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Standardisation versus Adaptation:

**A Study of the Factors Initiating and Influencing
the Process of Strategic Migration**

A Case Study of MalacoLeaf

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Abstract

Despite nearly eight decades of debate on the topic of international marketing strategy standardisation/adaptation, the subject of strategic migration has yet to be explored. It is this deficit that has spurred the authors to study this phenomenon. As such, this study explores the process of strategic migration within a firm's international marketing strategy, with the purpose of investigating, describing and assessing the factors that initiate and influence it.

In order to achieve this, three research questions were asked: To what degree do firms migrate between international marketing strategies within the framework of standardisation and adaptation? How does the process of strategic migration transpire? Why do firms undertake the process to migrate from a standardised to an adapted international marketing strategy, or vice versa?

This study takes an abductive research approach using a number of transdisciplinary theoretical concepts, including Strategic Change, Standardisation/Adaptation, and Factors Affecting Standardisation/Adaptation, to create a theoretical framework. The empirical part of this study undertakes an in-depth investigation of a single-case company, MalacoLeaf, where the strategic migration of one of its key strategic brands is described in terms of the content, process and context of strategic migration.

In confronting theoretical propositions against the empirical research findings, this study discovered that in terms of the content, solely the product components of the firm's international marketing strategy underwent migration from a standardised to an adapted strategy. In addition, the study found that the process of strategic migration must be seen as a chain of interrelated events with different factors influencing the process at different stages. This study also found that, in terms of context, it was not a single factor that initiated or influenced the firm to migrate strategies but a combination of multiple factors.

Based on this study's findings, the authors present a conceptualisation of the process of strategic migration, showing the interrelationship of multifarious factors which can impact a firm's decision to migrate strategies. These findings have proven to be very insightful and can serve as a foundation and strong incentive for subsequent research on the subject of strategic migration.

Keywords: International, Marketing Strategy, Standardisation, Adaptation, Process of Strategic Migration

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Terminology

International Marketing Strategy: Consists strictly of Product, Price, Place (Distribution) and Promotion

Strategic Migration: Change of a firm's international marketing strategy from a standardised to an adapted, or vice versa

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PART I – RESEARCH FRAMEWORK

1 Introduction

The purpose of the following section is to introduce the reader to the research topic, upon which this paper is based. Beginning with a discussion of the background, the aim is to provide an illustration of the context of the subject. Building on this, the research problem is discussed and formulated to place the research topic in light of the extant research on the subject. Next the purpose of the study is stated, followed by a mention of the delimitations of the paper. This section continues with a presentation of the thesis disposition. Lastly, the case company is introduced.

1.1 Background

In light of the evolution of the world economy, one which is often characterized as increasingly global, today's international business environment is in many regards more dynamic than 20 years ago.

Advances in technology have “proletarianized communication, transport and travel” (Levitt, 1983:92). Gone are the days of isolation. The dynamism of the world economy has brought with it a complexity that has increased the level of exposure for firms in terms of challenges and opportunities. Numerous cases bear witness of the impact of these forces of globalization, providing evidence that unlike the past, today's firms are more exposed to the actions of foreign firms, while at the same time being afforded possibilities to participate in the international business arena. In this sense, “whether a company operates domestically or across national boundaries, it can no longer avoid competitive pressure and market opportunities” (Kotabe and Helsen, 1998:VII).

Subsequently, changes in social and demographic environments, lack of demand, overproduction and increased competitive pressures has led to the fact that firms can no longer survive in a new global environment using only contemporary strategic thinking (Fullerton, 1988). Literature abounds with arguments suggesting that consumerism today is considerably different than 20 years ago – today consumerism is ‘postmodern’ – reflecting an evolutionary development in the way in which consumers respond to the new global marketplace. Consumers today are more savvy and conscious about their purchases than ever before, demanding products that are adapted for their specific individual needs and demands. In this sense, today's consumers are taking on different roles, becoming participants in the global marketplace and

not simply complacent consumers. As such, one can witness an evolution of consumers' needs and wants, characterizing them as increasingly important in the development of a firm's international marketing strategy. Dynamic consumerism is key.

With consumers becoming more complex, different means are required to succeed in an increasingly competitive world. In this sense, a shift in strategic thinking is required which no longer focuses exclusively on productivity gains. What is required is a marketing, or externally-focussed mentality to fill the gap between producers and consumers.

