich Card in the UK, France and Germany standardises its promotion and it is also online. The Questionnaire used in this thesis (please refer to Appendix I) will therefore look at the use of similar loyalty programmes in the countries in which the MNC's promote.

Online events – Live events e.g. such as live podcasts can gain mind share among new users and position a company at the cutting edge of its market. The Questionnaire used in this thesis (please refer to Appendix I) will look at the use of similar online events in the countries in which the MNC's promote.

3.10.6   Measurement and analysis to ensure on-going success. This can determine the audience qualification and gain customer feedback through databases, blogs, forums, hits etc. This information is difficult and sensitive to obtain and therefore will not be used as part of the study.

3.10.7   Future issues in Internet Promotion

According to Chaffey et al (2009), as web functionality evolves, Web 2.0 (2000-2010) will evolve into another approach such as Web 3.0 and this will become more important in the years from 2010 onwards (Please see **Figure 3.4** below).

Figure 3.4
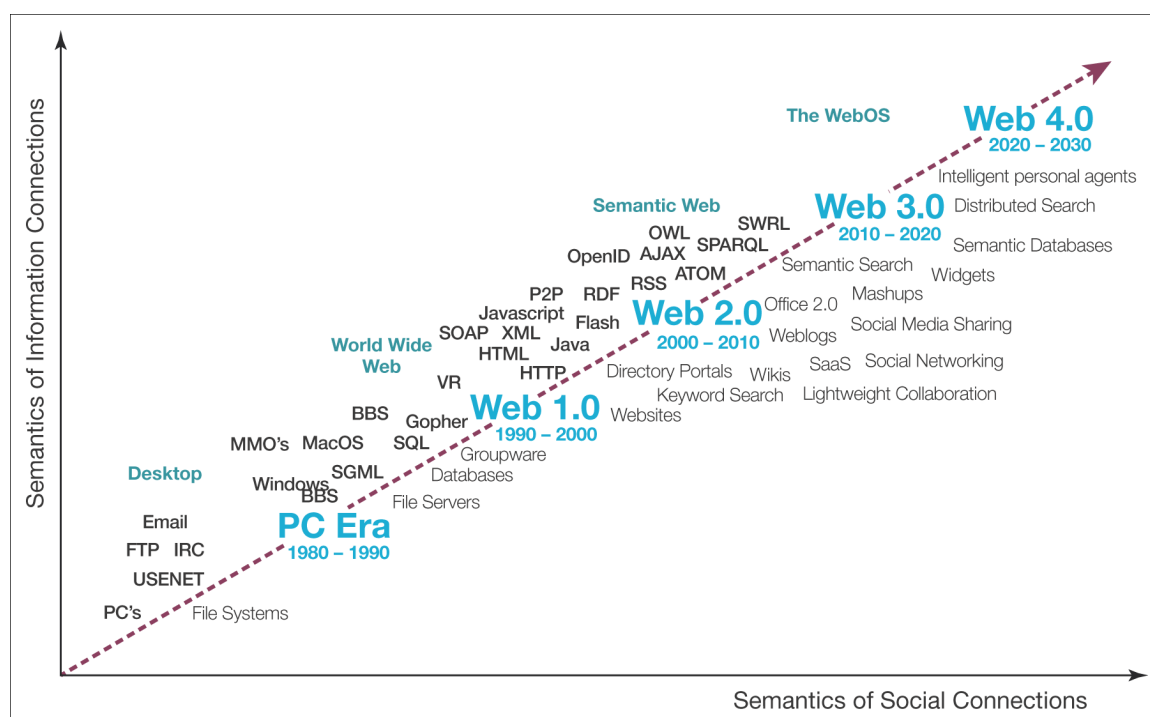
Source: Chaffey et al (2009).

This **Web 3.0** evolution will take the form of the following features and will have an impact on how the Internet affects Promotional Standardisation Strategies:

Web applications. Usage of web-based applications and services (like Google word processor and spreadsheets) using the web in this way is sometimes termed 'cloud computing' where all that is really needed for many activities is a computer with a

web browser with local software applications used less widely. The Apple IPhone 4s uses 'cloud computing' so customers can store music, photos, videos and information on the 'cloud' where people can upload and download material simultaneously.

Syndication. Increased incorporation of syndicated content and services from other sites or a network into a site (Using tools such as Yahoo! Pipes and XML exchange between widgets). For example, a "Weather Report Widget" could report today's weather by accessing data from the Weather Channel; the Weather Channel could even sponsor it. Should someone want to put that widget on their own Facebook profile, they could do this by copying and pasting the embed code into their profile on Facebook.

Streamed video or IPTV. Increased use of streamed video from existing TV providers and user-generated content (as suggested by use of YouTube and IPTV services such as Joost).

Virtual Worlds. With the increased use of immersive virtual environments such as Second Life and Avatars the future holds higher levels of web personalisation bringing more opportunities for advertisers within the retail sector. Tools such as Avatars can act as aids to customers online by being a brand representative, web guide or a personal shopping assistant. Hence they have the ability to improve interactivity and personification, and to fulfill an organization's customer base desire for a more interpersonal shopping experience online (Holzwarth, Janiszewski and Neumann 2006). Avatars used within virtual worlds such as 'Second Life' can aid brands to target, reach and influence consumers alter-egos directly, but marketers

need to ensure that their marketing efforts are consistent within this online environment otherwise users will feel like its spam and it will limit its influence (Hemp 2006).

Personal data integration. Increased exchange of data between social networks fulfilling different needs. This is indicated by the recent Google development of OpenSocial. This hasn't been a success in terms of a social network but has been adopted by enterprise companies such as IBM in their applications and platforms.

The Semantic Web. Increased use of semantic mark-up leading to the semantic web. It seems semantic mark-up will be needed to develop artificial intelligence applications which recommend content and services to web users without them actively having to seek them and apply their own judgement as to the best products and brands (i.e. an automated shopping comparison service) (as suggested by the use of standardised data feeds between shopping comparison sites and Google Base). Google Base is a database of online advertisements and as of September 2010 has now been promoted to Google Merchant Centre.

Summary and Conclusions

It is important to examine the factors that make firms more prone to standardise their promotion, as well as whether standardised promotion is associated with higher effectiveness. Essentially, the model contends that standardisation is effective in improving this when it fits external environmental factors and internal organisational characteristics.

The discussion contained in this chapter and the development of the framework of environmental variables and strategic factors are crucial as they led to the formulation of the hypotheses and will allow the design of a questionnaire to test these hypotheses and carry out the necessary empirical research and collection of the primary data.

The following chapter will deal with the research methodology undertaken. It will discuss the philosophical positioning of the research, the methodological approach adopted and the research methods and techniques in carrying out this doctoral thesis.

Chapter 4

Research Methodology

4.0   Introduction

Burrell et al (1985) state that all theories should be based upon a philosophy of science and a theory of society. Consequently, the first section of this chapter will examine the different philosophical stances in social science directly relevant to this topic and to this investigation. It will identify the debate across the different schools of thought and will also discuss the philosophical positioning that is closely related to this research.

According to Berry (1983) research methodology is not just about data collection and the rules for evidence, it is more about the nature of explanation and the means by which explanations are produced. How knowledge is developed from these explanations depends upon the methodologies used. Research design on the other hand, provides the plan and structure as to how explanation could be obtained. The second section of this chapter will explain the research methodology and design adopted. This section also includes the sample selection; design; piloting; administration and analysis of the questionnaire survey which will be carried out with the aim of achieving the highest response possible response rate.

4.1   Philosophical Positioning

Bilton et al (1987), state that different theorists tend to adapt different research methods in order to collate data to test their particular views on society. The question of whether some research methods are better than others is raised and there is no simple answer to this question. However, this thesis will take a contingency approach

with regard to theory building and research in marketing, taking full regard of the environmental variables. According to Zeithaml et al (1988), prominent contingency theories have been proposed and tested relating to organisational environments, characteristics and structures, competitive conditions and organisational strategies, and organisational characteristics and behavioural processes. This approach has been an underlying theme for theory building and research. The research method adopted is likely to be tied to certain assumptions and how to observe and understand people's behaviour and ideas.

There is a long-standing debate concerning the most appropriate philosophical position from which methods should be derived. After an investigation of a number of philosophical schools of thought it emerged that the Positivist Approach was most closely related to the philosophical positioning of this study.

In order to meet this aim, a number of hypotheses will be set (as stated in Chapter 3.2.1) and will then be objectively tested. The following will now consider the main characteristics of Positivism and the criticisms, which have been raised against it by other philosophical social positions such as Interpretive, Phenomenological and Critical Theory.

Positivists argue that there is a truth or objective reality waiting to be discovered by social scientists. The researcher discovers this reality and the general causal laws that govern behaviour by staying detached, neutral and objective throughout the research (Bailey, 1996). The key idea of positivism argues that real knowledge should be based on facts (Comte, 1953) and derives after formulating and testing some research hypotheses (Easterby-Smith et al, 2002).

However, the positivist approach has been criticised from within what is called the interpretive model. Supporters of the interpretive model suggest that a social science that depends on objective factors just predicts the actual pattern of social events and will inevitably fail (Taylor, 1985). However, Little (1991) argues the interpretive approach faces problems with hypothesis formulation and verification and is based on subjective assumptions.

The next school of thought that was considered is Phenomenology. Easterby-Smith et al (2002), state that the starting point is the idea that reality is socially constructed and given meaning by people rather than objectively determined. Hence the task of the social scientist should not be to gather facts and measure how often certain patterns occur, but to appreciate the different constructions and meanings that people place upon their experience. However, this is problematic with data collection, analysis and interpretation (Easterby-Smith et al 2002).

Critical Theory was founded in the 1930's on the idea that reason is the key to human emancipation. Its supporters believe that through reason it is possible to criticise and challenge the nature of existing societies. Critical theorists reject the positivist approach to social sciences. They criticise it as a form of alienated consciousness, which mystifies the real nature of social life by wrapping it up as a myth of the 'objectivity' of scientific method (Anderson et al 1986). However, Keat (1981) argues that the only knowledge of any significance is that which is derived from the use of objective measures rather than one that is based on an individual's subjective views and beliefs.

The main differences between positivism and phenomenology are illustrated below in **Table 4.1**, which outlines the key features in each paradigm.

Area	Positivism	Phenomenology
Perception of the World	The social world is separated from human beings. Social reality can be investigated by the use of objective measures.	Humans are part of the social world, which exists due to the interaction and actions of human beings.
Objectives	Empirical testing of theories by process of verification or falsification for reaching a general principle.	The understanding of how members of a social group by actions enact meanings, beliefs and realities of the social world.
Research Methods	Hypothetical deductive approach.	Process of understanding how humans form practices and meanings as they work towards common goals.
Methods of Data Collection	Sample surveys and questionnaires but can use qualitative	Interviews, documents and observations.
Methods of Analysis	Statistical models.	Interpretation, description and analysis of the social world from the viewpoints of the participants.
Role of Respondents	Information based on frameworks prepared by researcher through questionnaires.	Allow respondents to use their own ways of explaining their experiences and concepts of the social world.

Source: Easterby-Smith et al (1991)

From Table 4.1 above, the positivist paradigm is the most 'closely' related to the methodological approach adopted in this study. The justification for this approach is as follows:

Perception of the World: The Questionnaires will be sent to the MNCs and will be objectively tested. The writer of the thesis will be separated from the respondents when they are filling out the Questionnaires.

Objectives: This thesis aims to test theories by verification or falsification to reach a general principle as outlined in the Aims and Scope of the Thesis in Chapter 1.2.

Research Methods: This thesis aims to test 5 hypotheses using a deductive approach (please refer to Chapter 4.2) encompassing a literature review as outlined in Chapter 3.2.1. This deduction of the literature will be via a large sample of multinational companies and advertising agencies.

Methods of Data Collection: used are sample surveys and questionnaires (and some qualitative), which this thesis will seek to achieve as outlined in Table 4.1

Methods of Analysis: Are statistical models, which were achieved with the use of the SPSS statistical package.

Role of the Respondent: The information was based on a conceptual framework prepared by the researcher, which is described in Figure 3.2, and will be tested with questionnaires as advocated in Table 4.1.

Therefore, after considering the characteristics and debate associated with the different schools of thought and outlining the intended methodological approach, positivism is most closely related to the philosophical positioning of this study.

However, it must be noted that the main characteristics presented in the above figure represent the extremes of both philosophies. In practice, it is difficult to undertake research at one end of the spectrum, as there is a tendency to adopt a mixed approach (Easterby-Smith et al 2002). The mixed approach will be undertaken by this thesis and is further explained and justified in Section 4.3.3.

Robson (1993) suggests five sequential stages with regard to positivist philosophical positioning:

1. We will deduce hypotheses from the extant literature - A theory will be used as a conceptual base to formulate the research framework, by identifying key environmental and strategic variables as causes of MNCs and Agencies promotional standardisation decision making.

2. Express the Hypotheses in operational terms- this will propose a cause and effect relationship.

3. Hypothesise through the use of empirical research.

4. Examine the specific outcome - We will examine the results generated and add to the existing theory, which will be done regardless of whether the results are in harmony or in conflict with what was expected.

5. If necessary, modifying the theory in light of its findings. An attempt will then be made to verify the revised theory by going back to the first step and repeating the whole cycle.

This section dealt with the different philosophical schools of thought and the positioning of this study in terms of those schools. Chapter 4.2 is concerned with the actual research methodology and design adopted for this study.

4.2   Research Methodology

The methodology will draw on the concepts of the research wheel (Wallace, 1971) outlining the deductive and inductive approach.

According to (Bailey, 1996), the process of scientific discovery supposedly proceeds clockwise around the 'wheel of science' (Please refer to Fig 4.1). The researcher begins with a 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, the right half of the wheel – from theory to data collection – is called deductive research. The purpose of this type of research is usually explanatory or theory testing. The research wheel also includes inductive research. During inductive research, the researcher enters the wheel at the point of data collection and travels up the left side of the wheel. The researcher collects the data and then extrapolates from the data insights into human behaviour. That is, the researcher makes general statements or insights about social life deriving from the specific behaviours observed. When a theory is developed inductively, it is called grounded theory because it is grounded; it has its base in specific observations of social life (Glaser and Strauss 1967).

In addition to generating theory, the purpose of inductive research is often exploratory or descriptive. However, most field researchers choose an inductive method because they believe that field research is the best way to understand the

social world (Bailey, 1996).

In the context of this thesis, the research approach relies on both deductive and inductive reasoning methods. Secondary data will be collected using the deductive method e.g. extensive review of theory and literature. This will enable a theoretical framework to be developed and will also develop the proposed research hypotheses (Chapters Two and Three respectively). Primary research will be collected using a questionnaire survey – full details of which are given in **Appendix I** - and explained in Section 4.4.2. Inductive reasoning will then analyse the data and reach the research results. The results will verify or reject hypotheses and lead to theorising in International Promotion. A summary of the methodological approach is illustrated in **Figure 4.1** below. This was arrived at as a result of developing the Wallace (1971) model combining inductive and deductive strategies.

Figure 4.1

Source: Walter Wallace (1971). The Logic of Science in Sociology
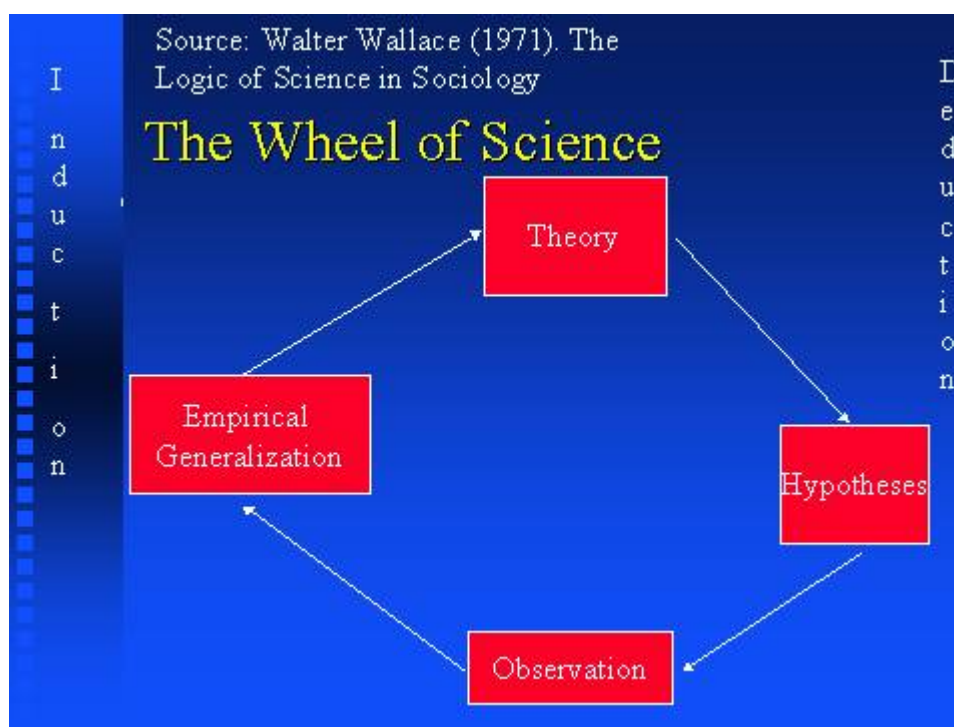
4.2.1   Questionnaire Survey

With regard to the ontological positioning of the research, as a positivist, we take an objective viewpoint. That is, the results that will be generated by the analyses for the thesis will be 'external facts that are beyond reach or influence' (Bryman and Bell (2003). Therefore the results generated will be independent of the stance and any opinions that we may have – e.g. we will have no bearing on a firm's promotional practices.

The PhD is concerned with the Antecedents, Policies and Practices of Promotional Standardisation Strategy using an empirical method, which lends itself to positivism. As a positivist, we believe that the outcome of the empirical analysis, which will be carried out, is the truth. This objective ontology lends itself to Survey Research, which is within a positive paradigm. Therefore, the two methods that are appropriate for the area of discussion are within Survey Research. To generate all the relevant information required for the research objectives, a questionnaire survey and an in-depth interview were deemed to be the most appropriate method. This provided an insight into the antecedents, policies and practices of different MNCs, and allowed an in-depth comparison of their responses, taking into account the organisational characteristics.

4.3   Sample Selection - Sampling

The main objective of this study will look at the Antecedents, Policies and Practices of Promotion Standardisation Strategy: a comparison of MNCs and Advertising Agencies policies and practices across three countries.

4.3.1   The Sample of MNC's as Advertisers

This project will comprise of two separate sample groups, namely MNCs and Agencies.

On the MNC side:

- 100 British Multinational Companies (MNC's) in *the United Kingdom, France and Germany* (this will encompass 300 questionnaires). The rationale/justification for the selection of these three countries is discussed in Chapter 1.2.

- The MNC's annual revenue and then its advertising spend in the aforementioned countries; as well as experience in international operations will be assessed.

- The type of product promoted will be measured - which will consist of consumer durable goods, consumer nondurable goods, industrial goods and services.

