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Marketing mixes can be standardized (global) or they can be adapted (local). Marketing mixes of most global companies tend to be “glocal” with some amount of localization. Standardisation vs Adaptation in International Marketing Once the firm has decided which countries to enter and which entry modes to use the next issue concerns how to design the global marketing programme/mix. A fundamental decision regarding the design of the marketing mix is the degree to which it should be standardized or adapted. This decision revolves around the debate whether a standardized and global marketing approach or a country-specific and differentiated approach has the most merits for the company. The World is a Global Village. The standardization-adaptation debate started with an influential article from Theodore Levitt: “Globalization of Markets” in Harvard Business Review (1983). The key argument of the article was/is that marketers are confronted with a homogenous global village. Levitt advised organisation to develop standardized, high quality world products and market them around the world by using standardized advertising, pricing, and distribution; that means he advised total standardization of the marketing mix. However, today the view has mostly changed. “Think Globally, Act Locally” is viewed as the new mantra of Global Marketing. This mantra is summarized in the term “Glocalization”. “The essence of being a global company is to maintain a kind of tension within the organization without being undone by it. Some companies say the new world needs homogenous products – “one size fits all” – everywhere. Others say the world requires endless customization – special products for every region. The best global companies understand it’s neither and it’s both. They keep the two perspectives together simultaneously” Kenichi Ohmae. Proponents of Standardization Believe that the era of the global village has arrived. Believe that tastes and preferences are converging world-wide. Believe that people everywhere want the same products for the same reason. Wish to achieve significant economies of scale by unifying around the globe. Proponents of Adaptation Are sceptical of the global village argument. Assert that consumers still differ from country to country and must be reached by solutions (advertising/products) tailored to their respective countries. Point out that most blunders occur because advertisers have failed to understand – and adapt to- foreign cultures. Advantages of Standardization Advantages of standardization is that it offers Economies of scale, provides quicker ROI, provides easier control (e.g., over the products, etc), provides access to growing homogenous global markets, there is consistency in brand image, and easier to carry out product enhancements. Advantages of Adaptation Advantages of Adaptation include greater market share, motivates the local management, allows the firm to match/exceed competitive offers, accounts for cultural differences, makes it easier to respond to legislative changes, product liabilities and ethics. The Commercial Reality Only few marketing mixes are totally global/standardized or local/adapted. Instead, in reality, most marketing mixes of global companies are “glocal”. So Glocal = Global plus Local. Glocalization means being ‘global and local’ or ‘standardized and adapted’ at the same time. Local versus global is not a dichotomy, but a continuum. Global companies should have both perspectives in mind when planning the marketing mix. Product Standardization vs. Product Adaptation The concept can be applied to the product as well. Product standardization refers to the process of maintaining uniformity of products and services sold in different markets or in other words setting identical characteristics for a particular good or a service. Standardization promotes the uniformity among the products and services. Product adaption refers to the process of modifying the existing products to suit different markets. There are several product adaption strategies that a business can use such as product, target market, package and design, ingredients, language, culture, religion etc. That means in terms of target markets, packaging and designs, ingredients, languages, culture and etc the organizations need to come up with different ways so that they can cater different markets in a way where the customer needs and requirements are addressed. Examples of Standardisation, Localisation and Glocalisation The best example is that of McDonalds. Here’s how the company use Glocalization for its Marketing Mix elements. Marketing Mix Element Standardized Adapted Product Hamburgers, Fries, Soft Drinks Mc Aloo (potato) Tikka burger (India) Promotion Brand Name Slang nicknames: Mickey D’s (USA, Canada), Macky D’s (UK, Ireland), Macca’s (Australia), Mäkkäri (Finland), McDo (France) Promotion Advertising slogan “I’m loving it” France: “Venez comme vous etes” which means “Come as you are” Place Free standing restaurants in high traffic public areas Mc Donald’s Switzerland operates themed dining cars on the national rail system. McDonald is served on the Stena Line Ferry from Helsinki to Oslo. Price Average Price of Big Mac is $4.20 (United States) $6.79 (Norway), $2.44 (China) McDonald’s restaurant in France have a different design – the golden arch, for example, is more subtle. Some of these design elements can now be found in the States. Another example is that of Disney theme park. Disney’s theme parks in California and Paris are extremely successful, but when the theme park in Hong Kong was launched in 2005, Disney used the same standardized global marketing strategy which it had used for its theme parks in California and Paris. However, this approach did not yield a similar financial performance from the Disneyland Park in Hong Kong. As a result, the company adapted the marketing strategy for Hong Kong to suit the Chinese culture and made changes such as reduction in prices of the tickets, made changes to decors and settings, changed the local visitors' customs, and even made changes to the labor practices, in order to make the theme park look somewhat “chinese” (Matusitz, 2009). Glocalization was adopted in order to achieve better results. Whereas globalization stresses upon the use of similar strategies and processes worldwide, glocalization is about adapting a global idea or a product to suit local differences. Here’s another example. Disney’s internationally broadcast