In this environment, scholars have argued that firms can no longer rest on their past laurels to ensure future success in an increasingly complex new world order. Where, in the past, firms have comfortably operated with an economies-of-scale mindset, today's global environment challenges whether this strategy is effective. In addition, the new global environment requires firms to reassess whether these strategies are sustainable to create long-term competitive advantages. In this sense, today's changing dynamics and increased complexity in the world market necessitates that firms develop new attitudes and techniques to the marketing and selling of goods and services.

It is this shift in thinking which has spurred one of the lengthiest debates in the academic and management circles: the standardisation versus adaptation debate. Where the former supports the idea that through increased standardisation, a firm will increase profitability by means of economies-of-scale, and hence it's competitive posture vis-à-vis competitors, the latter advocates that today's consumers demand products and services tailored to their wants and needs, and despite the increased costs associated to adaptation, hypothetically, firms should be able make up the profits by giving consumers what they want.

Now in its eighth decade, this debate has increasingly become the centre of attention of an increasing number of scholars, due to the fact that the two viewpoints are quite distinct means to create and sustain competitive advantages. As such, the debate of which approach is most suitable seems to be an ongoing discussion, where no right or wrong answers can be identified, despite being a heavily discussed topic in both the academic and management field.

With an increasing number of firms expanding beyond their domestic borders, initial decisions to standardise or adapt their international marketing strategies present a cross-road where significant decisions must be made; decisions,

which could strongly affect both current and future operations and market positions. Despite the increasing interest in the debate there seems to be no end in sight to resolve the issue.

An important distinguishing feature of this cross-road implies that firms can at one point or another migrate from an initial to a revised strategy. In this sense, this decision can signify a considerable re-orientation of its operations.

1.2 Problem Discussion

Thus, what happens when a firm decides to switch from one strategy to another? That is, if a firm already has a standardised international marketing strategy in place, and it decides to change to an adapted strategy, or vice versa, is there a process that can describe how this migration of strategies occurs? Is it due to internal or external pressures? Can one of the components of a firm's international marketing strategy be migrated, or is it a simple matter of changing the entire strategy?

Despite the extensive research that has been carried out on the topic of international marketing strategy standardisation/adaptation, currently there lacks any research which has explored the issue of the process of this type of strategic migration. Although extent research has developed a better understanding of factors, which may impact a firm's decision to standardise or adapt, there is no solid understanding of the process of strategic migration.

With this, the authors then question why is this the case? Are there reasons which may explain why there has yet to be an investigation into the process of strategic migration? Is this due to the fact that the standardisation/adaptation debate is still unresolved? Or are there other factors that may explain why?

It is these questions that have spurred the authors of this study to investigate the factors affecting the process of strategic migration within a firm. The fact that there is no research on the subject arguably provides little comfort to both scholars and managers, alike, if decisions to migrate strategies are increasingly more complex to make in today's business environment. In this regard, if theory serves as a reference point to advance an understanding of the subject of international marketing strategy formulation, then an innate requirement is the development of a cohesive theory on the process of strategic migration.

Without a theoretical foundation on the topic of the process of strategic migration, the authors feel the need to explore the issue as a means to understand how, to what degree, and why strategic migration occurs.

1.3 Research Purpose

The purpose of the thesis is to *investigate, describe and assess the factors that initiate and influence the process of strategic migration*. It is the authors' belief that this is an area of research that still deserves attention. As such, one of the intentions of this study is to bring awareness of this topic by using existing theories together with case study research. By doing so, this study serves to fill the gaps in the literature and build an increased understanding of the process of strategic migration. In this regard, this study aspires to contribute to the academic field, presenting greater insights into the topic and serve as a foundation for future research.

Beyond the furtherance of theory, this paper aims to provide managers with an increased understanding of the theories behind international marketing standardisation/adaptation, as well as the process of migration. The results should in this sense further educate and hence equip managers with information to base strategic decisions upon.

In order to fulfil the purpose of this study, as well as to guide the direction of the research process, the study focused on answering the following questions.

To what degree do firms migrate their international marketing strategies within the framework of standardisation and adaptation?

How does the process of strategic migration transpire?

Why do firms undertake the process to migrate from a standardised to an adapted international marketing strategy, or vice versa?