Due to the large sample size of 300 (100 UK Companies' in UK, France and Germany), it was decided to collect the MNCs data through postal questionnaires. These were on the basis of job title; the executive responsible for the subsidiary's marketing or promotion decision-making was identified and the questionnaire addressed to this person. When such information was lacking, the questionnaire was directed to a top-level executive.

4.3.2   The Agency Sample

The same problem will be investigated from the Agencies point of view. This will be to ascertain whether or not their attitudes will exhibit any differences. Finally, it appears that studies of advertising agency executives – so far largely neglected in the field – may prove to be especially valuable. According to Fastoso and Whitelock (2007), specifically in relation to process standardisation, the agency perspective may add additional elements to the understanding of company internal processes as these executives will be aware, yet probably less biased by the client company internal situation, than managers working for the client companies.

It was therefore decided to gather data through in-depth interviews. This would reinforce the concept of triangulation as stated in Section 4.3.3.

 On the Agency side:

- WPP Group Agency in the United Kingdom, France and Germany.

- The Agencies' annual revenue and experience in international operations will be assessed.

- The type of product promoted will be measured - which will consist of consumer durable goods, consumer nondurable goods, industrial goods and services.

4.3.3   Sequential Exploratory Design

In order to overcome disadvantages with validity, the research design will use a mixed approach (Creswell, J. 2003). The main part of the design will encompass the Quantitative element, which will take into account the pre-determined hypotheses with regard to the cause and effect of International Promotion using attitudinal scaling, then after this, the data will be analysed using statistical software package SPSS. The Qualitative research will be in the form of speaking to Agencies' and MNCs in order to develop the survey (including the pilot/pre-test in Section 4.4.6) and also in-depth interviews with open-ended questioning used after the Questionnaire Survey to further develop the findings from the Questionnaire (see below). The questionnaire will be divided into Two Sections. Section 1 will highlight the organisational background of the company. Section 2 will relate to the attitudes of the company with regard to the cause and effect of promotional standardisation. This will encompass close-ended questions.

This will provide sequential exploratory design:

e.g. **Qualitative –>** *to develop the survey (ask Agencies, MNCs and Academics information on promotional standardisation practices in these EU countries and pre-test with conceptual framework and questionnaire)* **Quantitative->** *primary methodology (test theories and hypotheses) ->* ***Qualitative –>*** *(interviews used after the Questionnaire Survey to further develop the findings from the Questionnaire).*

Furthermore, this provides triangulation, which seeks a convergence of results.

4.3.4   Selecting the Sample of MNCs

The selection of the sample of MNCs began in September 2008. Since it was desired to deal with MNCs in United Kingdom, France and Germany and their annual revenue and international experience, it was decided to focus on multinational companies in terms of revenues through research conducted in the library, Internet, telephone conversations and interviews with Advertising Agencies and MNCs and so it was deemed that the Fortune Global 500 (2010) database would prove a good indicator of company details. The Fortune Global 500 Europe is a ranking of the top 500 corporations in Europe as measured by revenue (sales in total). The list is compiled and published annually by Fortune magazine. The top 100 British companies in the EU were then taken from this database.

These details were then checked with the relevant MNCs to determine whether or not promotional activities were actually undertaken by these MNCs and in terms of spend the European Marketing Book published by the World Advertising Research Centre (2010) was consulted. As a result of this elimination method, eight companies were omitted as their promotional spend was insufficient to warrant an investigation. The respondents from the MNCs' were executives responsible for advertising/marketing decision-making.

Questionnaires were then posted/emailed to UK multinational companies in United Kingdom, France and Germany across the consumer durable goods, consumer nondurable goods, industrial goods and services sector.

As stated in Chapter 3.5, GMS theory would identify large firm size as an internal factor that is consistent with standardisation and the size of the firm is defined here as the subsidiary's annual sales volume (Melewar and Saunders 1999; Samiee et al 2003; Kanso and Nelson 2006), as their experience and behaviour in international marketing strategy is valuable for the objectives of this research. They also account for a very large portion of total employment and turnover:

- The sample will take the form of non-probability sampling. This will be specifically within the category of Judgement Sampling- which is selected on the basis of what the researcher thinks those particular sample units will contribute to answering the particular research question in hand (Kinnear & Taylor, 1996).

Non-responses will be taken into consideration. It will be essential to assess how representative data will be and to allow for the impact of non-response in the calculations of the sample size.

4.3.5   Selecting the Sample of Agencies

For the selection of the agency - sample informal interviews (first stage of mixed method approach) were conducted with several agencies with regard to advertising standardisation in these EU countries. Earlier studies have shown that advertising agencies tend to adopt the standardisation approach in order to take advantage of their own international networks and to maximise the profit potential from the client's international advertising budgets (Ryans 1969). Zou and Volz (2010), more recently stated that when an advertising agency possesses a high competency, it is more likely to advise the MNC about the benefits and feasibility of standardised advertising, help the MNC co-ordinate the planning and execution of advertising

campaigns across the world and facilitate the MNC's integration of its advertising objectives and strategies in the global market. It was also noted that the preference of clients to streamline and integrate their brand communications across countries spurred communication agencies to take the globalisation route. They highlighted the fact that agencies with global reach have the advantage of offering a single point of contact for coordinating marketing activities, improved cost efficiencies, greater coherence in marketing 'voice' and access to the agency CEO in times of crisis (Mediacom 2009).

The six global communication companies (not the sample for this thesis) are comprised of Omnicom and Interpublic from the USA, WPP from the UK, Publicis and Havas from France and Dentsu from Japan. The three most important regions for the six communication holding companies were Western Europe, North America and Central Asia/Asia Pacific.

WPP Group is the world leader in marketing communications services with revenue of £9.1 Billion. WPP Group are by far, the company with the most aggressive Mergers and Acquisitions growth in Western Europe, followed by Publicis, Omnicom, Havas and Interpublic.

Therefore WPP Group will meet the pre-defined criteria of the Agencies Policies and Practices of Promotional Standardisation across these three countries in the European Union. They have offices worldwide, international clients, large international accounts and use standardisation to an extent, which is more relevant for the purposes of the pre-defined criteria.

The actual sample of respondents from the agencies will be account executives or account directors responsible for promotion/marketing decision-making. WPP Group was selected as stated above they are they are the largest in Western Europe and use standardisation to some extent which is more relevant for the purposes of the pre-defined criteria.

Thus, 1 interviewee will be interviewed from 1 Agency across the 3 countries (1 from each country):

WPP GROUP – UK

WPP GROUP – FRANCE

WPP GROUP – GERMANY

4.4   Questionnaire Design

This will provide an insight into the attitudes of different multinational companies and advertising agencies. This will also allow an in-depth comparison of their responses and will take into account their organisational characteristics, experience and type of business.

The majority of studies that looked at promotional and advertising standardisation have used survey research and this was considered to be the most suitable research method as it allows the gathering of data on a broad basis (Griffith et al 2002; Fastoso and Whitelock 2005).

As illustrated in **Figure 4.2** below, there are different types of questionnaires available to the researcher. In undertaking this research, self-administered questionnaires will be used.

Figure 4.2
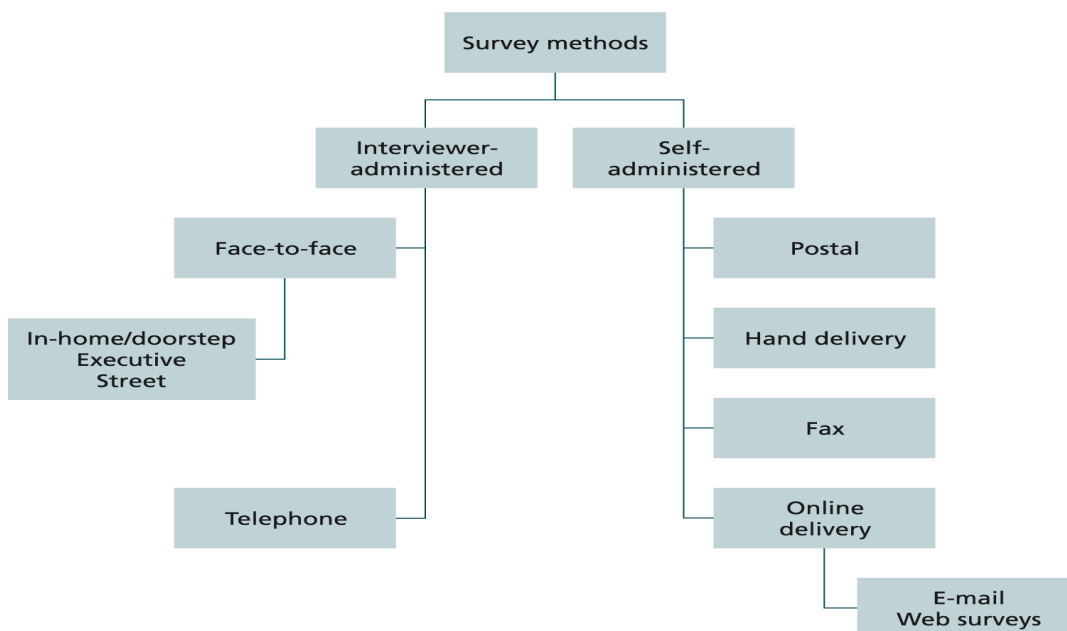
Source: Wilson (2011)

Self-administered questionnaires are to be completed by the respondents. The questionnaires can be posted to respondents who complete and return the questionnaire or can be delivered by hand to each respondent and collected later. The questionnaires can also be sent by fax where potential respondents are forewarned by telephone or e-mail and their agreement is sought prior to sending. Finally, there are two online methods available to researchers via e-mail and online surveys (Wilson 2006). Due to the fact that the field of study here was international marketing, the population to be covered was widely spread and funds available very limited, a mailed questionnaire and an online survey was seen as a more feasible approach. Sending a questionnaire via post, email (using an attachment survey) and an e-mail inviting respondents to take part in the survey is a more economical way of conducting the research.

In addition, self-administered questionnaires 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.

4.4.1 Research Questions

Based on the Research Objectives (please refer to Chapter 1.2) and the existing literature where Hypotheses were developed (please refer to Chapter 3.2.1), the following Research Questions were developed:

- To research whether there is similarity of consumers, market conditions and the level of competition across these three countries? This question will look at managerial perceptions of British MNC subsidiaries and Advertising Agencies in the level of integration of these countries in the EU and for their relevance in the assessment of the feasibility of standardising promotion strategy across these three countries **(Hypothesis One).**

- To research whether these MNCs and Agencies believe that standardisation is associated with specific benefits? Prior research has suggested that the benefits associated with standardisation include the ability to create a uniform brand image, the achievement of cost savings, the ability to appeal to cross-national market segments and improved coordination between headquarters and subsidiaries **(Hypothesis Two).**

- To research size of firm and whether greater size will make it more likely that MNCs standardise promotion across markets? (Although the top 100 were selected this still gave enough range in sales volume to **(Hypothesis Three).**

- To research whether with more experience in international operations, MNCs are more likely to standardise promotion across these markets? **(Hypothesis Four).**

- To research whether the type of business influences the degree of promotional standardisation? **(Hypothesis Five).**

- To research to what extent MNC's subsidiaries and Advertising Agencies standardise their promotion strategy across these three countries looking at Advertising Strategy and Brand Positioning, Sales Promotion Strategy and Internet Promotion Strategy? Advertising Strategy and Brand Positioning will

be divided into: target group, advertising objectives, brand positioning budget decisions, creative and media strategy; Sales Promotion divided into Price Discounts, Catalogues/Brochures, Coupons Samples, Gifts and Competitions Internet Promotion divided into Business Strategy, Design (Web 2.0), Audience Creation, Advertising, Promotions and Analysis. This inclusion of Internet Promotion in this area will substantiate a clear contribution to the field in terms of the level of promotional standardisation.

4.4.2   Select Question and Response Formats

The questionnaire will be divided into 2 sections. Section 1 will highlight the organisational background of the company For example, Major Characteristics of the Company (Location, Sales volume, International Operations and Type of Business). Section 2 will relate to specific respondents within each company that have been asked for their responses to specific questions e.g. Environmental and Strategic Factors; Advertising and Sales Promotion; Internet Promotion. This will encompass closed end questions. A copy of the questionnaire is to be found in **Appendix I** (The sub headings are used for guidance for the reader of the thesis after the primary research was conducted. The questionnaire sent to the respondents did not contain these sub-headings, as this would have sensitised them to the aims of the research).

The data collected through questionnaires can be classified into 4 distinct types of variables - attitudes, beliefs, behaviour and attributes (Saunders et al 1997).

This questionnaire will focus on attitudes and attributes:

- The questionnaire will also use Attitude Scaling as the form of measurement. Each construct will be assessed on a multi-item measure using a five-point Likert scale ranging from 'strongly disagree" (1) to "strongly agree' (5) for the Advertising Section; the Sales and Internet Promotion.

However, in developing the scales on the basis of the literature review and conceptual framework, the work of Laroche et al (2001) and Samiee et al (2003) were consulted with regard to Advertising; the scales for Sales and Internet Promotion were added by the author of this thesis. Most constructs were assessed on a multi-item five-point Likert scale as previously used by Laroche et al. (2001). This is further discussed in section 4.4.7 - data collection.

- Attributes – this will include data about the respondents' characteristics e.g. something the respondent possesses. This will allow research on different factors e.g. MNC's related with promotional standardisation to identify patterns and relationships between variables in the survey.

The MNCs' and Agencies' revenue and experience will be assessed in international operations using ordinal scales. Finally, the type of product advertised will be measured using a categorical scale - which will consist of consumer durable goods, consumer nondurable goods, industrial goods and services. Attribute variables in conjunction with Attitudinal scaling will be utilised to test a number of hypotheses that will lead to the development of a new framework in international promotion.

In the design of the questionnaire, original research questions (section 4.4.1) were formulated rather than adapting questions from other research sources (Bourque and Clark 1994).

4.4.3 Selected Wording

The questionnaire will utilise closed-ended questions. The closed questions are ones that require the respondent to make a selection from a predefined list of responses. Open-ended questions are those where the respondents can reply in their own words. Close-ended questions save time for both the researcher and for the respondent. Close-ended questions used in the questionnaire were:

Category Questions (only one response can be selected from a given set of categories); Scale Questions (using a scaling device to record responses) and Ordinal Scales. All close-ended questions were coded prior to the questionnaires being used.

4.4.4 Determine sequence

In constructing the questionnaire, the questions will follow a funnel sequence; moving from the generalities of a topic to the specifics. This will allow the questions to be presented in a logical and coherent way to the respondent. The questionnaire will be pre-coded to allow the classification of responses into analysable and meaningful categories. In doing this, a numeric code will be allocated to each category of a variable. This coding process is essential in preparing the data for statistical analysis.

The questionnaire will be sent to selected promotion or marketing executives of British Advertising Agencies and MNC's subsidiaries in the United Kingdom,

France and Germany. These three countries were selected because they are among the largest national economies in Europe and because they have substantial promotion spending. These will be kept anonymous. All information will be treated in strict confidence and used for academic purposes only.

4.4.5   Layout and Appearance

The layout and appearance of the questionnaire is particularly important in self administered and postal questionnaires. Response rates are likely to be higher if the questionnaire looks attractive, uncluttered and easy to understand. For this reason the questionnaire was kept short. The key elements are spacing; quality of production; variety and coding/analysis requirements (Wilson 2006):

- The layout of the self-administered questionnaire will be designed to make reading questions and filling responses easier.

- The questionnaire should look uncluttered, with plenty of space between questions.

- The questionnaire will utilise high quality printing, good quality paper and stapling the pages in the form of a booklet.

- The questionnaire will seek visual variety in the look of the question and the questionnaire e.g. arrows colour and borders.

- The questionnaire will also look at the best layout and design requirements for efficient data processing.

There will be prior contact with the targeted respondent to ensure a high response rate. Questionnaires posted to companies will be accompanied by an introductory covering letter, which will explain the purpose of the survey and the rationale behind the selected sample. Moreover, it promised confidentiality and a customised report

for participating companies at the end of the research. Great care will be taken in the construction of the covering letter. These will be printed on University letterhead paper.

4.4.6 Pilot Testing

It is crucial to pilot test the questionnaire before using it to collect data. The purpose of the pilot test is to refine the questionnaire so that respondents will have no difficulties in answering the questions and there will be no problems in recording the data. In addition, it enables the researcher to obtain some assessment of the questions validity and the reliability of the data collected.

The questionnaire for this study has been pilot tested with several respondents who were willing to undertake the task. As the questionnaire was self-administered, the researcher was present during the pilot test when the respondents were completing the questions (Wilson 2006). The conceptual framework and questionnaire was further developed with several MNCs and Advertising Agencies as well as Academics – Professor Demetris Vrontis and Professor Douglas West who are both knowledgeable about international promotion topics.

This was in the form of a pre-test with individual interviews. This has been performed to avoid missing any key variables. The pilot study was conducted throughout May 2009. It provided a great help in identifying and correcting design flaws for the completion of the final questionnaire.

In order to overcome any drawbacks or problems with the questionnaire design, the respondents were asked a number of questions. These questions were related to the structure, design, standard, clarity, duration as well as any problems or difficulties

associated with filling in or understanding the questionnaire. This allowed an assessment of the question order and wording, layout attractiveness and whether enough space was provided for answering open-ended questions.

4.4.7   Undertaking the Survey

Once the questionnaire was designed, pilot tested, amended and the sample selected it was used to collect the data. At this stage, it was important to remind and encourage respondents to complete and return the questionnaire on time.

4.4.7.1 Sampling and Data Collection

How easy is it to identify Target Companies? It has already been indicated in Sections 4.3.4 and 4.3.5 as to how the companies have been identified. There are also contacts in industry via BT, Cisco, Lidl, and Tesco who have guaranteed that they will fill out this questionnaire. There have been 100 companies identified to date, which means a possible 300 questionnaires can be completed. Moreover, according to Rugman (2009) – data is now even more freely available on EU MNC's due to changes in accounting practices. Rugman (2009) also uses scope measures - country and subsidiaries as this thesis will seek to do; scale measures - scale and assets. Corporate data such as sales and profits are now very useful for survey research and easier to obtain than in previous years. For example, Compustat is a leading provider in financial market intelligence which has developed robust proprietary platforms and software that enable a broad array of users to quickly and easily take advantage of the rich content available in their databases (Rugman, 2009).

How realistic is the eligibility criteria? All studies analysed explore Promotional Standardisation issues by asking respondents to compare national promotion regulation between two (or more) countries. This approach has the advantage of being easy to carry out but bears the risk of having respondents comparing campaigns with varying degrees of precision depending on their knowledge of foreign campaigns – when local managers are surveyed – or on their imprecise detailed knowledge of local realities (Dunn 1976, cited in Fastoso and Whitelock 2005) – when headquarters (HQ) managers are surveyed. In order to offset this disadvantage, this study asks local subsidiary managers to assess only their own local campaigns – about which they know best – in terms of i) who exactly was responsible for its development, ii) the country or countries for which it was intended, iii) Local offices vs. HQ. As a consequence, the study can assess how many respondent companies are standardising their promotion as well as the extent of this standardisation in geographical, promotional, strategic and executional terms. This was highlighted in the covering letter in **Appendix V** so that the respondents were aware of these issues.