Christmas advertisement “From Our Family to Yours” (2020), which depicted Filipino culture, has received positive comments from all quarters, inlcuding its target audiences as well as the general public. Using this advertisement as an example, lets try to understand the concept of standardisation, localisation and glocalisation in international marketing. Disney’s 2020 Christmas advertising campaign makes use of ‘glocalisation’, which means the business takes into account global as well as local considerations. Studies suggest that cultural and national context can influence advertising strategy (Douglas Holt, Grant McCracken and other Consumer Culture Theory researchers), and Disney’s advert targets this particular cultural (ethnic and religious) group – Filipinos within a global market. Global brands strive to remain connected to the flow of consumer cultures in order to retain vitality and relevance in the marketplace. In this case, Disney shows their global audiences this specific Filipino cultural context and that we share the same values and traditions of gift giving, passing on heirlooms, the making of Filipino Parols (Christmas lanterns) and the relationship between grandparents and grandchildren. Meaning and communication can also change based on culture e.g. issues of language, culture, visual representation, and so on. Disney’s 2020 campaign manages to maintain the brand’s core value and message while addressing the localised cultural knowledge. Consequently, this advertising campaign is a very good example of how a global brand adopts glocalisation and is marketed across cultural and national boundaries. Advertisers who are planning for glocalisation understand the cultural specificity of meaning and communication and the consequent need for localise cultural knowledge to decode advertising meaning, with the support from the application of relevant communication concepts (such as intertextuality, symbolism, polysemy, covert communication, and text and context). These points are logically linked to cultural issues, problems of language, visual representation and regulation, in order to create successful campaigns that focus on glocalisation. References The Globalization of Markets by Theodore Levitt Akgün, A.E., Keskin, H. and Ayar, H. (2014). Standardization and Adaptation of International Marketing Mix Activities: A Case Study. Procedia – Social and Behavioral Sciences, 150, pp.609–618. Theodosiou, M. and Leonidou, L.C., 2003. Standardization versus adaptation of international marketing strategy: an integrative assessment of the empirical research. International business review, 12(2), pp.141-171. Matusitz, J. (2009). Disney’s successful adaptation in Hong Kong: A glocalization perspective. Asia Pacific Journal of Management, 28(4), pp.667–681. BATheories.com is managed by a group of educators from Mumbai. We also manage the website AcademicsHQ.com. Our panel includes experienced professionals and lecturers with a background in management. BATheories is where we talk about the various business theories and models for BA (Business Administration) students. BACKGROUND and CONTEXT Taking your business global and successfully selling your products and services in international markets can pose many challengers. Through the years we have witnessed many multinational companies make costly errors when attempting to sell to a global audience. These errors are primarily explained by a lack of understanding of how Standardization and Adaptation play in international markets. This research paper examines the issues of standardization (global strategy) and adaptation (customization) in global marketing strategy and suggests methods that can guide multinational companies compete effectively and efficiently within the international markets. I. SUMMARY OF BEST AVAILABLE EVIDENCE Since the beginning of the 1980s, the issue of ‘Globalization’ has become increasingly significant. Globalizing means homogenizing on a worldwide scale. With globalization, differences between countries have become smaller however they still exist. This onward march of globalization and internationalization of businesses has had a strong impact on how companies view and plan for their global marketing strategy. Consequently, numerous studies have been conducted on whether multinational companies should adapt or standardize international marketing behavior. As companies begin to market its products abroad, one essential strategic decision is whether to use a standardized marketing mix (product, price, place, promotion, people, physical evidence, process management) and a single marketing strategy in all countries or whether to adjust the marketing mix and strategies to fit the unique dimensions of each local market (Vrontis and Thrassou,2007). One view suggests that markets are becoming more similar and progressively more global and believe that the key for survival is companies’ ability to standardize. On the contrary, the other view points out the difficulties in using a standardized approach, and therefore supports customization and market adaptation. However, evidence suggests that standardization and adaptation is not an all or nothing proposition but a matter of scale. Standardization vs. Adaptation The first view is the standardization standpoint (as proposed by Jain, 1989; Levitt, 1983). According to these authors, supporters of standardization believe that there is a union of cultures with similar environmental and customer demand around the globe. They argue that trade barriers are getting lower and that technological advances and firms are displaying a global orientation in their strategy. As they believe, creating one strategy for the global market and standardizing the marketing mix elements can achieve consistency with customers as well as lower costs. Levitt (1983) argues that companies that are managed well have moved away from customizing items to offering globally standardized products that are advanced, functional, reliable and low priced. According to him, companies can achieve long-term success by concentrating on what everyone wants rather than worrying about the particulars of what everyone thinks they might like. On the contrary, supporters of the international adaptation approach, emphasize the importance of customization. The fundamental basis of the adaptation school of thought, is that when entering a foreign market one must consider all environmental factors and constraints such as language, climate, race, occupations, education, taste, different