1.4 Delimitations

The context of the report should be put into perspective. As such, it must be stated that the research carried out and hence the presentation of the information hereafter should be considered in a refined sense. By doing so the aim is to mark the boundary in which the information should be considered.

Even though it is felt that the research, upon which this report is based, is credible, the present study has certain limitations that need to be taken into account. However, it is believed that some of these limitations should be looked upon as possible areas of future research.

Firstly, the focus of this study is on the migration of the Läderol pastille in the Swiss market. Despite the fact that this brand is one of many under the MalacoLeaf umbrella, this study does not include any strategic migration or changes that might have occurred to any other brands than Läderol. As such, whenever the authors refer to MalacoLeaf, it is the involvement of the firm with regards to the strategic migration that concerns the Läderol pastille within the Swiss market.

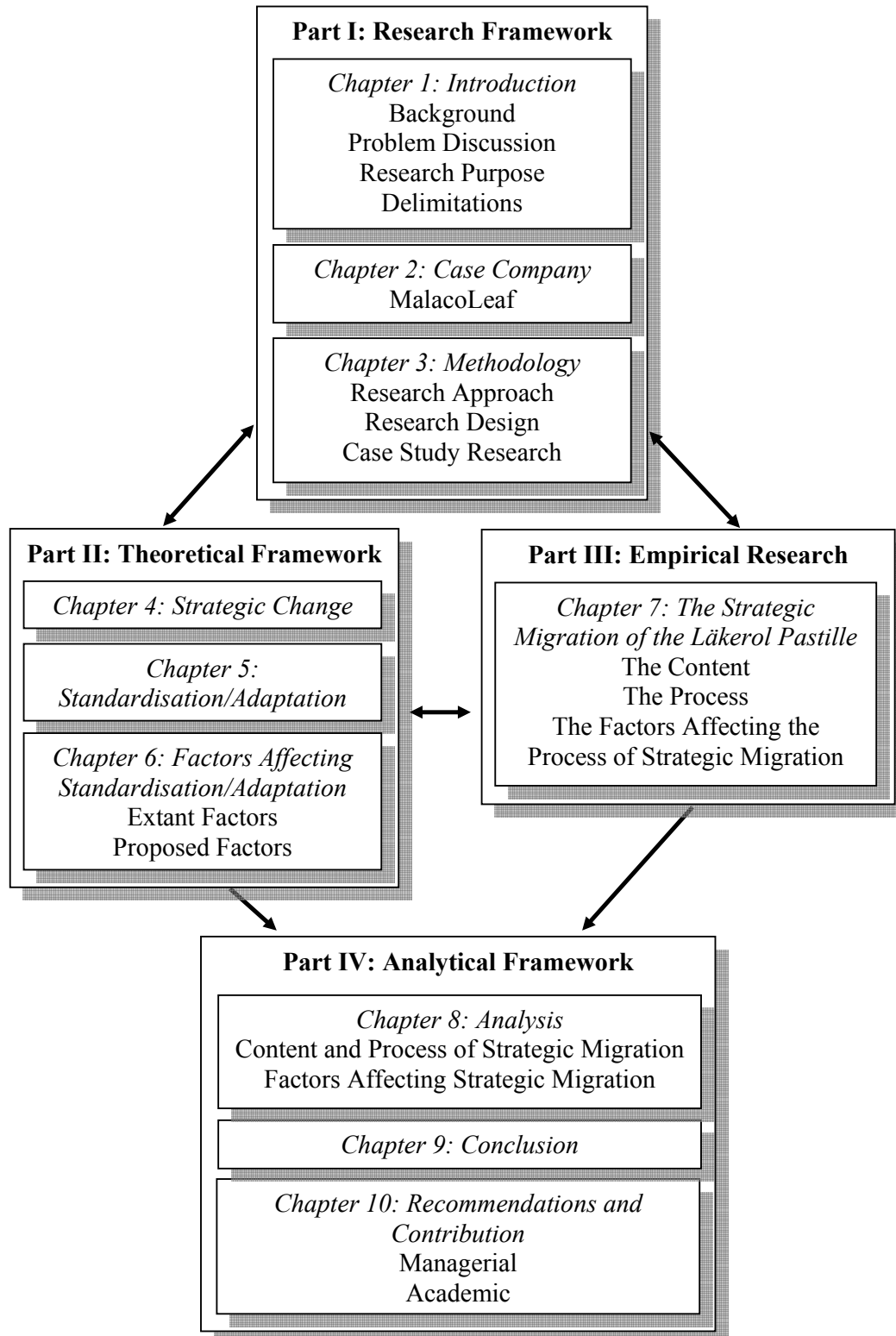
A limitation of this study reflects the general perspective taken. Instead of trying to understand the nature of the market in which the process of strategic migration has occurred, this study focuses on the event itself. As such, this study has not included any data relating to the market in which the strategic migration has occurred, such as statistics on competitors and consumers buying habits. In the same context, the study has also excluded any reference to the actual differences between markets between the home market of the firm and the host market in which the phenomenon occurred. Thus, the context, of the empirical research should be viewed as a specific point in time in which the process of the strategic migration occurred within the Läderol pastille.