How would the planned fieldwork be scheduled? This would be via the post and e-mail - this means that it is possible to cover a range of methods, which will motivate the respondent to complete all of the questions. The costs for all methods are low and using the electronic method would be faster, cheaper and reach a larger number of people. This will involve no travel, no mailing costs and almost instantaneous in terms of delivery.

Response Quality? There is a good relationship with companies, which will increase the response rate. Pre-contact has been undertaken beforehand and we have asked the company their preferred method of survey. A cover letter and a preaddressed postage-paid envelope were included. The cover letter asked for cooperation in filling out the survey and assured respondents that their responses would be held in the strictest confidence. A copy of the study results was offered as an incentive for filling out the survey. In terms of the administration of questionnaire - as summer and holidays produce the lowest response rate, it was not advisable to conduct a survey during this time so one would look to conduct the mailing in three phases: February 2010, March 2010 and May 2010. Reminder e-mails will be sent to chase up.

Costs? - Cost of self-administered questionnaires offline and online is low.

On the basis of the literature review and conceptual framework, a survey instrument was developed, drawing upon scales that Laroche et al (2001) and Samiee et al (2003) had developed because these measured some similar constructs. After a full set of items had been developed, individual interviews were then conducted with MNCs and Agencies as well as Academics.

The actual questionnaire went out on February 2010. This was followed by the two follow-ups. The first follow up was sent on March 2010, several weeks after posting out the survey. The second follow up was posted in May 2010. This included a further reminder and a second questionnaire.

These follow ups proved to be extremely important and effective in getting people to respond.

4.4.8   Analysing the Questionnaires

The questionnaire and its analysis are Quantitative in nature. Quantitative evidence uses numbers usually in the form of counts or measurements to attempt to give precision to a set of observations.   The empirical research (questionnaire) is confirmatory, in that it is performed to "confirm" an assumption or theory. This involves testing against a hypothesis or specific assumptions e.g. please refer to Chapter 3.2.1 for Hypotheses. On the other hand, Qualitative research uses words to describe more fully situations, individuals or circumstances surrounding a phenomenon (Kinnear & Taylor 1996). The expectations of the study are that by using mixed method research as part of the research design, reliability (decreased with Qualitative research) and validity (decreased with Quantitative research) will be increased.

The questionnaire will be divided into 2 sections. Section 1 will highlight the organisational background of the company. Section 2 will relate to the attitudes of the company with regard to the cause and effect of advertising standardisation. This will encompass closed end questions.

The analysis and statistical tests will be performed by the aid of SNAP and SPSS software. This will enable the researcher to perform the following:

1. Summarise the data – Summary Statistics with counts and percentages.

2. Describe the distribution of data values – Descriptive Statistics with Means, Medians, Modes and Standard Deviation.

3. Make inferences about the population based on the sample data. Inferential Statistics including Confidence Intervals and Significance tests such as chi-squared, which are useful statistical techniques for hypothesis testing, which this thesis seeks to address.

4. Measuring relationships using the Least Squares Approach.

5. Further statistical techniques that will be used to explore the data for patterns of responses. These exploratory statistical techniques include Confirmatory Factor Analysis using the Generalised Least Squares Method.

Summary and Conclusions

This chapter has been divided into two sections. The first section deals with the philosophical positioning and the second with the research methodology and design adopted.

Philosophical positioning is a crucial research decision for every doctoral thesis. Therefore, Section 4.1 of Chapter Four identified and presented the long-standing debate and criticisms in social science about the most appropriate philosophical position from which methods should be derived. It then discussed the selected approach most closely related to this study.

Section 4.2 – 4.4 of this chapter dealt with the research methodology and design. This was introduced using the research wheel concept outlining the deductive and inductive approach. This section emphasised the importance of using a questionnaire survey and discussed issues related to the sampling, design, piloting and undertaking of the survey as a means of acquiring reliable results and a high response rate. Finally, it outlined the issues related to the analysis and examination of the research questions.

The next Chapter deals with the analysis of the findings. It will examine and present the respondents attributes and attitudes with regard to the research undertaken. Moreover, it is concerned with Antecedents, Policies and Practices of Promotional Standardisation Strategy: a comparison of British MNCs and Advertising Agencies practices across these three countries and will identify any significant differences across several patterns of different organisational characteristics.

Chapter Five

Analysis and Findings - On UK MNC'S Promotional Practices across the UK, France and Germany.

5.0   Introduction

Chapter Five is concerned with the analysis and findings of the Questionnaire Study. Chapter Five is divided into five sections. Section 5.1 investigates and compares the number and characteristics of the respondents in this research. This determines whether the questionnaires collected were representative of the total sample. Section 5.2 presents the respondents characteristics and their operational behaviour in these markets. Section 5.3 determines the measurement assessment by comparing the proposed constructs Section 5.4 reports the findings of the research undertaken on UK multinational companies' behaviour in UK, France and Germany from respondents in these European Markets. It deals with the primary hypothesis as it identifies whether the level of importance of promotion standardisation is dependent on environmental factors and also whether firms that emphasize internal global strategic factors will pursue a higher degree of promotional standardisation. It also deals with the other Hypotheses (H3, H4 and H5). Section 5.5 outlined a structural model which will test Hypotheses 1 – 5 and to see if they are supported or not.

5.1   Research Participants

300 companies were targeted. **Table 5.1** summarises their responses:

Table 5.1: Sample's Responses

	Number	**Percentage**
Respondents	189	63
Negative Respondents	41	14
Non-Respondents	70	23
Total	**300**	**100**

Of these 300 companies the number of usable respondents was 189, which indicates a response rate of 63%. The number of companies replying to state that they were unwilling /unable to complete the questionnaire was 41 which equates to 14%. The number of companies that did not respond at all was 70, which equates to 23%.

The replies received from companies whose response was negative also indicated a number of reasons for this. As illustrated in **Table 5.2** below, the main reason was a lack of time. In addition company policy, confidentiality and other reasons were also given.

Table 5.2: Reasons for Uncompleted (totally as well as partially) Questionnaires

Reason	**Number**	**Percentage**
Time	20	49
Policy	10	24
Confidentiality	5	12
Not Stated	4	10
Other	2	5
Total	**41**	**100**

Having established that 14% of negative respondents gave their reasons behind their decision as detailed in Table 5.2, it was then necessary to discover whether the other 23% of non-respondents had also made the decision not to respond for the same reasons. In order to do this, a sample of companies was researched. The reasons given were found to reflect the information contained in Table 5.2 relating to the negative respondents. As a Marketing Manager quoted: "Sorry, we don't have time to fill in the questionnaire at this time"; "Company Policy: we can't reply to you" (Company Number 201 and 202 respectively).

Moreover, in the aim to see whether respondents from different categories (i.e. location of company, annual sales volume of the company in this market, how long the company has had international operations and type of business) were spread equally among their different subcategories, Tables **5.3, 5.4, 5.5** and **5.6** were constructed. Data in these tables are drawn from Questions 1, 2, 3 and 4 of the questionnaire survey (Please refer to Appendix I). These allow a comparison between respondents and non-respondents characteristics.

Table 5.3: Location of the Company

MNCs	N	UK	France	Germany
British	189	89	40	60
Total %	189	47	21	32

Source: Replies to Question 1 of Questionnaire Survey

Table 5.4: Annual Sales volume of the Company in this Market

Size of the Company (Euros)	Percentage
100 Million or less	30.8
100 – 499 Million	42.1
500 – 999 Million	7.5
1 Billion or more	19.6
Total	100

Source: Replies to Question 2 of Questionnaire Survey

Table 5.5: International Operations

International Experience	Percentage
5 years or less	2.8
6-10 years	6.5
11-20 years	13.1
21-49 years	44.9
50 years or more	32.7
Total	100

Source: Replies to Question 3 of Questionnaire Survey

Table 5.6: Type of Business

Type of Business	Percentage
Durable Goods	39.3
Non-Durable Goods	9.3
Industrial Goods	44.9
Services	6.5
Total	100

Source: Replies to Question 4 of Questionnaire Survey

In terms of annual sales volume of the company in this market, the majority of firms have sales between €100 and €499 million Euros. Regarding international operations, the majority of firms have more than 20 years of international operations. In terms of the types of business, most subsidiaries fall primarily into durable goods or industrial goods categories. Nondurable goods and services are a minority in terms of the type of business surveyed.

A hypothesis can be defined as an assumption or proposition that a researcher makes about some characteristic of the population being investigated. These situations can be evaluated using a statistical test called hypothesis testing. To do this the researcher needed to (1) establish the hypothesis (Please refer to Chapter 3.2.1) and (2) select the appropriate technique to test it. There are many statistical tests available but the three most commonly used are the chi-square test, the Z test and the t Test. The chi-square will be used (below) as will the t-test (Please refer to Chapter 5.4.2), which is more common in Marketing Research than the Z test (Wilson, 2011)

The chi-square was used as the researcher needed to ask whether the number of responses that fall into different categories differ from what is expected. The chi-square test enables the researcher to test the 'goodness of fit' between the observed distribution and the expected distribution of a variable. The results for the chi-square calculations are ($\chi^2 = 7.381$) for annual sales volume of the company in this market, ($\chi^2 = 17.765$) for the international operations and ($\chi^2 = 7.381$) for the type of business.

By looking at the results arriving for the annual sales volume of the company in this market and by considering 3 degrees of freedom (df), it was concluded that the size of the company in this market is not significantly different across its sub-categories.

The researcher can then conclude with 95% confidence at its respective 3 degrees of freedom. In other words, the variation among the sub-categories of annual sales volume is not greater than expected by chance. However, it does not confirm whether any annual sales volume is significantly better than the others.

By looking at the results for international operations and by considering 4 degrees of freedom (df) it was concluded that the level of international experience is significantly different. This is evident as the returns from 21-49 years and 50 years + is relatively higher than those of other levels. This was statistically significant at (p<0.05). In other words, the variation among the sub-categories of international operations is greater than expected by chance. However, it does not confirm whether any international operations are significantly better than the others.

By looking at the results for type of business, it was concluded that they are not statistically significant among their sub-categories. The researcher can then conclude with 95% confidence at its respective 3 degrees of freedom. In other words, the variation among the sub-categories of type of business is not greater than expected by chance. However, it does not confirm whether any type of business is significantly better than the others.

In order to identify whether responses arrived from all sub-categories, cross tabulation was performed. "Crosstabs examine the responses to one question relative to the responses of one or more questions" (Wilson 2006). It is therefore worth mentioning that bigger companies in terms of employees tend to enjoy bigger turnover. It is also argued that the respondents are sufficiently spread across different types of business in comparison with the annual sales volume of the company in this

market and international operations. One exception was the industrial sector, where we can see a trend towards bigger companies. This was expected as secondary research, emerging from the Fortune Global 500 Europe database, pointed out that the biggest UK industrial multinational companies enjoy a turnover of more than one billion.

5.2   Characteristics of the Companies

In order to identify the main characteristics of the companies, this section discusses the information obtained from an analysis of the replies to the section labelled 'Major Characteristics of Company' in the questionnaire survey. This section, together with the data in Section 5.1 aims to set the picture concerning the nature of the respondents participating in this research.

Replies to Question 2 **(Table 5.7)** below researching Annual Sales volume of the Company indicated that the highest percentage in the UK is Companies with 100 – 499 Million € on 37.1%; French companies have 34.6% on €100 million or less and 100 – 499 Million € respectively; German companies are highest at 56% on 100 – 499 Million €.

Table 5.7: Annual Sales volume of the Company

Annual Sales volume of the Company	UK (*n* = 89)	France (*n* = 40)	Germany (*n* = 60)
€100 million or less	31.4	34.6	17.4
€100–€499 million	37.1	34.6	56.5
€500–€999 million	8.6	3.8	4.3
€1 billion or more	22.9	26.9	21.7
Total	100	100	100

Source: Replies to Question 2, Section: Major Characteristics of Company.

Replies to Question 3 **(Table 5.8)** below show that 60 % of British Companies had 21-49 years of international operations; France is highest with 34.6% on 50 years or more and also 26.9% with 21-49 years; Germany is also high in these two areas as seen from the table.

Table 5.8:   International Operations

International Experience	UK	France	Germany
5 years or less	0.0	3.8	0.0
6-10 years	5.7	15.4	0.0
11-20 years	17.1	19.2	8.7
21-49 years	60.0	26.9	47.8
50 years or more	17.1	34.6	43.5
Total	100	100	100

Source: Replies to Question 3, Section: Major Characteristics of Company.

Replies to Question 4 **(Table 5.9)** below show that companies proved to be in a wide range of categories with the majority being within Industrial goods and Durable goods in the UK, France and Germany.

Table 5.9:   Type of Business

Type of Business	UK	France	Germany
Durable goods	34.3	53.8	26.1
Non-durable goods	11.4	3.8	13.0
Industrial goods	48.6	34.6	56.5
Services	5.7	7.7	4.3
Total	100	100	100

Source: Replies to Question 4, Section: Major Characteristics of Company.

5.3   Descriptive Statistics

5.3.1   UK multinational companies' behaviour in UK, France and Germany

The purpose of this section is to report the findings of the research undertaken on UK multinational companies' behaviour in UK, France and Germany. It seeks to examine the primary hypothesis that multinational companies' level of importance of promotional standardisation is dependent on environmental factors and also whether firms that emphasise internal global strategic factors pursue a higher degree of promotional standardisation. It also looks at further hypotheses: H3 - The larger the size of the MNC the higher the degree of promotional standardisation; H4 - The more internationally experienced the company, the higher the degree of promotional standardisation; H5 - the type of business may be the most important factor in determining whether or not it is feasible to standardise promotion.

This will be performed by analysing responses to the questionnaire concerning the following sections: Environmental Factors (Questions 5 – 14); Strategic factors (Questions 15-28); Advertising Strategy (Questions 29-35); Advertising Execution (Questions 36-40); Standardised Sales Promotion (Questions 41-47) and Standardised Internet Promotion (Questions 48-57). The mean for each construct was calculated by summing all of the values together in the set of data e.g. Advertising Infrastructure had 3 different values (Questions 5 – 7) so these values were added together and then divided by 3. This was replicated for all of the other constructs. These are described in **Table 5.10.**

Table 5.10:   Means and Standard Deviation

Constructs	Mean	Standard Deviation
Advertising Infrastructure	3.74	1.1
Market Harmonisation	3.81	1.16
Level of Competition	4.79	0.90
Uniform Brand Image	3.83	1.10
Cost Savings	3.89	1.25
Cross Market Segments	3.75	1.22
Organisational Control	3.29	1.52

Standardised Advertising Strategy	3.68	1.07
Standardised Advertising Execution	3.36	1.30
Standardised Sales Promotion (print)	3.43	1.10
Standardised Internet Promotion	3.98	1.05

With regard to Environmental Factors: in Advertising Infrastructure (Questions 5 – 7), we addressed what respondents within the companies' state that their companies are doing. Managers perceive advertising conditions as being similar across the EU in terms of advertising infrastructure, market similarity and the level of competition. As **Table 5.10** shows, firms gave fairly positive ratings (Mean = 3.74) for similarity of advertising infrastructure, a difference that is not statistically significant. In addition, the perceptions of Market Harmonisation (Questions 8 – 11) indicate that subsidiaries were both fairly positive in a similar way (Mean = 3.81). In addition, managers' perceptions of the Level of Competition (Questions 12-14) across the EU (Mean = 4.79) are notably high, suggesting that the sample considered the EU market highly competitive.

With regard to Strategic Factors: we addressed motives for standardising advertising. Here, we focus on the importance of four primary advantages of standardisation based on prior research and what respondents within the companies state their companies are doing. The results reveal a fairly high level of agreement with the need to create Uniform Brand Image (Questions 15-18) among respondents (Mean = 3.83). The mean for subsidiaries was higher for Cost Savings (Mean = 3.89) than for

Uniform Brand Image. This suggests that there is agreement with the statement amongst the sample; that is, firms believe that it is important to save costs (Questions 19-23) through the use of standardisation.

For the desire to appeal to cross-market segments (Questions 24-26), the results show that firms gave ratings above the midpoint of the scale for this dimension (Mean = 3.75). With regard to Organisational Control (Questions 27-28) this was also above the mid-point of the scale (Mean = 3.29) suggesting that centralisation is an important factor as to whether a firm standardises its promotional activities.

In Advertising Strategy (Questions 29-35) with regard to what respondents within the companies state their companies are doing, we addressed the extent to which firms standardise strategic elements of advertising across the EU. Firms responded positively to these questions (Mean = 3.68). In contrast, on the dimension of executional elements, the firms responded with a Mean of 3.36. This response is lower than for strategy. Notably, it seems that firms report being more likely to standardise strategy than executions (Questions 36-40).

In Sales Promotion Strategy (Questions 41-47) with regard to what respondents within the companies state their companies are doing, addressed the extent to which firms standardise Sales Promotion across the EU. Firms responded positively to these questions (Mean = 3.43).

On the dimension of Internet Promotion (Questions 48-57) with regard to what respondents within the companies state their companies are doing, the firms responded with a Mean of 3.98. This response is very positive. Notably, it seems that firms report being more likely to standardise their Internet Promotion than Advertising Strategy/ Execution and Sales Promotion. This is significant, as it seems this form of promotion is even more conducive to standardisation and therefore seeks to address the overall contribution to this thesis.

5.3.2   The t test (Hypothesis One and Two)

A t test

Student t-tests were used to examine whether there were significant differences in factor means between UK with France and then comparing the UK with Germany. This can help to test a hypothesis relating to the means for **Table 5.11**. The $p < .05$ level of significance is used for all tests. As can be seen from the table, there are no statistically significant differences between the UK, France and Germany as none of the values are < 0.05, which would indicate statistical significance.

Table 5.11: Student t-tests

Dependent Variable	t France	P France	t Germany	P Germany
Environmental Factors				
Advertising Infrastructure	0.05	0.99	0.04	0.95
Market Harmonisation	0.6	0.512	0.59	0.58
Level of Competition	0.65	0.593	0.61	0.60
Strategic Factors				
Uniform Brand Image	0.68	0.523	0.70	0.58
Cost Savings	0.80	0.533	0.82	0.49
Cross Market Segments	1.12	0.194	1.15	0.189
Organisational Control	1.2	0.174	1.3	0.179
Standardised Advertising Strategy	0.81	0.15	0.83	0.13
Standardised Advertising Execution	0.7	0.5	0.6	0.4
Standardised Sales Promotion (Print)	0.75	0.13	0.80	0.12
Standardised Internet Promotion	0.9	0.2	0.8	0.215

5.3.3   Descriptive Statistics by Product Category (Hypothesis 5)

We then computed the mean values by product category (**Table 5.12** below), similar to the analysis in 5.4.1. The firms are classified as marketing either consumer products or industrial products. The Mean Value for Industrial products is higher in all of the Standardisation Promotional Practices (Standardised Advertising Strategy, Sales Promotion and Internet Promotion) and equal with regard to Advertising Execution.