laws, cultures, and societies (Czinkota and Ronkainen, 1998). However, researchers have identified important source of constraints that are difficult to measure such as 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 Vrontis and Thrassou supporters of this approach believe that “multinational companies should have to find out how they must adjust an entire marketing strategy and, including how they sell, distribute it, in order to fit new market demands” (2007). It is important to alter the marketing mixed and marketing strategy to suit local tastes, meet special market needs and consumers non-identical requirements (Vrontis and Thrassou,2007). Advantages and Disadvantages of Standardization Standardization and international uniformity has many advantages. For one, people can expect the same level of quality of any specific brand anywhere around the world. Standardization also supports positive consumer perceptions of a product (Products and International Marketing, n.a). If a company enjoys strong brand identity and a strong reputation, choosing a standardized approach might work to its benefit. Positive word-of-mouth can mean an increase in sales around the globe. Another advantage includes cost reduction that gives economies of scale. Selling large quantities of the same, non-adapted product and buying components in bulk can reduce the cost-per-unit. Other advantages related to economies of scale include improved research and development, marketing operational costs, and lower costs of investment. In addition, standardization is a reasonable strategy at a time where trade barriers are coming down. Finally, following a standardized approach helps companies aim focus on a uniformed marketing mix specifically focusing on one single product, leaving enough room for quality improvement. By emphasizing on one uniformed product, staff can be trained to enhance the quality of the product attracting manufacturers to invest in technology and equipment that can “safeguard the quality of the standardized product offering” (Products and International Marketing, n.a). Standardization, however, poses a number of disadvantages. As mentioned previously, different markets mean different preferences. Selling one unified product lacks uniqueness. This allows competition to gain market share through tailoring their products to meet the need of a specific market/segment. Since different markets have different needs and tastes, by using the standardized approach, companies can become vulnerable. One example is Walmart’s failure in entering global markets. The retail giant faced many challenges when entering foreign markets such as Germany, Brazil, South Korea and Japan as it discovered that its formula for success in the USA (low prices, inventory control and a large collection of merchandise) did not translate to markets with their own discount chains and shoppers with different habits. The biggest problem was that Walmart, a uniquely powerful American enterprise, tried to impose its values around the world. In particular, Walmart’s experience in Germany, where it lost hundreds of millions of dollars since 1998, “has become a sort of template for how not to expand into a country” (Landler and Barbaro, 2006). Another disadvantage is that it depends largely upon economies of scale (Products and International Marketing, n.a). Naturally, businesses that are global manufacture in many counties. This can pose a problem since a number of countries implement trade barriers such as the USA and the European Union (Products and International Marketing, n.a). In this case, adaptation is predestined. Pros and Cons of Both Approaches Nevertheless, although the standardization approach is more common, its adoption is not unconditional, as proposed by Douglas and Wind (1987). The authors explain that standardization strategy increases a company’s performance. However, this is only true for companies in which competition takes place in a global range, such as consumer durables, electronics, fashion, luxury goods, perfumes, etc. In these cases, the same product can be sold throughout all markets. On the contrary, there are other industries in which the same does not apply and this must be considered. Consumer nondurables, including food products, are the most sensitive to differences in national tastes and habits, making them more likely to need changes for various markets. For example, Unilever saw an opportunity among low-income consumers in India who wanted to buy the company’s high-end detergents and personal care products, but couldn’t afford them. In response, the company developed a low-cost packaging product and other options that allowed it to offer dramatically less expensive options. This flexibility not only opened a new market for the company, but also allowed it to develop brand loyalty that consumers could take with them when their income increased and they could afford higher-end products from the same manufacturer. Strategic Adaption to Foreign Markets Businesses should answer questions related to the marketing mix such as “what do we intend to standardize?” and “Do we standardize customer service and product support, marketing communications, pricing, and channels of distribution?” The answers to these questions should neither be all standardized nor all adapted. It should be a balance of both. Striking The Right Balance Both approaches appear to be rational, logical and coherent, highlighting the advantages and benefits that a multinational company could gain by using either approach. Yet, when multinational companies exert all their efforts on the extreme position of either approach, they often become unfeasible and incoherent. The truth is, marketing for multinationals does not lie in either of these two opposite approaches, as both approaches are likely to coexist, even within the same company, product line, or brand (Kitchen, 2003; Vrontis, 2003; Soufani et al., 2006). Many researchers agree that standardizing certain elements of the marketing mix and adapting others to different market conditions is necessary (Vrontis and Thrassou, 2007). These authors believe that standardization and adaptation is not an all-or nothing proposition, instead it is a matter of degree. For example, diversity among different countries does not allow full standardization. However, the high cost related to adaptation may limit the use of the adaptation approach (Vrontis, 2005). Nanda and Dickson (2007) concentrate on three factors to examine