Furthermore, no evaluation of successfulness of the strategies is included in this study. This study has excluded it for the simple fact that the research purpose was not to evaluate the success or failure of decisions to migrate strategies. Instead, this study looks at performance as an outcome of decisions to migrate strategies, and in this sense it is a point in time in which firms reflect back on the decision they have taken. As such, reference to performance in this study, is meant to develop an understanding of what has been discussed in the extant literature as well how it relates to the process of migration.

In conclusion, there are limitations in this study. However, the authors feel that they should in no way be considered to affect the relevance of the results,

which were derived through the research process. Instead, these limits should be seen as possible avenues for future research and therefore are encouraging not only to scholars but also to managers, alike.

1.5 Thesis Disposition



2 Case Company

One firm which has been affected by the new global environment and which has, as a consequence of a number of reasons, undergone strategic migration is MalacoLeaf. This firm has migrated from a standardised to an adapted international marketing strategy with its Läkerol pastille, in the Swiss market. It is the migration of the pastille that is the focus of this study.

As such, investigating the process of the migration of the pastille has been a means to reach the objective of the study. With this in mind, the following is simply meant to provide a background of the firm, its international operations and the Läkerol pastille, whereas the process in which the migration has transpired will be discussed in great detail in the Empirical Section of this report (Part III).

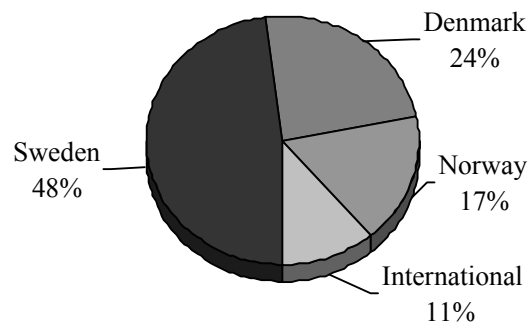
2.1 MalacoLeaf

Founded in 1999 through a merger between Malaco and Leaf, MalacoLeaf is Scandinavia's market leader in sugar confectionary company. Malaco has, since 1997 been owned by the Dutch firm CSM, a global firm operating in the development, production, sales and distribution of food ingredients and confectionary.

With over one thousand employees, MalacoLeaf's mission "is to create economical value through a No.1 Scandinavian branded position, and trade partnership, in the sugar confectionary category", operating along the core values of: consumer understanding, entrepreneurship with responsibility and openness" (MalacoLeaf website, 2004). MalacoLeaf's produces and exports its wide product line, internationally, from its operations in Sweden.

Along with the solid position in the Scandinavian markets (i.e. the number one supplier in Sweden; number two in Denmark and Norway), MalacoLeaf also has a strong presence in international markets; this market also includes

Figure 1 - MalacoLeaf Turnover in per cent, per Market (2003)



Source: MalacoLeaf, 2004

inter-company (i.e. sister company) sales between the firms under the CSM sugar confectionary umbrella, with the well-known brands such as Venco (the Netherlands); Jenkki (Finland); Lutti (France); and Dietorelle (Italy). In 2003, MalacoLeaf had a turnover of approximately SEK 1.6 bn.

In terms of its international presence, MalacoLeaf has, since 1912, exported its Scandinavian-based candy globally. Among the most popular brands, within the MalacoLeaf portfolio, are Läkerol, Swedish Fish, Bentasil and Ahlgrens Bilar. Through its international orientation the firm has been able to establish itself in the USA, England, the Netherlands, Belgium, Switzerland, Austria, Germany, Spain, Canada and Finland, among others. In addition, MalacoLeaf exports its products to a number of tourist markets, such as the Canary Islands.