Table 5.12:   Descriptive Statistics by Product Category

Constructs	Consumer Products	Consumer Products	Industrial Products	Industrial Products
	Mean	**SD**	**Mean**	**SD**
Environmental Factors Advertising Infrastructure	2.83	0.99	3.22	0.79
Market Harmonisation	2.87	1.1	2.97	0.90
Level of Competition	4.93	0.94	4.77	0.81
Strategic Factors Uniform Brand Image	3.05	1.18	3.15	1.06
Cost Savings	3.97	1.09	3.58	1.21
Cross Market Segments	3.45	1.29	3.42	1.12
Organisational Control	4.37	1.01	4.03	1.05

Standardised Advertising Strategy	3.26	1.18	3.39	1.06
Standardised Advertising Execution	3.24	1.34	3.24	1.33
Standardised Sales Promotion (Print)	3.24	1.34	3.24	1.33
Standardised Sales Promotion (Print)	3.58	1.19	3.99	1.17
Standardised Internet Promotion	4.01	1.09	4.15	1.07

5.4   Measurement Model Fit

A statistical test was carried out to measure the split half reliability of the summated rating scale. This method involves randomly dividing the various scale items into 2 halves and the resulting halves are correlated. High correlations between the 2 halves suggest internal consistency with what is being measured. The assessed reliability scores are derived by computing Cronbach's alpha **(a)** for each construct. **Table 5.13** indicates that all the scores exceed a generally recommended minimum of 0.70 (Hair et al. 2010).

Table 5.13:   Items and Reliability Scores

Constructs	Items	a
Advertising Infrastructure	3	0.71
Market Harmonisation	4	0.74
Level of Competition	3	0.74
Uniform Brand Image	4	0.81
Cost Savings	5	0.82

Cross Market Segments	3	0.78
Organisational Control	3	0.83
Standardised Advertising Strategy	7	0.77
Standardised Advertising Execution	5	0.86
Standardised Sales Promotion (print)	7	0.76
Standardised Internet Promotion	10	0.84

To examine the reliability of the constructs further, we conducted a confirmatory factor analysis using the generalized least squares method. In general, this method is recommended for establishing (1) undimensionality of the measures, (2) composite reliability and (3) variance extracted of the constructs (Hair et al. 2010). The confirmatory factor analysis produced an acceptable fit: $x^2 394 = 415.64$, $p = 0.217$; composite fit index = 0.88; incremental fit index = 0.92; and root mean square error of approximation = 0.023.

Table 5.14:   Composite Reliability and Average Variance Extracted

Constructs	Composite Reliability	Average Variance Extracted
Advertising Infrastructure	0.77	0.57
Market Harmonisation	0.79	0.55
Level of Competition	0.80	0.52
Uniform Brand Image	0.86	0.64
Cost Savings	0.87	0.53
Cross Market Segments	0.85	0.54
Organisational Control	0.83	0.62
Standardised Advertising Strategy	0.83	0.58
Standardised Advertising Execution	0.90	0.52
Standardised Sales Promotion (print)	0.87	0.58
Standardised Internet Promotion	0.81	0.59

As **Table 5.14** above shows, the majority of the composite reliability and variance extracted of the constructs exceeded the recommended minimum of 0.50 (Hair et al. 2010). Therefore, the undimensionality, reliability and validity of the measures are established.

To assess the discriminant validity of the factors in the measurement model, we conducted two types of analysis. In the first type of analysis, we followed the procedure recommended by Bagozzi, Yi, and Phillips (1991). Specifically, we

conducted a series of CFAs to test whether, for every pair of the factors in the measurement model, a two-factor model would fit significantly better than a one factor model. If the two factor model fits significantly better than the one-factor model, the discriminant validity of the two factors is supported (Bagozzi, Yi, and Phillips 1991). Because the one factor model is nested within the two-factor model, we used the chi-square difference test to assess whether the two-factor model fits better than the one-factor model (Bagozzi, Yi, and Phillips 1991). In all cases, we found that the two-factor model fits significantly better than the one-factor model, which suggests the presence of discriminant validity.

Finally, because of the general nature of our model, our intention was to test it independently of firm nationality. To pool the U.K., French and German samples, however, we needed to establish the invariance (or equivalence) of the path coefficients between the three samples. Following the procedure suggested by Steenkamp and Baumgartner (1998), we performed a two-group analysis of the path model in which the path coefficients are constrained to be equal across the two groups. Specifically, we conducted a two-group path modeling with factor scores based on the CFA results. The factor score for each multi-item construct was obtained by weighing its component items by the items' factor loadings as estimated from the final CFA. Next, we used these factor scores as the input for the two-group path modeling.

In the unconstrained model, all the paths were allowed to be free across UK, France and Germany. In the constrained model (i.e., equal-path model), the paths were

constrained to be equal across the samples. Next, we compared the two models using a χ^2 difference test. The two-group unconstrained model produced $\chi^2 = 35.29$, df = 24, p = .064, while the constrained model produced $\chi^2 = 42.25$, df = 30, p = .037. The χ^2 difference between the two models ($\chi^2 = 6.96$, df = 6) was not statistically significant at p < .05. Thus, the path coefficients are invariant/equivalent across the three samples. Therefore, we conclude that pooling the data from the three samples is justified

5.4.1   Structural Model and Test of Hypotheses

Table 5.15:   Proposed Structural Model

Hypotheses		Expected Sign	Path Estimate	Standard Error	*p* <0.05
Hypothesis 1	Environmental Factors - > Level of Promotional Standardisation	+	0.33	0.17	0.017
Hypothesis 2	Strategic Factors - > Level of Promotional Standardisation	+	0.71	0.2	0.0001
Hypothesis 3	Annual Sales volume - > Level of Promotional Standardisation	+	0.26	0.21	0.021
Hypothesis 4	International Operations - > Level of Promotional Standardisation	+	0.16	0.23	0.031
Hypothesis 5	Type of Business - > Level of Promotional Standardisation	+	0.55	0.15	0.004

The proposed structural model (Table 5.15 above) was analyzed via AMOS 15.0 using the generalized least squares method (Hair et al 2010) Table 5.13 presents a summary of the key parameters as well as fit statistics for the proposed model. The x2 value suggests a good fit, x2 = 327.67 (df = 309, p = 0.223), as do the fit indexes, because CFI (Comparative Fit Index) and IFI (Incremental Fit Index) are above 0.90 and RMSEA (Root Mean Square Error) is lower than 0.08 (Hair et al 2010).

Furthermore, the squared multiple correlation in Table 5.16 below clearly shows that the proportion of variance that is explained by the predictor variables is generally high.

Table 5.16: Squared Multiple Correlations

Endogenous variable	Squared multiple correlation
Level of standardisation	0.71

Hypotheses 1 and 2 address the influence of environmental factors and strategic factors on the level of standardisation. The coefficient estimates indicate that the paths from environmental factors to the level of standardisation (standardised coefficient = 0.33; p = 0.015), while the path from the strategic factors to the level of standardisation (standardised coefficient = 0.71; p = 0.0008) was significant at p <0.05 and p <0.001 respectively. Thus, Hypotheses 1 and 2 are supported by the results.

Hypotheses 3 and 4 relate to the effect of the annual sales volume of the company and international operations, respectively, on advertising standardisation. The predictions were that the larger the size and the greater the experience in international operations, the more likely it is for MNCs to standardise promotion across the markets. The results show that at $p < 0.05$, the path from the annual sales volume of the company (standardized coefficient = 0.16) was significant, as well as the path from international experience. These estimates indicate that H3 and H4 were supported.

Hypothesis 5 relates to whether the type of business influences the degree of promotional standardisation. The predictions were that industrial goods would be more prone to standardisation than consumer goods with regard to promotional strategy. Our results show that at $p < .05$, the path from the nature of the product (standardized coefficient = 0.55) was significant. These estimates indicate that H5 is supported.

5.5   Respondent Characteristics

How long with the firm?

 0- 5 Years   10%

 6-10 Years   22%

 11-15 Years 35%

 16-20 Years 33%

How old they are?

 21-30   11%

 31-40   24%

41-50   40%

51-60   25%

What are their titles?

Marketing Executives   47%

Advertising Executives 53%

What are their Nationalities?

British   40%

French   25%

German   35%

Chapter 6

**Analysis and Findings – Research Findings on International Advertising
Agencies.**

6.0   Introduction

As explained in Chapter Four, the data on international advertising agencies was
collected through in-depth interviews, due to the relatively small sample size of
agencies fitting the pre-defined criteria of the Policies and Practices of Promotional
Standardisation across these three countries in the European Union. The agencies
included in the study were all British International Advertising Agencies, operating
in the UK, France and Germany.

In total, one international advertising agency from the WPP Group (hereafter referred
to as Agencies) was contacted and information was gathered from three account
executives on international accounts. Of this, one agency had their head office in the
UK and the subsidiaries were based in France and Germany (Confidentiality issues
were completed).

**6.1   Account   Executive's   attitudes   towards   International   Promotional
            Standardisation**

These interviews were carried out to ascertain whether or not their attitudes exhibited
any differences from the MNC's. As mentioned in Chapter Four, finally, it appears

that studies of advertising agency executives – so far largely neglected in the field – may prove to be especially valuable. According to Fastoso and Whitelock (2007), specifically in relation to process standardisation, the agency perspective may add additional elements to the understanding of the company (in these interviews this will be referred to as the client) internal processes as these executives will be aware, yet probably less biased by the client company internal situation than managers working for the client companies.

The full Interview transcript can be located in Appendix II, III and IV for WPP Group UK, France and Germany respectively (If there was no reply to a question this will be evident from these Appendices).

6.2 In-depth Interviews with (WPP Group UK, France and Germany)

6.2.1 The following constructs were discussed as part of a semi-structured interview:

The interviewer asked to what extent Advertising Agencies perceive EU markets as being similar? This was broken down into the three areas that encompassed Environmental Factors from the conceptual framework

Advertising Infrastructure

The interviewee was asked about advertising regulation and if there were are any similarities across these markets in the EU?

According to WPP Group UK (2010) there were some similarities across these markets mentioned. However, despite years of integration efforts across these

markets with relevant bodies, they still believe there are differences across these markets. They believe that you still cannot treat these countries of the EU as a single market but they think that this may change even more in the future.

WPP Group France (2010), go on to say that that regarding perceptions of the advertising infrastructure, including the availability of similar media and similar costs, they are fairly neutral on this one. They state that there is some form of European media, which are increasingly adopting uniform standards across countries, which in turn ensures cross-border media availability. They go on to say that there is some form of growth of new telecommunication technologies and a wave of deregulation; however there may still be some differences in the infrastructure of European markets. They give as an example, the advancement of the Internet and broadband connections, which have substantially improved media availability and have enabled cross-national media buying practice.

However, WPP Germany (2010) believes that there is definitely a swing towards similarity of advertising infrastructure, including the availability of similar media and similar costs. There are many more European media, which are increasingly adopting uniform standards across countries e.g. SKY and BBC NEWS, which in turn ensures cross-border media availability. They go on to say that there has been a steady growth of new telecommunication technologies and a wave of deregulation; however, there are still some differences in the infrastructure of European markets other than the UK, France and Germany.

Market Harmonisation

The interviewee was asked whether the increase in the economic unification of the European Union, has this led to an increase in homogenisation of these markets (UK, France and Germany) across the EU?

According to WPP Group UK (2010), Their own findings suggest that managers' perceptions of convergence as reflected in consumer homogeneity, market integration, media availability, and competitive conditions are comprehensive and inclusive in that they incorporate multiple dimensions of convergence across these markets in the EU. Therefore, there has been an increase in homogenisation across the markets that the interviewer had suggested in the question.

However, according to WPP Group France (2010), it is also possible that some managers may be holding back on implementing strategy as a result of continued doubts about the future of convergence, as evidenced by the French and Dutch referenda on the EU constitution. They state that cross-cultural differences are the biggest barrier to implementing this standardisation strategy. There are definitely perceptions amongst mangers that there are moves towards the EU as being one single market where advertising strategy can be planned accordingly. This is also reinforced by WPP Group Germany (2010), that there has been increasing market homogenisation across Europe. They do try to base their strategy alongside these

increasing trends and it does lean towards standardisation.

The interviewees were then asked if countries with geographical proximity tend to have similar Market Conditions?

According to WPP Group UK (2010), they think that culture still plays a part; cross-national differences also play their part and they think it would be too simplistic to suggest the EU as being one single market where promotional strategy can be planned accordingly. However, they believe that there is an increasing convergence and feasibility for standardised advertising in the EU. WPP Group Germany (2010) also agreed with the above that there are definitely perceptions amongst mangers that there are moves towards the EU as one single market where promotional strategy can be planned accordingly. They see the Internet as something to overcome the traditional barrier to complete standardisation i.e. culture. They provide the example of The Internet, which is available to most people in the EU. People that favour standardisation e.g. promotion, say that the growth of the Internet and especially the features of Web 2.0 with Social Networking sites such as Facebook, will make the argument for standardisation even greater.

Level of Competition

The interviewees were then asked about the competition across these markets in the EU and WPP Group UK, France and Germany (2010) all agreed that the degree of competition across these markets was highly competitive. The competitive conditions, as well, are highly intense. The interviewees were then asked about their clients' competitors and whether they had uniform image across the European

markets in which they operated?

According to WPP Group UK (2010), most of their competitors do strive to create a uniform image across these markets. They think that within this context they also try to standardise promotion: at least for global brands, they strive for stronger global promotion, as they believe strongly in concentrating their resources to create better, more efficient great promotion. WPP Group France (2010) agreed that most of their competitors do strive to create a uniform image across these markets, and according to WPP Group UK (2010), Most of their competitors do strive to create a uniform image across these markets. They always try to standardise this promotion alongside a uniform image. They think this creates better resources for more streamlined and effective promotion

The interviewees were then asked what were the benefits from standardised advertising across the EU? This looked at:

Uniform Brand Image

Detail was required about the client's brand positioning strategy and was it standardised?

According to WPP Group UK (2010), one of the objectives of our category re-organisation was to benefit better from scale and scope and to concentrate our resources on fewer and stronger innovation units. So, to an extent they are pursuing a global strategy of some form. WPP Group France (2010) noted that the preference of clients to streamline and integrate their brand communications across countries spurred many communication agencies to take the globalisation route. They

highlighted the fact that agencies with global reach have the advantage of offering a single point of contact for coordinating marketing activities, improved cost efficiencies, greater coherence in marketing 'voice', and access to the agency CEO in times of crisis. WPP Group Germany (2010) noted that most of their clients integrated their brand communications across countries and this was via the standardisation route. It is much better if their agencies have global reach as it will allow them a single point of contact for coordinating marketing activities, improved cost efficiencies, better marketing strategy and access to communications. Standardisation of promotion is high on the agenda.

The WPP Group were also asked if a strong global image had been created and reinforced for their client's brand?

WPP Group UK (2010) stated that they made an attempt to create and reinforce a strong global brand image especially in their TV advertising across the EU. They believe that there is an issue of the impact of what an effective standardised campaign should do for a company in terms of brand equity. WPP Group France (2010) stated that multinational advertisers generally preferred working with agencies able to design, implement and manage global campaigns. Multinational advertising agencies have pushed ideas such as global branding and advertising standardisation to increase their attractiveness to potential clients as a 'one-stop' global provider. WPP Group Germany (2010) stated that, it had become a central figure of their strategy to have a uniform image for the brand. At the very least over the three countries to which the interviewer is referring.

Cost Savings

The interviewees were then asked about the client's promotional budget and whether it could be used more efficiently if the advertising was standardised?

WPP Group UK (2010) stated that one of the most important benefits of standardisation was the benefit from saving on costs. They believe there are significant benefits to uniform marketing strategies within their advertising. So, yes, one can use the promotional budget more efficiently if they are saving costs and can utilise more of the budget in other areas. They think this is particularly relevant in today's financial climate [worldwide recession] and companies should consider this benefit. WPP Group France (2010), go on further to say that there is definitely the unrealised potential of standardisation that some companies have yet to unearth: increased economies of scale and scope and the ability to leverage advertising pounds/dollars/euros to their maximum effect. WPP Group Germany (2010), agreed this was one of the most important benefits to any agency and company - increased economies of scale and scope. They stated that economies of scale and scope were a very important factor in today's economy with the financial crisis and recession –in terms of competitive advantage.

The interviewees were then asked about standardisation and whether the client can save on the costs of producing advertising? WPP Group UK (2010), thought that went without saying and that one of the benefits of standardising the advertising is to

save costs. This, in turn, will allow them to make savings on the costs of producing the advertising. WPP Group France and Germany (2010), agreed that with this growing convergence, standardisation should be practised more often as the company can save costs on the production of advertising. They stated that this was very important in today's current climate.

Cross-market segmentation

The interviewees were then asked if they believed that the client targets similar market segments across the European markets in which they do business?

According to WPP Group UK (2010), to an extent they do target similar market segments with regard to countries such as the UK, France and Germany. They believe that this question ties in with the first question with regard to convergence in the EU - The greater a firm's perception of increasing convergence in the EU, the greater its tendency to follow a strategy to appeal to cross-border segments. WPP Group France (2010) also mentioned increasing convergence and opportunities for cost savings (this ties in with previous question on cost savings).

They thought firms did strive to target similar market segments and might therefore employ an Integrated Marketing Communications Campaign across these markets. They think thought these strategic orientations would point a firm towards standardisation, as there were significant benefits to be had.

WPP Group Germany (2010) agreed that firms did strive to target similar market segments and they did therefore employ similar promotion across these target segments/ markets. In terms of their overall Marketing Strategy, these factors would then enable us to pursue promotional standardisation.

The interviewer then asked whether this standardised promotion for the client could attract consumers with similar characteristics across borders?

WPP Group UK (2010) stated that their own research suggested that the idea that the EU had become a uniform market in which firms can ignore cross-national differences in planning advertising strategy was perhaps a bit too simplistic. WPP Group France (2010) went on to state that with this increasing convergence and opportunities for cost savings they think firms do strive to target similar market segments and may therefore employ an Integrated Marketing Communications Campaign across these markets. Yes, they think these strategic orientations would point a firm towards standardisation, as there are significant benefits to be had. WPP Group Germany (2010) stated that they could attract consumers with similar characteristics.

Centralised decision-making

The interviewees were then asked about the client's promotional decisions and whether they were made centrally at the client's world headquarters or are the subsidiaries highly involved in developing promotional strategy?

According to WPP Group UK (2010), the decisions were made centrally at their company's world headquarters. Their subsidiaries realise the importance of standardisation and HQ do try to pressure the subsidiaries into standardising their promotion across these markets in the EU. WPP Group France (2010), agreed with the UK that if the promotional decisions were made at the HQ then the route appeared to be one of consistency – therefore, standardisation will be sought after.

However, if the subsidiary was more involved with the decision-making then adaptation may become more prevalent.

Advertising Strategy and Executions

The interviewees were then asked whether the client uses the same general strategy for their advertisements in all of the countries where they advertised?