standardization/adaptation behavior: homogeneity of customer response to the marketing mix, transferability of competitive advantage and similarities in the degree of economic freedom. They note that even in countries with similar cultures (e.g. across the European Union) there are differences in customer needs and wants. Further more they argue that standardization will be successful when the homogeneity of customer response and the degree of similarity in economic freedom is high and competitive advantages are easily transferable. Elements of both approaches should be incorporated in order for multinational companies to succeed. Gaining the benefits of both approaches requires companies to not only standardize various marketing mix elements and marketing strategies, but also to follow adaptation where essential in order to satisfy apparent market needs. McDonald's and the Marketing Mix One company that has managed to highlight the benefits of both the standardized and adaptation approach is McDonald’s. With more than 33,500 restaurants in 119 countries the company skillfully manages its franchise model, delivering a remarkably consistent customer experience and branding (I’m lovin’ It) while still allowing for locally relevant menu and service variations in segments across the globe. Furthermore, all advertisements are shot in 12 different languages, featuring the customized products catered to each region. In 2003, McDonald's introduced the McArabia, a flatbread sandwich, to its restaurants in the Middle East. It also introduced the McVeggie in India and the EBI-Fillet-O shrimp burger in Japan. McDonald’s also chooses convenient locations for all of its franchises. This includes malls, airports and local neighborhoods. These marketing strategies have confirmed to be effective, indicated by the company’s 7% increase in profit margins over the past four years (Mourdoukoutas, 2012). However, McDonald’s has made every effort to improve them through recent marketing initiatives with respect to the 7Ps. McDonald’s has begun to renovate its eateries, going from a plastic look to a more brick and wood design in an effort to maintain a contemporary image (Mourdoukoutas, 2012). They have also decided to “re-image” themselves in their ads by incorporating a hip-hop theme with teen icons such as Justin Timberlake and Lee Hom in China as a means to attract teenagers. In addition, the company has begun to offer healthier food products, such as oatmeal, given consumers are more health conscious. II. CONCLUSIONS The frequent subject in international marketing in whether companies should plan for a standardized or customized marketing approach is extensively debated in the academic literature and is a concern for every multinational company and marketing persons. Supporter of the standardized approach argue that the global market has become homogenized therefore multinational companies can market their products and services the same all over the world. Using identical strategies will result in lower costs and higher margins. On the other hand, supporters of the adaptation approach emphasize the apparent dissimilarities between the markets of different countries, especially those for consumer goods, and prefer using international differentiated marketing programs. This research identified the advantages and disadvantages of each method stating that the solution to a successful market approach lies between the two extreme approaches. Companies can build a strong global marketing strategy with the proper structure, mindset and operating behaviors that achieve a successful balance between standardization and adaptive initiatives. Multinational companies should not treat the world as one single market. Instead, they should embark on market research and determine their customers, their needs and wants. Evenly, they need to recognize their distinctive external environmental constraints and benefits of standardization. Also, each element of the marketing mix and market has to be considered and studied in order to understand the merits and shortcomings of each element. In conclusion, the identification and implementation of the right degree of integration is essential to a multinational company’s success as it increases the chance of remaining competitive and marketing orientated within the company’s business structure and international markets. References 1) Czinkota, M. (2010, April 4). Adapting to Global Markets. Thought on International Business, Markeing, and Strategy. Retrieved November 12, 2013, from 2) Czinkota, M.R. and Ronkainen, I.A. (1998), International Marketing, 5th ed., The Dryden Press, London. 3) Douglas, S.P. and Wind, Y. (1987), “The myth of globalization”, Columbia Journal of World Business, Vol. 22, pp. 19-29. 4) Fleishman, H. (2012, November 30). Inbound Hub. 10 Businesses We Admire for Brilliant Global Marketing. Retrieved November 12, 2013, from 5) Jain, S.C. 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Products and International Marketing. Retrieved November 12, 2013, from product.html 13) Soufani, K., Vrontis, D. and Poutziouris, P. (2006), “Private equity for small firms: a conceptual model of adaptation versus standardization strategy”, International Journal of Entrepreneurship and Small Business, Vol. 3, pp. 498-515. 14) Vrontis, D. (2003), “Integrating adaptation and standardisation in international marketing, the Adapt Stand modeling process”, Journal of Marketing Management, Vol. 19, pp. 283-305. 15) Vrontis, D. (2005), “The creation of the Adapt Stand process in international marketing”, Journal of Innovative Marketing, Vol. 1 No. 2, pp. 7-21. 