Despite being present in a number of countries, MalacoLeaf derived close to ninety per cent of its turnover in the Scandinavian markets (i.e. its domestic market), in 2003. In this regard, even though the firm is focussing on being an international firm, its international sales are noticeably smaller in comparison to its domestic market (Figure 1).

2.1.1 The Läkerol Pastille

The Läkerol pastille is MalacoLeaf's oldest and arguably most successful exported brand. Created by the Alhgren brothers of Sweden, Läkerol has been exported globally since 1912. It was the first of MalacoLeaf's brands to be sold outside of Scandinavia.



Backed up with strong promotion, the brand's international presence grew rapidly. Läkerol can be found in more than twenty-five countries spread throughout the world, in an assortment of flavours.

MalacoLeaf has developed a unique selling proposition, for the Läkerol brand 'Makes People Talk'. The purpose of this is to convey a pastille with fresh flavours for fresh breath.

In 2002, the product celebrated its seventy-fifth anniversary in the Swiss market, which has been described as one of Läkerol's key markets, outside of Scandinavia. The long history, geographic location within Europe, and strong brand reputation has made this a strategic market for the Läkerol pastille.

With this long history, the Läkerol pastille is considered one of the hallmark brands within MalacoLeaf's international product portfolio. As such, its success has been a key strategic imperative by the firm. However, influenced by a number of events, the international marketing strategy of the Läkerol pastille underwent migration in 2002, in order to sustain its international success. During this process, the product component of the pastille was migrated from a standardised to an adapted strategy.

For this reason it is the focus of this report. However, before getting into detail of the process of the strategic migration, it is important to understand MalacoLeaf's international marketing strategy for the Läkerol pastille.

2.2 International Marketing Strategy for the Läkerol Pastille

MalacoLeaf is a firm that focuses on consumers as an important part of its business and hence a key factor in formulating its international marketing strategy. When entering new markets MalacoLeaf undertakes market research in order to determine if there are openings in the market and to understand the needs and wants of its potential customers.

The brand proposition for the Läkerol pastille is 'Makes People Talk', which is used consistently throughout all international markets. MalacoLeaf is rather inflexible in compromising this position and would rather ignore a potential market, where a similar proposition is taken by competitors, than to change it.

MalacoLeaf's strategy relies heavily on local distributors. Selection of these agents is not necessarily based on their size in the respective markets, but more on their capabilities and product portfolios. The role of these sales agents has been to handle all trade-related issues, including the introduction and management of MalacoLeaf international marketing strategy.

In terms of the power that MalacoLeaf gives these agents, it has been mentioned that it leaves ninety per cent of the decision-making, in term of local distribution and promotion, to these parties. However, in terms of the management of the product and positioning-related issues, MalacoLeaf retains the majority of the control, relying only ten per cent on the input from local agents.

In light of this, MalacoLeaf has indicated that the firm is striving to increase the level of control and hands-on influence throughout its international operations. Although, the local agents are still responsible for the deployment of the promotional activities, as well as getting the products through the local

distribution channels, MalacoLeaf is striving to centralise the decision-making of promotional activities, as a means to present a global brand image.

In addition to the close relationship with local agents, MalacoLeaf humbly prides itself on its strong co-operation with the international retailer, Ikea. Ikea stores around the world sell, through their food markets, a selected sample of MalacoLeaf's assortment, which has helped supply demand and create brand awareness.

In terms of the price component of the international marketing strategy, the firm has as standardised approach, always applying premium-pricing with minor local adjustments to offset costs.

Concerning the product component, MalacoLeaf has traditionally standardised its offerings, irrespective of market. However, the firm has recently undergone a strategic migration towards a more adapted strategy for the Läkerol pastille.

3 Methodology

In order to successfully achieve the research objective and answer the research questions established for this study, a structured research method was required. Noting the significance of this, as a means to create a report that not only meets the academic requirements, but also the deliverance of a significant body of literature, the following serves to present and discuss the contents of the research approach and design used throughout the study.

As a conditional note, only the research methods, which were used, will be discussed. Although useful to compare the advantages and disadvantages of alternative methods doing so would be lengthy and arguably beyond the purpose of this report.