WPP Group UK (2010) stated that to a fair extent they tried to use the same general advertising strategy for their advertisements across these markets. There were however, some differences such as language, of course. WPP Group France (2010) agreed that to a reasonable extent some of our companies tried to use the same general advertising strategy for their advertisements across these markets. There were, however, some occasions when adaptation was necessary at the very least if a linguistic change was needed in the copy. WPP Group Germany (2010) agreed that the advertising strategy was standardised as much as possible across these markets. If the language needed changing then that was something that had to be done in the copy.

Tell me more about the client's media strategies and if they were similar across the markets in which you advertised?

According to WPP Group France (2010), the advancement of the Internet and broadband connections had substantially improved media availability and had enabled cross-national media buying practice. This had, therefore, contributed to the increase in promotional standardisation across these three countries. WPP Group Germany (2010) agreed that these were similar to a large extent.

The interviewees were also asked if the client used the same advertising executions for all of the three countries in which they advertised?

WPP Group UK (2010) stated that this would not be as standardised as the strategic element mentioned in the previous question. This was further confirmed by WPP Group France (2010), that to a reasonable extent some of their companies tried to use the same general advertising strategy for their advertisements across these markets. There were, however, some occasions when adaptation was necessary at the very least if a linguistic change was needed in the copy.

Standardised Sales Promotion undertaken by the Client

According to WPP Group UK (2010), they had noticed that over the last few years more and more people had been using sales promotion. Again, this was due to the mega competition that was facing retailers at the moment e.g. Tesco and Wal-Mart are always in price wars! There is the increasing importance of building standardised sales promotion campaigns to achieve higher global brand awareness of products e.g. Subway's new 'My Subcard' can be used in stores throughout Europe to gain points towards 'free' sandwiches; points can be collected in both Pound Sterling and in Euros. This achieved standardisation of the brand and enhanced its relationship marketing on a European Wide Basis. This has been strategically aligned with its advertising.

WPP Group France (2010) agreed that there had been greater use of sales promotion over the last few years. They believed that this must also have had a lot to do with the way the financial markets were. Clinique used a lot of similar sales promotions especially in the UK, France and Germany. This usually took the form of 'buy 2 items and get a makeup set free'; this was in most shops in these markets, as well as

at their respective airports. This created more integration with their 'above the line' promotional strategies e.g. advertising. This therefore created more uniform branding e.g. a European and Global Brand so similar strategies in the USA as well. This appeared to be a case of the tail wagging the dog.

However, WPP Group Germany (2010), believed that there was even more standardisation with industrial companies, due to the nature of the product. The sales promotion followed this as well. The companies had similar deals with parts for products that customers wished to purchase and certainly in these markets that the interviewer had mentioned.

Standardised Internet Promotion undertaken by the Client

According to WPP Group UK (2010), more and more customers are using the Internet as an 'experience' rather than just buying commodities. Companies are looking to create global brand images by using the Internet as the communication tool and then tweaking languages for example to fit certain markets. They think that the popularity of the Internet 'fits' with promotional standardisation. A company can communicate their product to anyone who has Internet access. Companies like Coca Cola can communicate their 'global' appeal e.g. on Facebook there is a fan club for Coke which has millions of people registered to it. This is a great way to create a global identity and standardisation of promotion follows suit! They think that the Internet has and will allow greater standardisation of promotion and this adds more weight to the argument over adaptation. They believe that this unexplored area that the thesis is researching is very new and could 'overcome' one of the traditional barriers to standardisation: 'culture'. WPP Group France (2010) provide further explanation of this as this is where firms, they think, can exploit promotional

standardisation even more fully than with other traditional methods. A company can communicate its product to anyone who has Internet access. Companies like Abercrombie and Fitch can communicate their 'global' appeal e.g. their website is fairly standardised in terms of its Internet promotion and the web 2.0 features that it uses e.g. global blogs, forums feedback. This was great way to create a global identity in terms of fashion and standardisation of promotion had to follow to convey the image of the brand.

They believe the Internet has and will allow greater standardisation of promotion and can use 'culture' to its advantage to create a 'global' culture; instead of being an impediment the Internet can use culture to its advantage. Web 3.0 activities could increase this phenomenon further (Please refer to refer to Chapter 3.10.7 for further explanation of the concept of Web 3.0).

WPP Group Germany (2010), provide a further example in industrial products that use various forms of online environment. Web sites have been one of the most popular platforms, allowing consumers to see, consult and obtain product-related information anytime, anywhere. This is particularly important in 'industry', as this can be a 'one stop' shop for all our products and customers can access information and buy products 24-7. It is important that all of the information and promotions are standardised as much as possible, to reinforce the global nature of these companies. They believe that there is scope for even more standardisation e.g. video sharing of products that can be viewed anytime/anywhere. There is talk of a Google Database, which will have standardised promotion in real-time worldwide. YouTube currently use this just now. This is in line with cloud-computing and new Web 3.0 features

(which are discussed in the 'literature review' in Chapter 3.10.7 and in 'future research' in Chapter 7.12).

Finally, the interviewer asked, what are the key things that you perceive to be important when a firm makes the decision to standardise its advertising across these markets?

WPP Group UK (2010), believe that standardising advertising strategy is advisable when environmental conditions allow it because of its ability to create a uniform brand image, achieve cost savings and appeal to cross-market segments to a lesser extent. In their opinion and their experience with marketing managers across these markets, they would say that standardised advertising is more effective across the European Union. WPP Group France (2010), added to this by stating that this 'gap' for companies constitutes the unrealized potential of standardisation: increased economies of scale and scope and the ability to leverage advertising spend to their maximum effect. WPP Group Germany (2010) stated that firms with appropriate internal conditions and facing conducive environments will be more likely to employ standardised advertising programs.

Finally, WPP Group Germany (2010), added that there is certainly more standardisation of promotion over the last few years and that they have had experience of working in this area. They state that with Advertising, Sales Promotion and even more so with the Internet and Web 2.0 will see an even greater propensity to standardise over the next few years. This is a very good time to be looking at the Internet and its impact on standardisation for academia and industry.

Chapter 7

Discussion

7.0   Introduction

The aim of Chapter Seven is to bring together the discussion and findings from the previous six chapters into a general conclusion and offer a framework that can be used by MNCs, their Subsidiaries and Advertising Agencies in order for them to address the principal factors influencing promotional standardisation practices.

This Chapter concludes the findings of the research in order to develop a theoretical and practical contribution to knowledge. The first section examines the extent to which the research objectives have been achieved and it discusses whether hypotheses were verified or rejected. Included in this are the Quantitative Findings (Questionnaire), Qualitative Findings (In-depth Interviews: Marked WPP Group) and whether these findings are consistent with the theories. Section Two presents the main discussions of the study and Section Three discuses the conclusions and contributions to knowledge that this thesis will hope to make. Section Four details the managerial implications for marketing managers and practitioners. In the final section of Chapter Seven, limitations of the present research study and areas for future research are discussed.

7.1   Examining Research Objectives and Hypotheses

This section deals with an examination of the research objectives and hypotheses of this study. It seeks to identify the extent to which these objectives have been met and discusses whether the Five Hypotheses were verified or rejected.

7.2   Environmental Factors – Hypothesis One

The **first objective** was to examine the hypothesis suggested by the literature that key environmental and strategic factors can 'trigger' the promotional standardisation strategy formulation for MNCs, their subsidiaries and Advertising Agencies across the UK, France and Germany. Theory from the Literature Review in Chapters Two and Three generally suggests that firms that have internal factors conducive to standardisation and that face similarly conducive environments will be more likely to standardise marketing variables e.g. promotion.   Thus, the empirical results are consistent with those of Zou and Cavusgil (2002); and provide support for GMS theory, as it applies to promotion. Indeed, firms with appropriate internal conditions and facing conducive environments were more likely to employ standardised promotional programmes. Below we examine the results and implications of the specific findings that support the theory.

The environmental factors include advertising infrastructure, market harmonisation and level of competition, all of which are related to the similarity of the cross-national markets in which a firm operates. Overall, respondents' general perceptions were fairly positive regarding market harmonisation, similarity of advertising infrastructure and level of competition.

7.2.1   Perceptions of the advertising infrastructure (Questions 5-7 from the Questionnaire located in Appendix I)

The perceptions of Advertising Infrastructure including the availability of similar media with similar costs were also positive with a Mean of 3.74 (all of these questions will be compared against a 5 Point rating scale, with 2.5 being the mid-point). These findings seem consistent with Samiee et al. (2003), that standardisation

is positively influenced by advertising infrastructure. In general, when advertising infrastructures are similar across markets, it has been found that it is more feasible for companies to engage in standardised advertising (Jain 1989).

Question 5: Advertising regulation is similar across these markets (UK, France and Germany)?

These findings are consistent with the literature that stated the presence of similar laws (Harvey 1993; Taylor and Raymond 2000) has also been predicted to influence the level of standardisation in a market (Samiee et al. 2003). This is also consistent with the findings from the in-depth interviews from the WPP Group (France 2010), who stated that there are some forms of European Media, which are increasingly adopting uniform standards across countries, which, in turn, ensures cross-border media availability. They also stated that there is some form of growth of new telecommunication technologies however, there may still be some differences in the infrastructure of European markets.

Question 6 looked at: Media costs are similar across these markets?

These findings are consistent with the availability of similar media with similar costs (Fraser 1988; Taylor and Johnson 2002), which have been predicted to influence the level of standardisation in a market (Samiee et al. 2003). This was also backed up by WPP Group Germany (2010), who stated that there is definitely a swing towards similarity of advertising infrastructure, including the availability of similar media and similar costs (Many European Media are increasingly adopting uniform standards across countries e.g. SKY, BBC News, which in turn ensures cross-border media availability.

Question 7: Advertising agencies with global networks are available in these markets?

These findings are consistent with the literature (Harvey 1993; Taylor and Raymond 2000), that access to market research firms and global networks has also been predicted to influence the level of standardisation in a market (Samiee et al. 2003).

7.2.2 Perceptions of Market Harmonisation (Questions 8-11 from the Questionnaire located in Appendix I).

Question 8: These markets have generally become more harmonious due to economic and political unification of European Union? Question 9: These countries with geographic proximity tend to have similar Market conditions? Question 10: The markets we operate in are at similar levels of economic development? Question 11 looked at: The markets in which we do business have similar educational levels and literacy rates?

Perceptions of Market Harmonisation were fairly positive to the above questions with an overall Mean of 3.81. These findings appear to be consistent with Duncan and Ramaprasad (1995); Harvey 1993; Samiee et al. (2003), who suggest along with Zou and Cavusgil (2002) that firms are more likely to standardise promotion if they view the cross-national markets they serve as having similar levels of economic and political development (Duncan and Ramaprasad 1995; Harvey 1993; Samiee et al. 2003).

This is also consistent with the findings from WPP Group UK (2010) who suggest that manager's perceptions of convergence as reflected in consumer homogeneity (Q8), market integration (Q9), media availability and competitive conditions are

comprehensive and inclusive (Q10&11) in that they incorporate multiple dimensions of convergence across these markets in the EU. This is further re-enforced by WPP Group Germany (2010) who stated that there has been increasing market homogenisation across Europe. They also try to base their strategy alongside these increasing trends.

7.2.3 The level of competition (Questions 12-14 from the Questionnaire located in Appendix I)

The respondents generally perceived competitive conditions across the EU to be intense with an overall Mean figure of 4.79 from a 5 Point Likert Scale.

Question 12: There is a great deal of competition in all of these markets?

This appears consistent with Samiee et al (2003) who suggest that in settings where competitive conditions are intense - WPP Group UK (2010); WPP Group France (2010); WPP Group Germany (2010) stated that the degree of competition across these markets is highly competitive – uniform image is important.

Question 13: Our strongest competitors have a uniform image across these markets and elsewhere?

Question 14: We face powerful international competitors in these markets?

GMS theory would recommend using standardised promotion to build a consistent image to gain a competitive advantage, or to respond to a competitor that has built a consistent image. This is also consistent with WPP Group UK (2010), who stated that most competitors do strive to create a uniform image across these markets. WPP Group France (2010), also back this up within this context with regard to standardising promotion: "at least for global brands, we strive for stronger global advertising as we believe strongly in concentrating our resources to create better, more efficient great advertising." It should be noted that the level of competition, as defined here, will refer not to the firm's relative competitive position in each market but, rather, to the overall degree of competition that the company faces in those markets in which it operates.

Therefore when advertising infrastructure, market harmonisation and level of competition are analysed together, these three environmental factors were significantly related to the level of promotional standardisation. This supports the contention by Zou and Cavusgil (2002), that the presence of these environmental factors makes standardised promotion more feasible and desirable. We then predict that there will be a positive relation between each of these three environmental factors and the level of standardisation - **Hypothesis One** (please refer to Chapter 3.3).

Consistent with GMS theory, to the extent that customers are more similar across markets, a more standardised promotional programme would fit these three external environmental factors and would thus be more effective. This significant finding lends support to the hypothesis regarding the positive effect of the environmental factors on the level of promotional standardisation.

7.3   Strategic Factors – Hypothesis Two

The **first objective** was to examine the hypothesis suggested by the literature that key environmental and strategic factors can 'trigger' the promotional standardisation strategy formulation for MNCs', their subsidiaries and Advertising Agencies across the UK, France and Germany. Theory from the Literature Review in Chapters Two and Three generally suggests that firms that have internal factors conducive to standardisation and that face similarly conducive environments will be more likely to standardise marketing variables e.g. promotion. Thus, the empirical results are consistent with those of Zou and Cavusgil (2002); and provide support for GMS theory, as it applies to promotion. Indeed, firms with appropriate internal conditions and facing conducive environments were more likely to employ standardised promotional programmes. Below we examine the results and implications of the specific findings that support the theory.

7.3.1   Uniform Brand Image (Questions 15-18 from the Questionnaire located in Appendix I)

The findings are fairly positive for uniform brand image with a Mean value of 3.83 from a 5 Point Likert Scale. This finding is not too surprising, given that it suggests firms believe that there are significant benefits to uniform marketing strategies, which can be realistically implemented and likely to standardise their promotion.

Question 15: The Company has been effectively executing a standardised brand positioning strategy across all markets?

The findings from the questionnaire are consistent with the interviews. WPP Group France (2010), states that it offers a single point of contact for coordinating marketing activities, improved cost efficiencies, better marketing strategy and access to communications. This is further reinforced by WPP Group UK (2010) who outlined that one of the objectives of their category re-organisation was to benefit better from scale and scope and to concentrate their resources on fewer and stronger innovation units.

Question 16: The Company has created and reinforced a strong uniform image for their Brand?

The findings from the questionnaire are consistent with the views of De Mooij (2005), Keller (2007) and Kapferer (2008). This is also consistent with the views of WPP Group UK (2010) who stated that it has become a central figure of their strategy to have a uniform image for the brand; at the very least over the 3 countries to which the thesis is referring. The idea of a firm having a uniform brand image has received considerable attention in the marketing strategy literature, but it has not been the focus of the literature on promotional standardisation.

Question 17: We use a similar advertising campaign across markets according to a uniform product positioning strategy?

The findings from the questionnaire are consistent with the findings from WPP Group UK (2010) who state that they make an attempt to create and reinforce a

strong global brand image especially in their TV advertising across the EU. They believe that there is an issue of the impact of what an effective standardised campaign should do for a company in terms of brand equity.

Question 18 looked at: It is important that our promotion helps to reinforce a uniform brand image across all the markets in which we do business?

The findings from the questionnaire are consistent with what was suggested by Zou and Cavusgil's (2002) GMS perspective that promotional standardisation is a key characteristic of firms that have a global brand image, the GMS perspective clearly implies that firms with a uniform brand image will be more likely to standardise their promotion. These findings are also consistent with Harris and Attour (2003). They analysed a series of content analysis studies which found that luxury consumer products, such as fragrance or cosmetic brands (Please refer to **Figure 3.3**), are likely to deploy a higher level of standardisation in European magazine advertisements and show a high level of similarity. This was a good example of a firm wishing to achieve a Uniform Brand Image across UK, Germany and France.

7.3.2   Cost Savings (Questions 19-23 from the Questionnaire located in Appendix I)

This is the highest in terms of positive feedback from the empirical research in terms of strategic factors with a Mean figure of 3.89 for Strategic Factors. This is hardly a surprising perception from managers. As verified by the literature: a widely accepted benefit of promotional standardisation is that it takes advantage of economies of scale/scope (Levitt 1983). This is consistent with the findings from WPP Group UK (2010) that one of the benefits of standardising the advertising is to save costs. This

in turn, will save on the costs of producing the advertising (WPP Group France 2010; WPP Group Germany 2010). They also go on to state that there is definitely the unrealised potential of standardisation: increased economies of scale and scope and the ability to leverage Advertising British Pounds and Euros to their maximum effect.

7.3.3   Cross Market Segments (Questions 24-26)

The response towards cross-market segments (the extent to which firms believe they can and should target consumers with similar characteristics across markets) was also fairly positive with a Mean figure 3.75. This is line with the concept related to Zou and Cavusgil's (2002) GMS perspective, which is the firm's belief that cross-market segmentation can be effective. Cross-market segmentation is defined as the extent to which firms believe they can and should target consumers with similar characteristics across markets. Several researchers also suggested that MNCs should engage in cross-market segmentation (Hassan and Katsanis 1994; Shermach 1995; Miller 1998; Hassan et al 2003).

Question 24: We believe that we should target similar market segments across the markets in which we do business?

The findings from the questionnaire are consistent with the findings from WPP Group UK (2010) who stated that the greater a firm's perception of increasing convergence in the EU, the greater its tendency to follow a strategy to appeal to cross-border segments.

Question 25: The Company believes that standardised promotion can attract consumers with similar characteristics across borders?

The findings from the questionnaire were further reinforced by WPP Group France (2010) who thinks firms do strive to target similar market segments and may therefore employ a campaign across these markets.

Question 26: We believe that standardised promotion can reach multicultural segments beyond national boundaries?

The findings from the questionnaire were backed by WPP Group Germany (2010) who verified that firms do strive to target similar market segments and they do therefore employ similar promotion across these target segments/markets. In terms of their overall Marketing Strategy, these factors would then enable them to pursue promotional standardisation.

7.3.4   Organisational Control (Questions 27-28)

The reaction to the level of control that the parent firm has over subsidiaries and its impact on promotion standardisation was reasonably positive with a Mean figure of 3.29 and this is also suggested by the literature (Lerman and Grein 1999; Laroche et al. 1999; Solberg 2002; Samiee et al. 2003). It is widely believed that when control is centralised at the MNC's headquarters, promotion will be more standardised (Duncan and Ramaprasad 1995; Laroche et al. 2001).

Question 27: The promotional decisions are made centrally at the company's headquarters?

The findings from the questionnaire are consistent with the findings from WPP Group UK (2010) that the promotional standardisation decisions - are on the whole - made centrally at the company's world headquarters.

Question 28: The subsidiary is highly involved in developing promotional strategy?