16) Vrontis, D. and Thrassou, A. (2007), “Adaptation vs standardisation in international marketing – the country-of-origin effect”, Journal of Innovative Marketing, Vol. 3 No. 4, pp. 7-21. In the world of international marketing, businesses face a critical decision when it comes to product offerings and branding: should they standardize their products for a global market, or adapt them to fit local tastes, cultures, and regulations? This dilemma between standardization and adaptation is at the heart of successful international marketing strategies. Let’s explore both approaches in detail, weighing their advantages and challenges, and see how the concept of “glocalization” has emerged as a smart middle ground for many companies. Table of Contents Standardization refers to the strategy of offering the same product with little or no modification across different markets. For global businesses, this approach often seems like the most efficient way to reach a broad audience while keeping costs down. Here’s why many companies opt for standardization: Economies of scale When a company standardizes its products across multiple markets, it benefits from economies of scale. Economies of scale occur when a company produces large volumes of a product, lowering the cost per unit. Manufacturing, sourcing, and distribution costs decrease as production scales up, making it more cost-effective to produce the same item in bulk for different countries. For example, tech giants like Apple standardize their product design, features, and packaging worldwide, benefiting from mass production and reducing production costs. Whether an iPhone is sold in India, the U.S., or Europe, it is essentially the same product, produced at the same cost per unit. Global brand image Standardization also helps maintain a consistent global brand image. When a product is the same across markets, customers can recognize and relate to the brand wherever they go. Take Coca-Cola, for instance: its logo, product packaging, and taste are nearly identical in every country. This consistency strengthens brand recognition and trust. Customers know what to expect from Coca-Cola, whether they are in New York, New Delhi, or Nairobi. A uniform global brand image makes it easier for companies to establish themselves as international players in the market. Simplified marketing efforts Standardizing products also simplifies marketing strategies. When companies sell the same product in multiple countries, they don’t need to create new marketing campaigns for every market. Instead, they can create a global campaign that resonates with a broad audience. Nike, for example, uses the same global slogan, “Just Do It,” across all its markets, allowing them to unify their advertising efforts. In this way, standardization saves both time and resources, while creating a unified brand presence. The need for adaptation While the case for standardization is compelling, it’s not always the best strategy for every business or every product. Local differences in culture, laws, and competition often require a more tailored approach. Let’s look at why adaptation is sometimes necessary: Cultural differences Culture plays a crucial role in shaping consumer preferences, and what works in one country may not work in another. For example, in Japan, people have a preference for smaller portions and delicate flavors, which might not align with the larger, bolder tastes favored in the United States. This cultural contrast is why McDonald’s has adapted its menu in different countries. In India, for example, McDonald’s offers a variety of vegetarian options like the McAloo Tikki burger, catering to the country’s large vegetarian population. The company has also altered its spice levels to match local taste preferences. These modifications ensure that McDonald’s products appeal to local tastes, creating a connection with customers that a one-size-fits-all approach would not achieve. Legal and regulatory requirements Different countries have different laws, regulations, and standards that must be adhered to. For example, food safety regulations in the European Union may differ significantly from those in the U.S. In some countries, product ingredients or materials might need to be adjusted for safety, health, or environmental reasons. A good example is the European Union’s strict regulations on food additives, which can affect the formulation of products like soft drinks, snack foods, or processed meats. Companies must adapt to these requirements in order to meet legal standards and avoid potential fines or product recalls. Competitive pressures In each market, competition differs. What works well in one country might not be competitive in another. For instance, if a company enters a market where local businesses offer very low-cost alternatives, they may need to adapt their product to offer something distinct—whether through pricing, features, or packaging. For example, in emerging markets like India, budget-friendly smartphones like Xiaomi and Realme have tailored their products with features that are especially important to local consumers, such as extended battery life and dual SIM capabilities. These adaptations help them compete effectively against global brands like Apple, which have a different market positioning. ‘Glocalization’ strategy As companies weigh the pros and cons of standardization and adaptation, a middle path has emerged: glocalization. This strategy involves combining global strategies with local adaptations to create a product that works both in a universal sense and with specific local tweaks. In other words, companies don’t have to choose between standardizing and adapting; they can do both to maximize their chances of success. What is glocalization? Glocalization is the practice of taking a global product and adapting it to fit the needs of local markets. It is a flexible approach that acknowledges the importance of both universal brand consistency and local customization. The key is finding a balance between maintaining a strong global brand identity and being responsive to local tastes, preferences, and regulations. Examples of glocalization Many successful brands have employed glocalization to thrive in international markets. A notable example is Starbucks, which has standardized its brand image, product quality, and store ambiance worldwide. However, it also adapts its menu to suit local preferences. In China, for example, Starbucks offers beverages like the Matcha Latte, which caters to local tastes. In India, Starbucks serves items like the Masala Chai and offers a variety of vegetarian options to suit the local palate. These localized menu offerings help Starbucks connect with customers while maintaining its global brand image. Glocalization in practice: The Nestlé approach Nestlé is another company that has perfected the art of glocalization. While Nestlé markets products like KitKat, Nescafé, and Maggi across the globe, it tailors its offerings to meet the needs of local consumers. For instance, in India, Nestlé’s Maggi noodles are spiced differently compared to those sold in other countries, catering to the local preference for more flavorful, spicy foods. Nestlé also adapts its packaging sizes to suit local income levels, offering smaller, more affordable packages in developing countries. This ability to balance global standards with local preferences