3.1 Research Approach

In carrying out research it has been noted, in the literature on methodology, that there are several approaches researchers can take. Of the options available are inductive, deductive and abductive approaches.

In selecting the research approach, to be used to analyse the process of strategic migration it was determined that the most ideal research approach would be abductive. The decision to use this approach was based on an early notion, in the research process, that both theoretical and empirical research would be needed in combination, in order to achieve the research objective.

In this regard, the abductive approach of this study used existing transdisciplinary theories on the subject to develop an increased knowledge of international marketing strategy migration. In addition, the study has undertaken empirical research as a supplementary means to develop increased knowledge on the research topic, as well as to observe and assess the impact of theoretical propositions.

In this regard, the study approach follows the process of describing and conceptualising existing theories, and applying and assessing them against the empirical findings. By doing so, the authors believed that a more robust understanding of the issues relating to the process of strategic migration could be developed. As the research required a close interrelationship between theories and empirical research, the research approach of this study was abductive in nature.

Within this abductive research, it has been noted that researchers can apply either qualitative or quantitative research approaches or both. In this study, a qualitative research approach was used, as it provided a valuable means to collect and capture the richness and fullness of the research topic (Saunders *et al.*, 2000). In addition, it was deemed the most effective approach to develop an in-depth understanding of the subject.

3.2 Research Design

The authors felt that before the research could be carried out an action plan had to be created in order to get from the research objective to the end-result. In this regard, a blueprint of the research process was required in order to ensure that a study was relevant to the research problem and also that the process carried out effectively and efficiently (Churchill and Iacobucci, 2002; Yin, 1994).

As the purpose of this report is to observe the factors that initiate and influence the process of strategic migration in a firm, the authors believed that the most suitable design for this study was to undertake a case study. As such, the following describes why case study research is suitable for this study.

3.2.1 Case Study Research

Throughout the literature of social science research, it is proposed that case studies are a means to investigate an empirical subject by following a set of predetermined procedures (Yin, 1994). More specifically, it has been argued that case study research is a preferred strategy when ‘how’ and ‘why’ questions motivate the research process, when the researcher has little control over situational events, and when the goal is to observe a phenomenon within a ‘real-life’ context. Also, case studies are a useful way to facilitate the means to put forward solutions, using models and theories along with a researchers own experiences (Gummesson, 1988). The authors felt that a case study examination would allow for consideration of transdisciplinary topics, relying on multiple sources of evidence, and as such take advantage of existing theories and models, as a source of knowledge and as a means to guide the empirical data collection and analysis.

3.2.2 Case Study Design

In the literature it is argued that different types of case studies can be used to collect empirical data such as single- and multiple-case designs. In this research, a single-case study was considered most appropriate because it allowed the authors to “confirm, challenge, or extend the theory” (Yin,

1994:38). As this study aimed to bring light on an issue that deserves greater insight, it was important to explore the soundness of existing theories or whether alternative explanations were more relevant.

This study concentrated on an in-depth exploration of strategic-related issues within a single case. In this regard, this study extensively explored the process of strategic migration from a focussed perspective. Due to the fact that the subject is still an unexplored area of research, the authors felt that by carrying out a single-case, a more in-depth and qualitative understanding of the findings could be developed. An additional reason for selecting a single-case reflects the fact that extant research and literature on the subject has concentrated on single-case designs, and the authors felt that a similar research design would provide a more comprehensible means to compare the findings with.

3.2.3 Case Study Strategy

In light of the above discussion, it was also necessary to determine the strategy in which to get from point A to point B. Yin (1994) argues that there are three types of case study research strategies: exploratory, descriptive and explanatory.

Due to the nature of the research objective and research questions, undertaking an exploratory study was deemed necessary in order to gain extensive background knowledge and familiarity about the research topic. In addition, undertaking an exploratory research supported the use of a single-case study and therefore provided a strong incentive to use it throughout the study.