The findings from the questionnaire are further reinforced by the findings from the subsidiaries of WPP Group France and Germany (2010), which back headquarters' statement whereby they realise the importance of standardisation and also state that headquarters do try to pressure the subsidiaries into standardising their promotion across these markets in the EU.

When all of these strategic factors are analysed together this study finds that the strategic factors have the strongest effect on the level of standardisation - **Hypothesis Two**. Therefore, firms that implement Uniform Brand Image Strategies and that seek to emphasise a Centralised Strategic Orientation, Cost Savings and Cross-Border Segmentation are likely to standardise their promotion. This is an important component of the framework, however, as it suggests that firms that find global strategies to be desirable and feasible appear to have more success in implementing standardised promotional programs. Finally, a positive relation exists between the level of control and the level of standardisation. This finding is consistent with the extant literature and suggests that firms with centralised strategies are more likely to engage in standardised promotion.

Research on the second objective enabled the development of a framework that served as a theoretical base for the primary research, which examined the promotional practices of MNCs and Agencies in the UK, France and Germany. The framework, detailed in Chapter Three, summarised the findings from the literature review in a visual and comprehensive way. It predicts that companies with internal orientations and external conditions more conducive to standardisation will be more likely to employ promotional standardisation.

7.4   Promotional Standardisation – Advertising Strategy (Questions 29-35)

As mentioned by Fastoso and Whitelock (2005) in Chapter 3.8.1, another characteristic of international advertising and marketing standardisation studies is their tendency to analyse International Advertising Standardisation as a variable without subdivisions. This study has attempted to do this by separating strategic and executional elements and has analysed the standardisation of advertising strategy in a comprehensive manner. Please refer to Chapter 3.8.1 for further explanation.

Firms responded positively to these questions (Mean = 3.68). This is consistent with the theory outlined in the following sections:

7.4.1   Target Group

Question 29: We use the same picture in all of the European countries in which we advertise?

Firm's responded positively to this from the questionnaire. This is consistent with the theory according to Backhaus et al (2001); Backhhaus and Van Doorn (2007) that the most important determinant of a standardised advertisement campaign is the use

of the same picture. All other elements play a minor role in determining perceptions of similarity. Consciously or unconsciously, the target respondents seem to take mainly the visual aspects into consideration when evaluating the similarity of print advertising.

7.4.2   Advertising Objectives

Question 30: We use a single advertising message with only minor modifications, or even advertisements with proper translations, in all countries to reach consumers?

Firms responded positively to this question from the questionnaire. This is consistent with Papavassiliou and Stathokopoulos, (1997), who stated that the objectives of advertising information and memorability, a single advertising message (Question 30 from the Questionnaire) with only minor modifications, or even advertisements with proper translations, can be used in all countries to reach consumers

7.4.3 Brand Positioning Strategies

Firms responded positively to this question from the questionnaire. For example, according to WPP Group France (2010), Abercrombie and Fitch is a fashion brand that is positioned as one worn by adults, middle-class men/women who are globally cosmopolitan. This is consistent with the theory according to Alden et al (1999) that associates the brand with a widely understood and recognized set of symbols believed to constitute an emerging global consumer culture (GCCP). This is built on the theory suggested by Kapferer (1992) on the emergence of globally shared meanings, This presented a new brand positioning strategy designed to assist international managers who seek to strengthen their brand's equity in an increasingly

competitive marketplace. Benetton was given as an example from the 1990's.

7.4.4 Budget

Question 34: We use a similar budgeting process in all the markets in which we advertise?

Firms responded positively to this question in terms of the Questionnaire. This is consistent with the theory according to La Roche et al (2001), who stated that some researchers define advertising standardisation as the determination of common communication objectives and budget whereas others include in the definition the creative and media decisions involving the whole corporation.

7.4.5   Media

Question 35: We use similar media strategies (Print) across the markets in which we advertise?

Firms responded positively to this question from the Questionnaire. This is consistent with the theory according to Albaum et al (1990); Meffert and Althans (1992) that an important factor within the context of international media selection is the overlapping of certain national media in other countries – that is, certain national media can be used for purely technical reasons in other countries (the use of TV programmes from neighbouring countries). Hence, a multinational advertiser can use the effect of such free-of-charge contacts to advertise products in neighbouring countries (e.g. from Germany to Austria and Switzerland, from France to Belgium, from Belgium to Luxembourg and The Netherlands).

This was also supported by the in-depth interviews by WPP Group France and Germany (2010), who stated that the advancement of the Internet and Broadband connections has substantially improved media availability and has enabled cross-national media buying practice. This is consistent with this thesis, which has looked at the impact of the Internet to provide a valuable and ultimate contribution

7.5   Promotional Standardisation – Advertising Executions (Questions 36-40)

Firms responded less positively to this (Mean figure of 3.36) than with advertising strategy (Mean figure of 3.68). This is consistent with extant research, which found an increasing trend to standardise strategy more frequently than executions (Duncan and Ramaprasad 1995 and Melewar et al. 2000).

This is also consistent with Rinner-Kawai, (1993), that elements of advertising strongly related to fashionable and technologically superior ideas can be standardised because these elements can have a transnational character (Rinner-Kawai, 1993). However, Reid et al. (1985) showed some differences between the US and award winning international Renault *Clio* television advertisements where the US prohibited the use of a standardised advertising message. Similarly, Martenson (1987) found creative differences between the US and Swedish advertisements.

Question 37: The Company uses the same advertising executions for all of the countries in which they advertise?

These findings from the questionnaire were also consistent with the in-depth interview findings: WPP Group UK (2010) suggested that to some extent they try to use the same general advertising strategy for their advertisements across these markets. There are, however, some differences e.g. language. However, executions

would not be as standardised as the strategic element.

Question 38: We use similar creative strategies in the countries where we advertise?

The findings from the questionnaire were backed up by WPP Group France (2010) who stated that to some extent their companies try to use the same creative strategy for their advertisements across these markets. WPP Group Germany (2010) also verified that the advertising strategy is standardised as much as possible across these markets. If the language needs changing then that is something that has to be done in the copy and they do use some of the same executions in these markets. However, this changes a little more than the strategy.

Question 39: We use uniform copy and textual information for our ads in all the countries in which we advertise?

Question 40: We use a uniform visual image for our ads in all of the countries in which we advertise?

Again, the findings from the questionnaire were consistent with the interviews. There are however, some occasions where adaptation is necessary – at the very least if a linguistic change is needed with the copy. However, executions were not as standardised as the strategic element of the advertisements.

7.6 Promotional Standardisation – Sales Promotion (Questions 41-47)

It was important to not only look at advertising, which is 'above the line' promotion, but also, 'below-the-line' promotion, which entails sales promotion. Firms responded positively to this with a Mean figure of 3.43 (the mid-point being 2.5). This is in line with the theory suggested by Hollensen (2011) that in Europe, the European

Commission estimates that the rate of the growth of spending on sales promotion was double that for conventional advertising throughout the period 2007-2010.

Question 41: We use very different techniques for sales promotion in different countries?

The findings from the questionnaire suggested that MNC's are using standardised sales promotion. This was also backed up by in-depth interview findings of WPP Group UK (2010) who have noticed that over the last few years more and more people have been using standardised sales promotion. According to WPP Group UK (2010) this is due to the mega competition that is facing retailers at the moment whereby Tesco and Wal-Mart are always in price wars.

Question 42: We use similar price discounts in the countries in which we advertise?

Question 43: We use similar catalogues/brochures in the countries in which we advertise?

The positive findings from the questionnaire are further reinforced, by WPP Group Germany (2010) who suggest that there is even more standardisation with industrial companies due to the nature of their products – this is line with theory suggested by Boddewyn et al (1986) and Cavusgil et al (1994) that industrial products are more standardised than other types of product. The sales promotion follows this as well. The companies have similar deals with parts and also the catalogues/brochures are standardised. This included the markets of UK, France and Germany. This also helps supports Hypothesis 5 which suggests that the type of business influences the degree of promotional standardisation.

Question 44: We use similar coupons in the countries in which we advertise?

The positive findings from the questionnaire are backed up by WPP Group UK (2010), who stated that there is the increasing importance of building standardised sales promotion campaigns to achieve higher global brand awareness of products e.g. Subway's new 'My Subcard'. This achieves standardisation of the brand and enhances its relationship marketing on a Europe wide basis. This has been strategically aligned with its advertising.

Question 46: We use gifts of similar value in the countries in which we advertise?

The theory also suggested by Hollensen (2007) was that similar gifts are used in European markets. This was consistent with the findings from the questionnaire and WPP Group France (2010) who noticed greater use of sales promotion over the last few years. They used the example of 'Clinique' sales promotions especially in UK, France and Germany. This creates more integration with their 'above the line' promotional strategy e.g. advertising. This therefore creates more uniform branding e.g. a European and global brand that is similar in the USA as well (Question 16 of the Questionnaire refers to Uniform Brand Image).

7.7 Promotional Standardisation – Internet Promotion (Questions 48-57)

Firms responded very positively to this with an overall Mean figure of 3.98. This means that the respondents are in agreement with the statements provided (mid-point is 2.5). This is very interesting in terms of the impact this will have on promotional standardisation now and in the future. This will add a further valuable contribution to this thesis in terms of the following. These research findings are consistent with the

theory that, since the 1960s, the standardisation of international advertising has been a central theme in many studies, especially because of the growth of global media and the increasing homogenisation of consumer tastes across the world (Harris, 1994; Duncan and Ramaprasad, 1995; Samiee et al, 2003). Moreover, as the findings substantiate, the standardisation-versus-localisation issue, which has attracted considerable research efforts in recent years, most studies have focused only on traditional media, leaving the cross-cultural variability of online communications unexplored (Taylor and Johnson, 2002).

This is consistent with the findings that, multinational corporations (MNCs) operating in European markets are now facing more and more pressure to generate more comprehensive marketing strategies on the Web (Laroche et al 2001). The WPP Group UK (2010) outlined that more and more customers are using the Internet as an 'experience' rather than just for buying.

Question 48: We use the Internet to co-ordinate into the company's promotional standardisation strategy across the countries in which we advertise?

The positive findings from the questionnaire were backed by WPP Group UK (2010), who stated that Companies are looking to create global brand images by using the Internet as the communication tool and then tweaking e.g. languages to fit certain markets. They believe that the popularity of the Internet 'fits' with promotional standardisation. You can communicate your product to anyone who has Internet access.

Moreover, the growth of the Internet has particularly favoured the proponents of international promotional standardisation, because anyone can access any web site

from any wired or wireless terminal in the world (Roberts and Ko 2001). The findings from the in-depth interviews also verify this. The WPP Group UK (2010) outlined that this is a great way to create a global identity and standardisation of promotion follows suit. They think the Internet has and will allow greater standardisation of promotion and adds more weight to the argument over adaptation. This unexplored area that this thesis is looking at is very new as it could 'overcome' the traditional barrier to standardisation: 'culture'. This is where expectancy can overcome resistance.

In terms of Web 2.0 the research findings are very positive as their contribution to promotional standardisation. This is in line with the theories suggested by Constantinides and Fountain (2008), who state that MNC's can capitalise on these developments in three different ways:

- The first way is to understand how social media function and include them in their PR arsenal as a means of reaching and informing the new online opinion leaders with bloggers and podcasters about their products, services and new market offers:

Question 51: We use similar Communities in the countries in which we promote?

Question 52: We use similar Forums/Bulletin boards in the countries in which we promote?

The positive findings from the questionnaire are consistent with the findings from WPP Group France (2010) that companies such as Abercrombie and Fitch can communicate their 'global' appeal. Their website is fairly standardised in terms of its

Internet promotion and so are the Web 2.0 features that it uses e.g. global blogs, forums, communities and feedback. This is a great way to create a global identity in terms of fashion and standardisation of promotion has to follow to convey the image of the brand. It is a fashion brand that is positioned as one worn by adults, middle-class, men/women who are globally cosmopolitan.

WPP Group France (2010), think the Internet has and will allow greater standardisation of promotion and can use 'culture' to its advantage to create a 'global' culture. Instead of being an impediment, the Internet can use culture to its advantage.

- The second way in which marketers can engage with the Web 2.0 is by actively and consequently 'listening-in' to the customer's voice: what people say about the firm and its products in blogs, podcasts, forums and online communities:

Question 50: We use similar Social Networks in the countries in which we promote?

The positive findings from the questionnaire is line with the findings from WPP Group UK (2010) that companies like Coca Cola can communicate their 'global' appeal using virtual communities and forums asking customers which new flavours they like (Cherry, Vanilla, Lime and Lemon). They then can plan their promotional strategies accordingly. Coca Cola make use of the Social Network site 'Facebook' and standardise their promotion accordingly to communicate this 'global appeal'.

- The third way to utilise Web 2.0 media is to engage them as tools of direct, personalised one-to-one marketing:

Question 53: We use similar banner advertising in the countries in which we advertise?

Question 54: We use similar sponsorship in the countries in which we advertise?

The positive findings from the questionnaire are in line with the findings from the in-depth interviews. WPP Group Germany (2010) suggests this is an area where industrial products are using various forms of the online environment. Web sites have been one of the most popular platforms, allowing consumers to see, consult and obtain product-related information anytime, anywhere. This is particularly important for industrial products, as this can be a 'one stop' shop for all their products and customers can access information and buy products 24-7.

It is important that all of the information and promotions are standardised as much as possible so as to reinforce the global nature of these companies. WPP Group Germany (2010), also believe that there is scope for even more standardisation e.g. video sharing of products that can be viewed anytime/anywhere.

Question 55: We use similar contests in the countries in which we promote?

Question 56: We use similar loyalty programmes in the countries in which we promote?

Question 57: We use similar online events in the European countries in which we promote?

The positive findings from the questionnaire were further reinforced by WPP Group Germany (2010) who spoke of a Google Database, which will have standardised promotion in real-time worldwide to secure brand loyalty and industrial events. This is in line with cloud-computing and new Web 3.0 features. This will bring into the fore the future issues of Web 3.0 features as mentioned in Chapter 3.10.7.

7.8   The Third Objective – Hypotheses Three, Four and Five

The **third objective** was to use this framework (**Objective Two** − please refer to figure 3.2) to formulate further hypotheses and the design of a questionnaire to test these hypotheses. This would confirm whether companies with internal orientations and external conditions more conducive to standardisation would be more likely to employ promotional standardisation (Advertising Strategy/Executions, Sales Promotion, Brand Positioning and Internet Promotion). In relation to this objective, three other hypotheses were posited in Chapter Three: (H3) The larger the annual sales volume of the subsidiary the higher the degree of promotional standardisation; (H4) The longer a firm has had international operations, the higher the degree of promotion standardisation; (H5) the type of business influences the degree of promotional standardisation.

Hypothesis Three

It has been suggested in the literature by Samiee et al (2003), that research on international business suggests that firms with higher sales volume are more likely to expand into foreign markets and to have a standardised worldwide image. In addition, work on foreign market entry suggests that larger firms are more prone to prefer wholly owned subsidiaries rather than joint ventures, partly to ensure that their general corporate strategy is carried out uniformly.

At the subsidiary level, it can be argued that it is also likely that larger firms will be more prone to engage in closely coordinated activities. Thus, GMS theory would identify large firm size as an internal factor that is consistent with standardisation. The results support the effect of higher sales volume.

Hypothesis Four

Several researchers have found that international operations are also helpful to firms in planning international strategy (e.g., Douglas and Craig 1989; Hill 1996). Cavusgil and Zou (1994) found empirical support for the idea that more experienced exporters have higher levels of success in international markets. In addition, according to GMS, Cavusgil and Zou (2002), found a significant link between the firm's level of international experience and its use of a global marketing strategy, including a global promotional strategy. As a result of this prior research, one would expect more experienced firms to engage in more standardisation.

International Operations showed the hypothesised positive impact on the level of standardisation. This finding was expected ($p = .175$). This finding seems to support extant research that found a significant link between a firm's level of operations and its use of a global marketing strategy (Zou and Cavusgil 2002). Our entire sample

was comprised of European Firms with international operations. Thus, there may be a threshold level of operations beyond which additional years of operations do not have much impact on the tendency to standardise promotion.

Hypothesis Five

The type of business also produced fairly positive feedback in that Industrial Products appeared to have the highest level of standardisation followed by consumer durables and consumer non-durables. This is in line with Boddewyn et al (1986), who found that industrial goods had the highest level of standardisation followed by consumer durables and consumer non-durables. This view is supported by Cavusgil et al (1994), who concluded that greater adaptation is necessary for consumer goods than industrial goods.

This is also supported by many academics who identified from the literature that the type of product is one of the most important variables to determine the degree of standardisation of advertising (Chandra et al, 2002). For instance, Boddewyn et al (1986), suggest that standardisation of marketing practices depend on the product type and claim that the nature of the product may be the most important factor.

It is possible to show the research results related to the verification/rejection of the

Hypotheses (Objectives One and Three) in table form, **Table 7.1.**

Table 7.1: Hypotheses

Research Hypotheses	**Confirmation**	**Rejected**
Hypothesis One (H1)		
Key environmental factors can 'trigger' promotional standardisation strategy formulation for MNCs subsidiaries and Advertising Agencies across the UK, France and Germany.	✓	
Hypothesis Two (H2)		
Key strategic factors can 'trigger' promotional standardisation strategy formulation for MNCs subsidiaries and Advertising Agencies across the UK, France and Germany	✓	
Hypothesis Three (H3)		
The larger the annual sales volume of the subsidiary, the higher the degree of promotional standardisation	✓	
Hypothesis Four (H4)	✓	
The greater the length of international operations, the higher the degree of promotional standardisation		
Hypothesis Five (H5)	✓	
The type of business influences the degree of promotional standardisation		

7.9   Conclusions

Hypothesis One (H1) of this research looked at the extent to which MNCs and Advertising Agencies perceived a similarity of advertising infrastructure, market harmonisation and level of competition across these three countries. The results for the first research question are striking in that companies are positive regarding the similarity of the advertising infrastructure and market harmonisation across the EU markets. This finding suggests that managers perceive similarities of advertising infrastructure and harmonisation of markets across different EU markets e.g. UK, France and Germany. Notably, however, managers expressed strong agreement that competitive conditions are uniformly high across the EU. Collectively, these results appear to suggest that due to the years of integration efforts, managers perceive there to be similarities across these EU markets. These ratings for advertising infrastructure and market harmonisation suggest a fair degree of integration. The results support the idea that managers can realistically treat these European Markets as fairly similar in terms of a single market. However, recent EU expansion into Eastern European markets may be one contributing factor to not treating Europe as a single market, also political obstacles to increasing the scope of unification.

The results for the questions on the harmonisation of these EU markets may help explain the results for our research questions related to the level of promotion standardisation that firms use across these markets. Given that the subsidiaries were fairly positive about the harmonisation of EU markets (which explains the 'fit' of the model), it is not surprising that firms indicated strong agreement with statements about the degree to which they standardise advertising strategy/executions, sales promotion and Internet promotion. In terms of the GMS perspective (Please refer to

Figure 3.1 for further explanation), if firms perceive the external environment as not being conducive to standardisation, fit will be reduced, even for firms that have a strong internal ability to develop and implement standardised strategies. Therefore, given the positive perceptions of the EU as a single market, it is not surprising that firms indicate a fairly strong agreement related to standardising advertising strategy/executions, sales promotion and Internet promotion.