has made Nestlé one of the most successful multinational food companies in the world. Conclusion In the world of international marketing, there is no one-size-fits-all approach. Standardization offers the benefits of economies of scale, cost-effectiveness, and a consistent global brand image, while adaptation allows companies to meet the diverse needs of local markets, particularly when it comes to cultural differences, legal regulations, and competitive pressures. Glocalization, the combination of both strategies, has emerged as a way for businesses to maintain a strong global presence while adapting to local needs. By understanding when to standardize and when to adapt, companies can develop effective international marketing strategies that lead to success in diverse markets. What do you think? Do you believe companies should prioritize standardization or adaptation? Or do you think glocalization is the key to success in international marketing? By the end of this section, you will be able to: 1 Define marketing standardization. 2 Define marketing adaptation. 3 Explain when to use diversity marketing as an adaptation strategy. To meet the marketplace’s demands, companies must carefully formulate competitive strategies based on internal and external conditions. These strategies must balance the capabilities of the organization’s business activities, such as marketing, sales, operations, customer service, finance, and human resources management, with multiple environmental factors in the market. Among these are competition, globalization, technology, culture, and changes in consumer demographics and behavior. Companies can choose between two types of strategic approaches, standardization or adaptation, depending on these internal and external variables. Standardization is the process of purposefully applying identical or consistent guidelines to achieve uniformity. It is not limited to goods and services. Ideas, experiences, data, manufacturing processes, metrics, and operating practices within a business can also be standardized. A standardized strategy is expressed through the sameness of an offering’s features, packaging, pricing, messaging, or advertising to consumers in the marketplace. Companies adopt this strategy for several reasons. These include increasing sales, reducing costs, maximizing efficiencies, improving competitiveness, and gaining a larger customer base. Think about Apple products. The company standardizes its iPhone, iPad, and Mac computers worldwide. Anywhere you go, Apple devices look and work the same. Only the devices’ power source is changed, because of power voltage differences in different parts of the world. Standardization allows Apple to streamline production, speed up market launches, and increase device recognition around the globe. Adaptation is the process of adjusting a company’s work efforts, goods, or services in response to specific needs, tastes, or expectations from different groups of consumers. An adaptation strategy typically involves two steps. The first is identifying the modifications required to increase an offering’s appeal among a targeted audience. The second is implementing the changes based on the organization’s abilities and resources. Both of these tasks are crucial to determine the strategy’s viability. Why do companies consider modifying products when doing so generally entails additional costs? The reason is that adaptations are useful to create unique market offerings, generate interest, or provide a competitive differentiation. In other words, this strategy is advisable when the outcome of the change results in reduced risks to the business. Companies can also adapt an existing product, instead of creating a new one, to reduce costs associated with producing new goods. For example, Ford Motor Company adapts the D4 automobile platform for chassis design and engine configuration to its Ford and Lincoln models to save money and offer cars at competitive price points. Sometimes businesses need adaptation strategies because of market disruptions caused by socioeconomic issues, natural disasters, or health concerns like the COVID-19 pandemic. Zoom, the video conferencing company, was forced to adjust its practices at lightning speed to meet the unexpected demand uptick caused by the pandemic. In only five months (December 2019 to April 2020), Zoom’s customer base grew from 10 million to 300 million users.4 Zoom’s adaptation strategy included new data centers, extended partnerships, price and service changes, and platform updates to serve all types of customers. In marketing, an adaptation strategy translates into tailoring the marketing mix—product, price, place, and promotion—to suit the preferences of targeted populations. Adaptation strategies are often associated with entering a foreign country. McDonald’s is a good example of a company that adapts its marketing mix to be locally relevant to diverse global consumers. McDonald’s introduced the McVeggie and the McAloo in India (see Figure 8.2), the Bai Shrimp Filet-O and the Bai Teriyaki Chicken Filet-O in Japan, poutine fries in Canada, the Picanha ClubHouse Burger in Brazil, and the Bubblegum Squash McFlurry in New Zealand. Besides adjusting the menu (product), McDonald’s also aligns advertisements (promotion) and services with local expectations (price and place), while delivering a consistent customer experience from one country to another. Figure 8.2 McDonald’s McAloo Tiki Burger in India is an example of how one company adjusted its marketing mix to meet local preferences. (credit: “McAloo Tiki” by igb, CC BY 2.0) This strategy is not limited to marketing in different parts of the globe. Companies can adjust any element of the marketing mix when expanding their market share within a region or a single country. This decision, however, should not be taken lightly. Adapting marketing efforts can be costly, time consuming, and disruptive to the business. Plus, unexpected changes in a product’s message can be confusing to existing customers. Marketing adaptation is clearly an option to grow the marketplace. When this strategy is based on a population’s cultural or demographic differences, it is diversity marketing. Here is a good example from Nike. The “Nike by You” (see Figure 8.3) shoe-designing service enables the company to expand its appeal to different population segments. By allowing consumers to change the footwear’s colors and materials, Nike delivers products adapted to audiences’ ethnic and social preferences.5 Figure 8.3 The Nike by You shoe campaign is a shoe-customization product that lets consumers design their shoes to meet their individual preferences. (credit: “SSL10007” by cagbay/flickr, CC BY 2.0) Diversity marketing is an effective response to consumers’ cultural or demographic diversity in a market. Why is it an adaptation strategy? Because diversity marketing involves changing a product or service to match the needs, wants, and demands of a population’s subgroup of consumers. It’s time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback. 1. Choosing between standardization and adaption strategies includes _____. balancing internal capabilities, like operations, with external forces, like competition assessing only external forces, like technology, and consumer demographic changes adjusting only a company’s resources, assets, and conditions to the market assessing and reducing the company’s consumer base to be more effective 2. Which of the following is NOT a reason to implement a standardized marketing strategy? To increase sales and reduce costs To maximize a company’s manufacturing or production efficiencies To improve competitiveness and increase customer base To increase flexibility with constrained standards 3. A marketing adaptation strategy involves _____. adjusting a company’s efforts and the marketing mix to increase appeal responding to targeted consumers’ specific needs, tastes, or expectations implementing company changes based on organizational abilities and resources All of these statements are correct. 4. Adaptations are useful for all the following EXCEPT _____. creating a unique market product generating interest for a service reducing production costs providing a competitive differentiation 5. An adaptation strategy to expand into culturally or demographically diverse markets can benefit a company by _____. reducing business disruptions increasing the customer base speeding up the execution time shifting the marketing focus solely to the company When entering a new market, one of the most important factors to consider is the so-called dilemma between standardization or adaptation. What does it mean to standardize or adapt marketing mix to a new market? Standardization means an undifferentiated use of the same Marketing Mix (4-7Ps) in all countries. In this case, the firm simply replicates, without any changes, the same strategy in the different markets in which it operates. In general, firms that adopt the standardization strategy are those that are exporting for the first time, or those that focus on cost savings through economies of scale and for whom an adaptation process could result very costly. You can find below some factors that favor standardization : Globalization of the market (consumers/customers): companies that offer a product whose market is "global" can offer the same product in multiple countries, catering to a wide range of consumers. Economies of scale: mass production allows the firm to lower unit production costs by increasing volumes through economies of scale. Transferable competitive advantages: offering a standard product can provide several competitive advantages. The cost reduction provided by economies of scale allows the firm to introduce competitive pricing. In addition, a standard product ensures quick response times to the market, provides a global standardized image and better control over marketing strategies. Adaptation means that each country/market has its Marketing Mix. The adaptation strategy is geared towards meeting the needs of the market, planning all business activities with the aim of efficiently meeting the specific needs and respecting the values of local consumers. We can take as an example beer companies. When entering a new market we can see that one country can prefer non-alcoholic beer. The company then has to adapt to the situation and, for instance, decide to produce more beer which results preferable for the chosen country/market. As in the case of the standardization, the adaptation strategy is better suited in the presence of the following factors: Differences between customers/consumers Differences in local competitive conditions Differences in local legal conditions High degree of service in the company’s offering Differences between Standardization and Adaptation in Marketing Mix (4Ps) There is no right or wrong decision. However, one of the most important elements to emphasize is that the decision to standardize or not is really about all the levers of the Marketing Mix (Product, Price, Place and Promotion), and not only about the Product. Product When deciding which strategy to go for, there are a few elements to consider - firstly whether company provides a good or a service. In the case of a good, it is possible to think of products for specific target markets; in the case of services, the factors in the image below should be considered. People Processing: for this kind of services, customers are “part of the production”. In this context, a physical local presence is needed. We can see this type of service in hospitals, restaurants or hotels. It is therefore very difficult to standardize, due to the involvement of customers in the production of the service. Possession processing: customers in this type are not taking part in the “production”, but their goods are. We take this type of service in the fields of car repairs, transport of goods or when we hire an electrician. In this type of service, a lower degree of customer contact needed, compared to the previous case. Information-based services: this kind of service collects and handles data to create value. Customers are taking minimal involvement in the “production” process. Telephone companies, database providers, news and similar are using this type of service to create value. Standardization suitability in this type of service is effective, due to the virtual nature of these services. Price When considering changes and adaptations in the price, some factors which can influence the decisions. First of all, we should look at what internal factors can impact the decision. Production location can influence due to the possibility of additional costs. Market entry modes are also responsible for price changes, when we use for example exporting or licensing and franchising. Among external factors, local government influence and constraints should be taken into account, in the forms of taxes, import controls or tariffs. It is also important to analyze the macroeconomic situation of the