Hypothesis Two (H2) looked at whether these MNCs and Agencies believe that standardisation is associated with specific benefits. The weight of the research evidence in recent years suggests that standardising promotional strategy is advisable when environmental conditions allow it because of its ability to create a uniform brand image, achieve cost savings and appeal to cross-market segments (Duncan and Ramaprasad 1995; Harris 1994; Tai 1997; Taylor 2002). Although executions may need to be adapted, standardising strategy at a broad level appears to be desirable in many cases.

These findings state that, in general, firms who conduct promotion across these markets in the EU would be well advised to standardise their promotional strategies. More importantly, the findings suggest that there could be a trend toward firms engaging in standardisation when fit in the framework developed allows it. Within the next few years, as EU markets may become even more similar over time; it may make sense therefore for managers to attempt to implement standardised promotional strategies. There appear to be less language-based obstacles than in the past (the two official working languages of the EU are English and French), and viewing standardised promotional strategy as a complement to standardised product strategy

would be beneficial. This updates the findings by Cavusgil et al (1993) as stated in Chapter 3.1.

This research empirically examined the Antecedents, Policies and Practices of Promotional Standardisation Strategy: A comparison of British MNCs and Advertising Agencies in three countries across the European Union. The majority of promotional standardisation research has focused on which of the two approaches (standardisation or local adaptation) MNCs are likely to adopt but little theory has addressed why firms standardise. A key contribution of this research is that it provides support for the application of GMS theory to the context of promotional standardisation. Consistent with GMS theory, our framework supports the notion that there are antecedents that drive promotional standardisation: There are two latent independent variables—environmental factors and strategic factors—and three observed independent variables—annual sales volume, international operations and type of business— that can significantly influence the level of promotional standardisation (dependent latent variable) with the UK, France and Germany. An additional contribution is that the framework also looks at the impact of standardisation on promotion more fully than before (Advertising Strategy/Execution, Sales Promotion) and adds a valuable contribution with regard to Branding and an ultimate contribution in Internet Promotion (Web 2.0).

This thesis finds that, on average, managers reported that Standardised Advertising Strategy/Execution, Sales Promotion, Branding and Internet promotion was fairly high across these markets in the EU with Internet Promotion being the highest.

The results of the study suggest that progress has been made regarding moving EU markets further toward becoming a single market but, managers of subsidiaries still note that there are some differences in market harmonisation that temper the ability to standardise promotional programmes. As the GMS theory suggests, for cases in which standardisation strategy does not fit with the external environment, it will be more difficult to implement standardised promotion fully.

7.10   Limitations of the Study

The study is limited to the assessment of managerial perceptions at a single point in time: it measured managerial perceptions of promotional standardisation, as opposed to actual performance.

Longitudinal data would allow for more definitive conclusions as to whether trends toward market similarity and promotional standardisation are occurring. Furthermore, a longitudinal study could offer insights into how MNCs are increasing or decreasing the degree of standardisation across markets.

Furthermore, it should be noted that consumer nondurables were not heavily represented in the sample (durables and industrial goods accounted for 84% of the sample). This could call into question the ability to generalise from the findings.

The study contained British Firms operating in UK, France and Germany; subsidiaries from other Western Countries within the EU were not included e.g. Spain, Holland and Italy nor were the recent accession states of the EU such as Poland, Czech Republic and Hungary. Future research should attempt to validate the

model by using foreign and home comparisons of promotional strategy, and the study should be replicated with additional samples including firms and agencies of other national origins, across different markets, and with a separate focus on business to business versus consumer products. This could also include other countries newer to the EU such as Poland as suggested by Okazaki and Mueller (2007) in Chapter 2.7.

There are areas of the conceptual framework (please refer to figure 3.2) where additions could be made:

- Budget for Advertising, Sales Promotion and Internet - this would have been a useful tool to add to the framework; if the allocation of the overall promotional budget available to the Company was indicated this could show whether a positive relationship existed between the budget allocated and promotional standardisation.

- Agency Competence

  The agency competence could also be added to the framework and analysed empirically so as to analyse whether there is a positive relationship with promotional standardisation.

- Level of digital promotional agencies

  Today, the most successful interactive *agencies* are defined as companies that provide specialized advertising and marketing services for the *digital* space. There has been an increase in the use of specialist digital agencies since the research has been undertaken for this thesis and these agencies would be a useful tool to add to the conceptual framework to see if there is a positive relationship with them and promotional standardisation.

- Mobile Commerce

  Mobile phones distribute more content ($31 Billion) than the total global content on the Internet ($25 billion led by pornography and gambling) and more than Hollywood box office's annual $30 billion (Ahonen and Moore 2007)

  Barcode scanning by phone cameras e.g. wear your website on a t-shirt by having a barcode printed on a shirt. Phone will photograph this and connect to website immediately

  Mobile commerce could have been assessed to see if there is a positive relationship between it and promotional standardisation.

7.11   Future Research

Further research should focus on such trends, as well as outcome measures of firm performance, to examine further whether there is a link between promotional standardisation and overall firm performance e.g. higher profits and cost-cutting. Such studies should also examine the conditions under which such a link may occur. Integration of models of promotional standardisation into more general models of standardisation of the marketing mix is also needed.

Internet Promotion on conceptual framework (please refer to figure 3.2)

- Budget for Advertising, Sales Promotion and Internet - further research could provide a more accurate representation of the bottom line in terms of impact on profit could be made in terms of promotional standardisation. This could be added to Internet Promotion on the conceptual framework in figure 3.2.

- Proximity Marketing: wireless technology recognises different customers as they pass by stores that have relevant offers i.e. a special offer may be sent to your phone as you pass by a coffee shop. Chaffey et al (2009) defines this as: *"Localised wireless distribution of advertising content associated with a particular place".*

This could be added to the Promotional element of the conceptual framework to see if there is a positive relationship with promotional standardisation.

Environmental Variables on conceptual framework

- Agency Competence

   The agency competence could also be added to the framework and analysed empirically so as to analyse whether there is a positive relationship with promotional standardisation. When an MNCs advertising agency possesses a high competency, it is more likely that it could advise the MNC about the benefits and feasibility of standardised advertising, help the MNC coordinate the planning and execution of advertising campaigns across the world, and facilitate the MNCs integration of its advertising objectives and strategies in the global market. This could be added to 'environmental variables' on the conceptual framework in figure 3.2.

- Level of digital promotional agencies

   The level of digital promotional agency could also be added to the framework and analysed empirically so to analyse whether there is a positive relationship with promotional standardisation. When an MNCs advertising agency possesses a high competency, it is more likely that it could advise the MNC about the benefits and feasibility of standardised advertising, help the MNC coordinate the planning and execution of advertising campaigns across the world, and facilitate the MNCs integration of its advertising objectives and strategies in the global market. This could be added to 'environmental variables' on the conceptual framework in figure 3.2.

Finally, future research could explore Web 3.0 effects on promotional standardisation as indicated in the literature by Chaffey et al (2009) in Chapter 3.10.7 and in the in-depth interviews in Chapter 6.2.1. It will be interesting to see how these features will affect promotional standardisation over the coming years.

- As indicated by WPP Group Germany (2010) in Chapter 6.2.1, there is talk of a Google Database, which will have standardised promotion in real-time worldwide. This could be added to the conceptual framework (figure 3.2) in Internet Promotion to see if there is a positive relationship with Web 3.0 features such Google Database and promotional standardisation.

- IPTV: Delivered through Internet Protocol Suite through the Internet and broadband Internet Access networks. The cutting edge of IPTV is streamed real-time viewing of hundreds of channels through the two largest offerings:

  The European Joost (www.joost.com)

  The US service Hulu (www.hulu.com)

  Increasing numbers flocking to IPTV from traditional TV channels, therefore this could also be analysed on the conceptual framework (figure 3.2) to see if there is a positive relationship between IPTV and promotional standadisation.

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APPENDIX I

Copy of the Questionnaire used in MNC Survey

Major Characteristics of Company

Q1   **Location of Company** **(Please tick one only)**

UK   ❏

FRANCE   ❏

GERMANY   ❏

Q2   **Annual Sales volume of the Company in this market** **(Please tick one only)**

€100 million or less   ❏

€100-€499 million   ❏

€500-€999 million   ❏

€1 Billion or more   ❏

Q3   **How long has your parent company had international operations?** **(Please tick one only)**

5 years or less   ❏

6-10 years   ❏

11-20 years   ❏

21-49 years   ❏

50 years or more   ❏

Q4   Type of Business

    Durable goods   ❏

    Non-durable goods   ❏

    Industrial goods   ❏

    Services   ❏

ENVIRONMENTAL FACTORS - THE INTEGRATION OF THE EU

**Please, indicate your agreement or disagreement with the following statements
(Tick one for each complete statement below):**

Q5   ADVERTISING INFRASTRUCTURE

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
Advertising regulation is similar across these markets (UK, France and Germany).	❏	❏	❏	❏	❏

Q6

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
Media costs are similar across these markets.	❏	❏	❏	❏	❏

Q7

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
Advertising agencies with global networks are available in these markets	❏	❏	❏	❏	❏

Q9

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
These countries with geographic proximity tend to have similar Market conditions.	❏	❏	❏	❏	❏

Q10

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The markets we operate in are at similar levels of economic development	❏	❏	❏	❏	❏

Q8   MARKET HARMONISATION

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
These markets have generally become more harmonious due to economic and political unification of European Union.	❏	❏	❏	❏	❏

Q11

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The markets in which we do business have similar educational levels and literacy rates	❑	❑	❑	❑	❑

Q12 LEVEL OF COMPETITION

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
There is a great deal of competition in all of these markets.	❑	❑	❑	❑	❑

Q13

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
Our strongest competitors have a uniform image across these markets and elsewhere.	❑	❑	❑	❑	❑

Q14

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We face powerful international competitors in these markets.	❑	❑	❑	❑	❑

STRATEGIC FACTORS

Please, indicate your agreement or disagreement with the following statements (Tick one for each complete statement below):

Q15 UNIFORM BRAND IMAGE

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The company has been effectively executing a standardised brand positioning strategy across all markets.	❑	❑	❑	❑	❑

Q18

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
It is important that our promotion helps to reinforce a uniform brand image across all the markets in which we do business.	❑	❑	❑	❑	❑

Q16

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The company has created and reinforced a strong uniform image for their Brand.	❑	❑	❑	❑	❑

Q17

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use a similar advertising campaign across markets according to a uniform product positioning strategy.	❑	❑	❑	❑	❑

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Q19 COST SAVINGS

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The company can spend the promotional budget more efficiently if the advertising is standardised.	❏	❏	❏	❏	❏

Q20

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The company can save on the costs of producing advertising if they use standardised advertising.	❏	❏	❏	❏	❏

Q21

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We want to save costs by using similar advertising campaigns in the markets in which we do business	❏	❏	❏	❏	❏

Q22

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We want to save costs by using similar sales promotion in the markets that we do business	❏	❏	❏	❏	❏

Q23

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We want to save costs by using similar Web 2.0 activities in the markets in which we do business	❏	❏	❏	❏	❏

Q24 CROSS MARKET SEGMENTS

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We believe that we should target similar market segments across the markets in which we do business.	❏	❏	❏	❏	❏

Q25

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The company believes that standardised promotion can attract consumers with similar characteristics across borders.	❏	❏	❏	❏	❏

Q26

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We believe that standardised promotion can reach multicultural segments beyond national boundaries	❏	❏	❏	❏	❏

Q27 ORGANISATIONAL CONTROL

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The promotional decisions are made centrally at the company's headquarters.	❏	❏	❏	❏	❏

Q28

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Agree
The subsidiary is highly involved in developing promotional strategy	❏	❏	❏	❏	❏

Promotional Standardisation

Please, indicate your level of agreement of disagreement with the following stater (Tick one for each complete statement below):

Q29 ADVERTISING (Print) TARGET GROUP

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use the same picture in all of the European countries in which we advertise.	❏	❏	❏	❏	❏

Q30 ADVERTISING OBJECTIVES

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use a single advertising message with only minor modifications, or even advertisements with proper translations, in all countries to reach consumers.	❏	❏	❏	❏	❏

Q31 ADVERTISING BUDGET

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The budget is used more efficiently due to the standardisation of our advertising strategy in these markets which we operate in.	❏	❏	❏	❏	❏

Q32 STANDARDISED ADVERTISING STRATEGY

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The company uses the same general advertising strategy for their ads in all of the countries where they advertise.	❑	❑	❑	❑	❑

Q33

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The main ideas or themes are similar across the markets in which we advertise.	❑	❑	❑	❑	❑

Q34

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use a similar budgeting process in all the markets in which we advertise.	❑	❑	❑	❑	❑

Q35

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar media strategies (Print) across the markets in which we advertise.	❑	❑	❑	❑	❑

Q36 STANDARDISED ADVERTISING EXECUTION

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
We don't customise our advertising for each market in which we operate.	❏	❏	❏	❏	❏

Q37

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
The company uses the same advertising executions for all of the countries in which they advertise.	❏	❏	❏	❏	❏

Q38

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar creative strategies in the countries where we advertise.	❏	❏	❏	❏	❏

Q39

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use uniform copy and textual information for our ads in all the countries in which we advertise.	❑	❑	❑	❑	❑

Q40

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use a uniform visual image for our ads in all of the countries in which we advertise.	❑	❑	❑	❑	❑

Q41 STANDARDISED SALES PROMOTION (Print)

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use very different techniques for sales promotion in different countries	❏	❏	❏	❏	❏

Q42

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar price discounts in the countries in which we advertise.	❏	❏	❏	❏	❏

Q43

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar catalogues/brochures in the countries in which we advertise.	❏	❏	❏	❏	❏

Q44

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar coupons in the countries in which we advertise.	❏	❏	❏	❏	❏

Q45

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar samples in the countries in which we advertise.	❏	❏	❏	❏	❏

Q46

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use gifts of similar value in the countries in which we advertise.	❏	❏	❏	❏	❏

Q47

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar competitions in the countries in which we advertise.	❏	❏	❏	❏	❏

Q48 STANDARDISED INTERNET PROMOTION

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use the Internet to co-ordinate the company's promotional standardisation strategy across the countries in which we advertise.	❑	❑	❑	❑	❑

Q49 WEB 2.0

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar Blogs in the countries in which we promote.	❑	❑	❑	❑	❑

Q50

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar Social Networks in the countries in which we promote.	❑	❑	❑	❑	❑

Q51

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar Communities in the countries in which we promote.	❏	❏	❏	❏	❏

Q52

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar Forums/Bulletin boards in the countries in which we promote.	❏	❏	❏	❏	❏

Q53

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar banner advertising in the countries in which we advertise.	❏	❏	❏	❏	❏

Q54

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar sponsorship in the countries in which we advertise.	❏	❏	❏	❏	❏

Q55

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar contests in the countries in which we promote.	❑	❑	❑	❑	❑

Q56

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar loyalty programmes in the countries in which we promote.	❑	❑	❑	❑	❑

Q57

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
We use similar online events in the European countries in which we promote.	❑	❑	❑	❑	❑

Thank you for your help

APPENDIX II

Copy of the in-depth Interview Transcript (WPP UK)

Introduction Phase:

- Introductions from the Author to the Manager.

- The objectives of the session were to conduct an in-depth interview in order to satisfy the requirements of the final stage of the mixed method approach and this will provide triangulation. The qualitative research was in the form of speaking to agencies in order to confirm the findings from the empirical survey.

- The nature of the PhD thesis is to look at the policies and practices of International Promotional Standardisation by UK Agencies across the UK, France and Germany.

- General agenda of topics that will be followed: *Managerial* perceptions of the importance of the standardisation of promotion and the feasibility of implementing it vary between MNCs and Agencies'. If there are blanks with regard to some of the questions, then no answer was provided/available.

The Discussion Phase

General Topics to be discussed:

Will be based on the proposed conceptual framework and the questionnaire. The constructs that have been derived from this framework are based on key International Promotional Theories.

Location of Company

UK

Annual Sales volume of the Company in this Market?

Less than £100 million

£100–£499 million

£500 million to £999 million

£1 billion or more

How long has your parent company had international operations?

Less than 5 years

6–10 years

11–20 years

20–49 years

50 or more years

Type of Business

Durable Goods

Non-Durable Goods

Industrial Goods

Services

The following constructs were discussed as part of a semi-structured interview:

- To research to what extent Advertising Agencies perceive EU markets as being similar?

  Advertising Infrastructure

- Tell me about Advertising regulation and if there are any similarities across these markets in the EU?

"Yes, there are some similarities across these markets that you have mentioned. However, despite years of integration efforts across these markets with the relevant bodies, we still think there are differences across these markets. You still can't treat these countries of the EU as a single market. That may change even more in the future."

- Tell me about media costs and if there are any similarities across these markets?

  No Reply given

Market Harmonisation

- There has been an increase in the economic unification of the European Union; Tell me if this has led to an increase in homogenisation of these markets (UK, France and Germany) across the EU?

  "Our own findings suggest that managers' perceptions of convergence as reflected in consumer homogeneity, market integration, media availability, and competitive conditions are comprehensive and inclusive in that they incorporate multiple dimensions of convergence across these markets in the EU. Therefore there has been an increase in homogenisation across the markets that you have mentioned".

- Tell me if countries with geographic proximity tend to have similar Market conditions.

  "I think that culture still plays a part; Cross-national differences also play their part and I think it would be too simplistic to suggest the EU as one single market where promotional strategy can be planned accordingly. However, there is an increasing convergence and the feasibility of standardised advertising in the EU."

  You said a moment ago............... can you tell me more?

  "Culture and cross-national differences... In terms of your conceptual framework which looks at standardisation. I guess these could be considered negative variables and would lend themselves more to adaptation."

Level of Competition

Tell me about the competition across these markets in the EU?

"Yes, the degree of competition across these markets is highly competitive. The competitive conditions, as well are highly intense."

Tell me about your competitors? Do they have a uniform image across the European markets?

"Most of our competitors do strive to create a uniform image across these markets. I think within this context we also try to standardise promotion: at least for global brands, we strive for stronger global promotion as we believe strongly in concentrating our resources to create better, more efficient great promotion."

You said a moment ago................ can you tell me more?

What are the benefits from standardised advertising across the EU?

Uniform Brand Image

Tell me more about your brand positioning strategy? Is it standardised?

"One of the objectives of our category re-organisation was to benefit better from scale and scope and to concentrate our resources on fewer and stronger innovation units. So, to an extent yes, we are pursuing a global strategy of some form."

In terms of a strong global image for your Brand – tell me if this has been created and reinforced?

"Yes, we make an attempt to create and reinforce a strong global brand image especially in our TV advertising across the EU. We believe that there is an issue

of the impact of what an effective standardised campaign should do for a company in terms of brand equity."

Cost Savings

Tell me about the company's promotional budget and whether it could be used more efficiently if the advertising was standardised?