target market, in relation to e.g. inflation and exchange rate fluctuation. Place Above we can see some external factors influencing the choice in terms of distribution (place). It is extremely important for the company to conduct market research about the specific geographic characteristic of the country before launching a new product: the development of infrastructure in the country, for example, ensures the mobility of labor and capital within/from the economy. Another external element to take into accounto is the country's economic development stage, which provides information about the profitability in the long run: it helps decide whether to enter the market immediately, or to wait a little longer. Promotion In advertising a product or service, a couple of difficulties could be met, when entering a new market. It is always appropriate to consider the differences that arise between domestic and target markets: first and foremost, differences in terms of culture, value patterns and language. Given the current historical phase, it is also important to analyze the differences in the main digital channels and users of the different types of media. Typically, when it comes to promotion, there are so many differences between the domestic and foreign markets that it sometimes becomes essential to profit of the expertise of a local company. Conclusions In conclusion, whether your approach towards exporting leans towards standardization or adaptation, it is important to carefully consider at all the factors listed above, as it can help you analyze the risk and accurately plan your strategy for a successful expansion in a new market. Do you want to know more about Marketing Mix? Explore the International Marketing section of our Magazine! Modern businesses are granted with vast opportunities in terms of revenue maximisation through entering new markets. Implementation of international market expansion strategy involves strategic-level decision making in relation to global branding strategies, the choice of market entry strategies such as wholly-owned subsidiaries, exporting, licensing, or forming joint-ventures, as well as, deciding on the level of standardisation or adaptation of products and service in new markets. Market entry strategies, branding strategies and the levels of standardisation or adaptation of each single element of marketing mix can be rightly specified as critical success factors directly impacting the success of business in the new market. This essay represents a critical analysis of standardisation vs. adaptation in international marketing in the twenty first century. The essay starts with discussing advantages and disadvantages of standardisation. This is followed by critical analysis of adaptation strategy as an effective customer-orientation strategy by referring to relevant real-life business case studies. The essay is completed by drawing conclusions on standardisation vs. adaptation debate and its relevance to the modern marketplace. Standardisation as a cost saving strategy Standardisation involves using “the same range of products, the same pricing, promotional and location strategies” (Gupta and Randhawa, 2008, p.77). Rationale behind standardisation practices relate to homogenisation of consumer wants and needs due to intensifying forces of globalisation (Winer, 2009). Standardisation can focus on core competitive advantage of the brand and it “allows for a consistent and strong brand to be developed across all markets” (Donelly, 2009, p.150). A Conceptual Model of International Marketing Strategy in relation to standardisation vs. adaptation has been introduced by Theodosiou and Leonidou (2003). According to the model, the degree of standardisation or adaptation is impacted by antecedent factors which have external and internal characteristics. External characteristics of antecedent factors consist of environmental factors, market characteristics, customer issues, competition, and product and industry. Internal characteristics of antecedent factors, on the other hand, are limited to organisational and managerial factors. Organisational factors relate to organisational culture, type of ownership, the degree of international experience and the share of revenue from international markets (Theodosiou and Leonidou, 2003). Managerial factors impacting the degree of standardisation or adaptation relate to decision-making style in general prevalent in organisation, and decision-making orientation in relation to foreign operations which is divided by Perlmutter (1969) into four categories: ethnocentric, polycentric, regiocentric and geocentric. Moreover, according to the Conceptual Model of International Marketing Strategy the degree of standardisation or adaptation in new market has direct implication on sales, profits, market share, the levels of customer satisfaction, and composite performance. When entering new market, decisions need to be taken by strategic level management about the extent of standardisation in relation to each individual component of the marketing mix. Marketing mix can be explained as “the particular combination of marketing variables offered to a market at any point in time” (Cole, 2004, p.xiv), and these marketing variables include product, price, place and promotion. Extended marketing mix also comprises people, process and physical environment along with its four core components mentioned above. Moreover, Schmidt et. al. (2007) confirm that application of standardisation can offer advantages of economies of scale in buying, and cost advantages associated with replications of store design and marketing techniques. Synergetic positive affects on various business processes and global uniformity of brand value proposition can be listed as additional advantages associated with standardisation. According to Vrontis et al. (2009), the extent of standardisation in international marketing depends on the following five factors: target market, market position, nature of product, environmental and organisational factors. Standardisation strategy is used to full extent by many global businesses across wide range of industries such as Adidas, Nike, Coca-Cola Company, Unilever, Johnson & Johnson and others. Standardisation is mainly a client in relation to industrial types of products because industrial products are purchased from the same reasons all over the world. Moreover, standardisation can prove to be particularly effective for highly sophisticated and complex products from technical viewpoint