"Yes, one of the most important benefits of standardisation is the benefit from saving on costs. We believe there are significant benefits to uniform marketing strategies within our advertising. So yes, one can use the promotional budget more efficiently if we are saving costs and can utilise more of our budget in other areas. I think this is particularly relevant in today's financial climate [worldwide recession] and companies should consider this benefit..."

Tell me about standardisation and if the company can save on the costs of producing advertising?

"Yes, I think that goes without saying... one of the benefits of standardising the advertising is to save costs. This in turn will allow us to make savings on the costs of producing the advertising."

Cross-market segmentation

Tell me if you believe that the company targets similar market segments across the European markets in which they do business?

"Yes, I think to an extent they do with regard to these countries that you have mentioned such as UK, France and Germany. I think that this question ties in with the first question with regard to convergence in the EU: The greater a

firm's perception of increasing convergence in the EU, the greater its tendency to follow a strategy to appeal to cross-border segments."

Tell me if this standardised promotion can attract consumers with similar characteristics across borders.

"Our own research suggests that the idea that the EU has become a uniform market in which firms can ignore cross-national differences in planning advertising strategy is perhaps a bit too simplistic."

Centralised decision-making

Tell me about promotional decisions and are they are made centrally at the company's world headquarters or are the subsidiaries highly involved in developing promotional strategy?

"The decisions are made centrally at the company's world headquarters. Our subsidiaries realise the importance of standardisation and HQ do try to pressure the subsidiaries into standardising their promotion across these markets in the EU".

To what extent is the company standardising their advertising strategy/executions, sales promotion/internet promotion?

Advertising Strategy and Executions

Tell me if the company uses the same general strategy for their advertisements in all of the countries where they advertise.

"Yes, to a fair extent we try to use the same general advertising strategy for our advertisements across these markets. There are however, some differences e.g. language of course."

Tell me more about media strategies and if they are similar across the markets in which you advertise.

No Reply

Tell me also if the company uses the same advertising executions for all of the above European countries in which they advertise?

"Like the strategy, to an extent, but this would not be as standardised as the strategic element mentioned in the previous question".

Finally, tell me if the company uses similar creative strategies in all of the European countries where you advertise.

No Reply

Standardised Sales Promotion

"I have noticed that over the last few years more and more people have been using sales promotion. Again, this is due to the mega competition that is facing retailers at the moment e.g. Tesco and Wal-Mart are always in price wars! There is the increasing importance of building standardised sales promotion campaigns to achieve higher global brand awareness of products e.g. Subway's new 'My Subcard' can be used in stores throughout Europe to gain points towards 'free' sandwiches; points can be collected in both Pound Sterling and in Euros. This achieves standardisation of the brand and enhances its relationship marketing on a Europe Wide Basis. This has been strategically aligned with its advertising."

Standardised Internet Promotion

"More and more customers are using the Internet as an 'experience' rather than just buying commodities. Companies are looking to create global brand images by using the Internet as the communication tool and then tweaking e.g. languages to fit certain markets. I think the popularity of the Internet 'fits' with promotional standardisation. You can communicate your product to anyone who has Internet access. Companies like Coke can communicate their 'global' appeal e.g. on Facebook there is a fan club for Coke which has millions of people registered to it. This is a great way to create a global identity and standardisation of promotion follows suit! I think the Internet has and will allow greater standardisation of promotion and adds more weight to the argument over adaptation. This unexplored area that you are looking at is very new and could 'overcome' one of the traditional barriers to standardisation: 'culture'."

The summarising phase

- So overall what are the key things that you perceive to be important when a firm makes the decision to standardise its advertising across these markets?

"I believe that standardising advertising strategy is advisable when environmental conditions allow it because of its ability to create a uniform brand image, achieve cost savings and appeal to cross-market segments to a lesser extent." "In my opinion and having worked with marketing managers across these markets. I would say that standardised advertising is more effective

across the European Union." "Indeed, I believe that firms with appropriate internal conditions and facing conducive environments will be more likely to employ standardised advertising programs."

APPENDIX III

Copy of the in-depth Interview Transcript (WPP France)

In-depth Interview (with WPP Group France)

Introduction Phase:

- Introductions

- The objectives of the session are to conduct an in depth interview in order to satisfy the requirements of the final stage of the mixed method approach and this will provide sequential exploratory design. The qualitative research was in the form of speaking to agencies' in order to confirm the findings from the empirical survey.

- The nature of the PhD thesis is to look at the policies and practices of International Promotional Standardisation by UK Agencies' across the UK, France and Germany.

- General agenda of topics that will be followed: *Managerial* perceptions of the importance of the standardisation of promotion and the feasibility of implementing it vary between MNCs and agencies.

The Discussive Phase

General Topics to be discussed:

Will be based on the proposed conceptual framework and the questionnaire. The constructs that have been derived from this framework, which are based on key International Promotional Theories.

Introduction:

Location of the Company

France

What is the annual sales volume of your company in this market?

Less than £100 million

£100–£499 million

£500 million to £999 million

£1 billion or more

How long has your company had international operations?

Less than 5 years

6–10 years

11–20 years

20–49 years

50 or more years

Type of Business

Durable Goods

Non-Durable Goods

Industrial Goods

Services

The following constructs were discussed as part of a semi-structured interview:

To research the extent to which do Agencies perceive EU markets as being similar?

Advertising Infrastructure

Tell me about Advertising regulation and if there are any similarities across these three markets in the EU?

"Regarding perceptions of the advertising infrastructure, including the availability of similar media and similar costs, I would say that I am fairly neutral on this one. There is some form of European media, which are increasingly adopting uniform standards across countries, which in turn ensures cross-border media availability. I would say that there is some form of growth of new telecommunication technologies and a wave of deregulation; however there may still be some differences in the infrastructure of European markets."

Tell me about media costs and if there are any are similar across these markets?

You said a moment ago................ can you tell me more?

"For example, the advancement of the Internet and broadband connections has substantially improved media availability and has enabled cross-national media buying practice."

Market Harmonisation

There has been an increase in the economic unification of the European Union; Tell me if this has led to an increase in homogenisation of these markets across the EU?

"It is also possible that some managers may be holding back on implementing strategy as a result of continued doubts about the future of convergence, as evidenced by the French and Dutch referenda on the EU constitution."

Tell me if countries with geographic proximity tend to have similar Market conditions.

"Cross-cultural differences are the biggest barrier to implementing this standardisation strategy. There are definitely perceptions amongst mangers that there are moves towards the EU as one single market where advertising strategy can be planned accordingly."

You said a moment ago................ can you tell me more?

"Culture and cross-national differences. This can be a barrier in implementing the standardisation strategy fully."

Level of Competition

Tell me about the competition across these markets in the EU?

"Yes, the degree of competition across these markets is highly competitive. The competitive conditions, as well are highly intense"

Tell me about your competitors? Do they have a uniform image across the European markets?

"Most of our competitors do strive to create a uniform image across these markets."

What are the benefits from standardized advertising across the EU?

Uniform Brand Image

Tell me more about your brand positioning strategy? Is it standardised?

"It was noted by WPP that the preference of clients to streamline and integrate their brand communications across countries spurred many communication agencies to take the globalisation route. They highlighted the fact that agencies with global reach have the advantage of offering a single point of contact for coordinating marketing activities, improved cost efficiencies, greater coherence in marketing 'voice', and access to the agency CEO in times of crisis."

In terms of a strong global image for your Brand – tell me if this has been created and reinforced?

"Multinational advertisers generally preferred working with agencies able to design, implement and manage global campaigns. Multinational advertising agencies have pushed ideas such as global branding and advertising standardisation to increase their attractiveness to potential clients as a 'one-stop' global provider.

Cost Savings

Tell me about the company's promotional budget and whether it can be used more efficiently if the advertising was standardised?

"Yes, there is definitely the unrealised potential of standardisation that some companies have yet to unearth: increased economies of scale and scope and the ability to leverage advertising pounds/dollars/euros to their maximum effect."

Tell me about standardisation and if the company can save on the costs of producing advertising?

"Yes, with this growing convergence, standardisation should be practised more often as the company can save costs on the production of advertising. This is, of course, very important in today's current climate."

Cross-market segmentation

Tell me if you believe that the company targets similar market segments across the European markets in which they do business?

"Yes, with this increasing convergence and opportunities for cost savings I think firms do strive to target similar market segments and may therefore employ an Integrated Marketing Communications Campaign across these markets. Yes, I think these strategic orientations would point a firm towards standardisation as there are significant benefits to be had."

Tell me if these standardised ads can attract consumers with similar characteristics across borders.

"Yes, they can to an extent. However, companies need to take into account cross national differences – if there are any – in the first place."

Centralised decision-making

Tell me about promotional decisions and are they made centrally at the company's world headquarters or are the subsidiaries highly involved in developing promotional strategy?

"If the promotional decisions are made at the HQ then the route appears to be one of consistency – therefore, standardisation will be sought after. However, if the subsidiary is more involved with the decision making then adaptation may

become more prevalent."

The extent to which the company is standardising their advertising strategy and executions?

Advertising Strategy and Executions

Tell me if the company uses the same general strategy for their advertisements in all of the countries in which they advertise.

"Yes, to a reasonable extent some of our companies try to use the same general advertising strategy for their advertisements across these markets. There are, however, some occasions when adaptation is necessary – at the very least- if a linguistic change is needed in the copy."

Tell me more about media strategies and if they are similar across the markets in which you advertise.

"For example, the advancement of the Internet and broadband connections has substantially improved media availability and has enabled cross-national media buying practice. This has, therefore, contributed to the increase in promotional standardisation across theses 3 countries."

Tell me also if the company uses the same advertising executions for all of the above European countries where they advertise.

"I would say that this element for companies is not as standardised as the strategic element."

Standardised Sales Promotion

"I have noticed greater use of sales promotion over the last few years. This must also have a lot to do with the way the financial markets are. Clinique use a lot of similar sales promotions especially in UK, France and Germany. This usually takes the form of 'buy 2 items and get a makeup set free'; this is in most shops in these markets, as well as at their respective airports. This creates more integration with their 'above the line' promotional strategies e.g. advertising. This therefore creates more uniform branding e.g. a European and Global Brand e.g., similar strategies in the USA as well". This appears to be a case of the tail wagging the dog."

Standardised Internet Promotion

"This is where firms, I think, can exploit promotional standardisation even more fully than with other traditional methods that you have mentioned. You can communicate your product to anyone who has Internet access. Companies like Abercrombie and Fitch can communicate their 'global' appeal e.g. their website is fairly standardised in terms of its Internet promotion and the web 2.0 features that it uses e.g. global blogs and forums feedback. This is a great way to create a global identity in terms of fashion and standardisation of promotion has to follow to convey the image of the brand! I think the Internet has and will allow greater standardisation of promotion and can use 'culture' to its advantage to create a 'global' culture; instead of being an impediment the Internet can use culture to its advantage."

The summarising phase

- So overall what are the key things that you perceive to be important when a firm makes the decision to standardise its advertising across these markets?

"This 'gap' for companies constitutes the unrealized potential of standardisation: increased economies of scale and scope and the ability to leverage advertising spend to their maximum effect".

"Yes, we believe that firms with appropriate internal conditions and facing conducive environments will be more likely to employ standardised advertising programs."

APPENDIX IV

Copy of the in-depth Interview Transcript (WPP Germany)

Advertising Executive for (WPP Group Germany)

- Introductions

- The objectives of the session are to conduct an in depth interview in order to satisfy the requirements of the final stage of the mixed method approach and this will provide sequential exploratory design. The Qualitative research was in the form of speaking to agencies in order to confirm the findings from the empirical survey.

- The nature of the PhD thesis is to look at the policies and practices of International Promotional Standardisation by UK Agencies' across the UK, France and Germany.

- General agenda of topics that will be followed: Managerial perceptions of the importance of the standardisation of promotion and the feasibility of implementing it vary between MNCs and agencies.

The Discussion Phase

General Topics to be discussed:

Will be based on the proposed conceptual framework. The constructs that have been derived from this framework are based on key International Promotional Theories.

Introduction:

Location of the Company

Germany

What is the annual sales volume of your company in this market?

Less than £100 million

£100–£499 million

£500 million to £999 million

£1 billion or more

How long has your company had international operations?

Less than 5 years

6–10 years

11–20 years

20–49 years

50 or more years

Type of Business

Durable Goods

Non-Durable Goods

Industrial Goods

Services

The following constructs will be discussed as part of a semi-structured interview:

- **To what extent do Agencies perceive EU markets as similar?**

Advertising Infrastructure

Tell me about Advertising regulation and if there are any similarities across these markets in the EU?

"Yes, I would say that there is definitely a swing towards similarity of advertising infrastructure, including the availability of similar media and similar costs. There is a lot more European media, which are increasingly adopting uniform standards across countries e.g. SKY and BBC NEWS, which in turn ensures cross-border media availability. I would say there has been a steady growth of new telecommunication technologies and a wave of deregulation, however, there are still some differences in the infrastructure of European markets other than UK, France and Germany".

Tell me about media costs and if there are any which are similar across these markets?

No Reply

Market Harmonisation

There has been an increase in the economic unification of the European Union; Tell me if this has led to an increase in homogenisation of these markets across the EU?

"There has been increasing market homogenisation across Europe. We try to base our strategy alongside these increasing trends. It does lean towards standardisation."

Tell me if countries with geographic proximity tend to have similar Market conditions?

"There are definitely perceptions amongst mangers that there are moves towards the EU as one single market where promotional strategy can be planned accordingly. The Internet seems to be overcoming the traditional barrier to complete standardisation e.g. culture."

You said a moment ago................ can you tell me more?

"The Internet is available to most people in the EU. People that favour standardisation e.g. Promotion in your case, say that the growth of the Internet and especially the features of Web 2.0 with Social Networking sites such as Facebook, will make the argument for standardisation even greater."

Level of Competition

Tell me about the competition across these markets in the EU?

"Yes, the degree of competition across these markets is highly competitive."

Tell me about your competitors? Do they have a uniform image across the European markets?

"Most of our competitors do strive to create a uniform image across these markets. Yes, we always try to standardise this promotion alongside a uniform image. I think this creates better resources for more streamlined and effective promotion."

What are the benefits from standardized advertising across the EU?

Uniform Brand Image

Tell me more about your brand positioning strategy? Is it standardised?

"Yes, most of our clients integrate their brand communications across countries and this is via the standardisation route. It is much better if our agencies have global reach as it will allow us a single point of contact for coordinating marketing activities, improved cost efficiencies, better marketing strategy and access to communications. Standardisation of promotion is high on the agenda.

In terms of a strong uniform image for your Brand – tell me if this has been created and reinforced?

"Yes, it has become a central figure of our strategy to have a uniform image for the brand. At the very least over the 3 countries to which you are referring".

Cost Savings

Tell me about the company's promotional budget and whether it could be used more efficiently if the advertising was standardised?

"Yes, this is one of the most important benefits to any agency and company: increased economies of scale and scope. Very important factor in today's economy."

Tell me about standardisation and if the company can save on the costs of producing advertising?

"Yes, as I mentioned in the last question, one can also save costs on the production of advertising. This is, of course, very important in today's current climate."

Cross-market segmentation

Tell me if you believe that the company targets similar market segments across the European markets in which they do business?

"I think firms do strive to target similar market segments and we do therefore employ similar promotion across these target segments/ markets. In terms of our overall Marketing Strategy, these factors would then enable us to pursue promotional standardisation".

Tell me if these standardised ads can attract consumers with similar characteristics across borders.

"Yes, they can attract consumers with similar characteristics."

Centralised decision-making

Tell me about promotional decisions and are they are made centrally at the company's world headquarters or are the subsidiaries highly involved in developing promotional strategy?

"Most of the promotional decisions are made at the HQ and promotional standardisation is undertaken as much as possible. We do, however, have some situations if the subsidiary is more involved with the decision making then adaptation may become more attractive. This is decreasing."

The extent to which the company is standardising their advertising strategy and executions?

Advertising Strategy and Executions

Tell me if the company uses the same general strategy for their advertisements in all of the countries where they advertise?

"Yes, the advertising strategy is standardised as much as possible across these markets. If the language needs changing then that is something that has to be done in the copy."

Tell me more about media strategies and if they are similar across the markets in which you advertise.

"Yes, to a large extent."

Tell me also if the company uses the same advertising executions for all of the above European countries in which they advertise?

"We do use some of the same executions in these markets. However, this changes a little more than the strategy."

Standardised Sales Promotion

"There is even more standardisation with industrial companies, due to the nature of the product. The sales promotion follows this as well. The companies have similar deals with parts for products that customers wish to purchase and certainly in these markets that you have mentioned."

Standardised Internet Promotion

"I think this is an area where industrial products are using various forms of online environment. Web sites have been one of the most popular platforms, allowing consumers to see, consult and obtain product-related information anytime, anywhere. This is particularly important in 'industry', as this can be a 'one stop' shop for all our products and customers can access information and buy products 24-7. It is important that all of the information and promotions are standardised as much as possible, to reinforce the global nature of these companies. I think that there is scope for even more standardisation e.g. video-sharing of products that can be viewed anytime/anywhere."

The summarising phase

So, overall, what are the key things that you perceive to be important when a firm makes the decision to standardise its promotion across these markets?

"Certainly there is more standardisation of promotion over the last few years that I have been working. Advertising, Sales Promotion and even more so with the Internet and Web 2.0 will see an even greater propensity to standardise over the next few years. Very good area to look at e.g. The Internet and its impact on standardisation for academia and industry: a valuable contribution".

APPENDIX V

Covering Letter for Questionnaire

Malcolm Stewart

University of Strathclyde

Marketing Department

173 CATHEDRAL STREET

Glasgow G4 0RQ

UK

10TH February 2010

Dear Sir or Madam:

My name is Malcolm Stewart and I am a PhD student/Tutor in the Marketing Department at the University of Strathclyde Business School in Glasgow, UK.

I am conducting research to look at Antecedents, Policies and Practices of Promotional Standardisation Strategy: A comparison of British MNCs in the UK, France and Germany. Your company has been selected as it meets these pre-defined criteria.

Please would you be so kind as to take some time to fill out the Questionnaire that I have sent to you. It is fairly easy to complete and should only take a short time. My phone number is +44 7825 789367 if you require further information.

Please try to answer the questions in terms of:

i) The person filling out the questionnaire was responsible for the development of the local promotional campaign.

ii) The country or countries for which it was intended should be the UK, France and Germany.

iii) From the perspective of Local offices vs. HQ.

It is really important to assess Antecedents, Policies and Practices of Promotional Standardisation Strategy: A comparison of British MNCs in the UK, France and Germany. This will enable academics and practitioners to develop better promotional marketing strategies over the aforementioned countries.

If a copy of the results is required, then I will be more than happy to send this to you. The information that you provide will be treated in the strictest confidence.

It would be great if you could return the questionnaires ASAP and please use the pre-paid envelope provided. Thanks for taking the time to answer the questionnaire for this study. I really appreciate your time and effort in completing the survey.

Yours truly,

Malcolm Stewart (Doctoral Researcher and Tutor in Marketing).