Researchers define exploratory research as a means to determine “what is happening; to seek new insights; to ask questions and to assess phenomena in a new light” (Robson, 1993; cited by Saunders *et al.*, 2000:97). In other words, it is a means to explore new ideas and insights and to clarify understanding of a problem (Sanders *et al.*, 2000), providing the authors with increased knowledge about the subject, when familiarity is low (Churchill and Iacobucci, 2002). This was especially important, in the initial stages of the project, where there was a low level of knowledge on the subject of strategic migration. In this regard, it was imperative that a greater level of knowledge was developed to facilitate the formulation of the research problem and the research questions. In addition, exploratory research allowed the authors to be flexible and adaptive to change when new data was collected and new insights were developed. More specifically, however, is that it helped break down the broad problem into more precise and workable problems (Churchill and Iacobucci, 2002), which does

not imply an absence of direction, but that the research process followed a broad to narrow pattern, as the research progressed.

In addition, elements of descriptive and explanatory research were required to ensure that the findings could be described and analysed. Whereas exploratory research provided the authors with a degree of flexibility, adding elements of descriptive research allowed the authors to describe both the theoretical concepts, as well as the empirical findings gathered through the case company. In order to compare the theoretical findings against the empirical data, a degree of explanatory research was required in order to explain the relationship of factors which have impacted MalacoLeaf to migrate strategies in light of the theoretical propositions. In this sense, the explanatory part of this research occurred during the analytical part of the research process.

3.2.4 Selecting the Case

Arguably, an important issue in a single-case study is the selection of a case. A key criteria in selecting a case company was one in which the process of strategic migration had occurred. Another condition was that the process of migration had occurred recently, so that the involved parties could be interviewed. In addition, another criterion was to find a firm which could maximize the authors' learning curve on the process of strategic migration, within the confinements of the time and resources available. Also, an ideal case company was one in which there was a possibility to describe, conceptualise and analyse the theoretical framework. Moreover, the case company was selected so that it was accessible and willing to participate in the research process.

3.3 *Data Collection Methods*

Arguably, the data collection methods employed in a study will inevitably influence the results obtained. Therefore, it was crucial that the methods were carefully selected to ensure validity, reliability and credibility of the research findings. Since the different research methods have different affects on the results, it made sense to use multiple methods to cancel out the 'method effect'. For this reason, as well as those already mentioned above a multi-method research data collection strategy was used, consisting of secondary data and semi-structured interviews (Saunders *et al.*, 2000).

In addition, the fact that it was discovered early on in the exploratory stages of the research process that the topic was an unexplored area it was deemed necessary to empirically observe and assess the process of strategic migration.

Furthermore, because business and management research is transdisciplinary in nature, it encouraged the authors to engage both theory and empirical research (Saunders *et al.*, 2000). By doing so, a greater understanding of the practical application of the concept could be developed, which ultimately contributed to a more robust assessment of, and contribution to, the theory. In this regard, it was deemed necessary to collect theoretical and empirical data, which would describe and measure the process of strategic migration at a point in time. As such, the following section describes how secondary and primary data was collected in this study.

3.3.1 Secondary Data Collection

Understanding that the research process started within the context of what can be considered a primitive level of knowledge on the subject, it was imperative that a sizeable amount of secondary research was required in order to develop a thorough understanding of the process of strategic migration.

The literature notes the importance of the role of theory in case study research, explicitly stating that theory development is essential to case study design, whether the purpose of the case study is to develop or to confront theory (Yin, 1994). As theory was a strong foundation in this study, providing a blueprint for the research process, it ultimately provided guidance to determine what data to collect, as well as the analytical strategies to use, so that the findings could be generalized to a certain degree.

In this study, a relatively large number of transdisciplinary secondary data sources were used to develop a strong understanding of international marketing strategy formulation and the process of strategic migration. Of those most used in the research were journal articles and books.

These sources were critically selected based on their reliability, validity and credibility. To ensure this, sources were chosen because of their structural approach and because they complemented each other. In addition, an attempt was made to gather secondary data written by experts in this field from well-established journals such as *International Business Review* and *Strategic Management Journal*. Despite the scattered theories on the subject, the results were considered successful in developing a thorough understanding of the research topic. In addition to meeting the selection criteria, other advantages realised using these sources were that: they supported the empirical research process; the information was accessible; and it could be obtained quickly. Overall, the major benefit achieved by using a combination of sources, was the

development of a more thorough and appropriate understanding of transdisciplinary issues.

The theories used helped to create a theoretical framework, which was required not only as a guide for the research process, but also as a means to assess the relevance of the empirical findings against the theoretical findings. The theoretical framework was created in three separate parts: one which described definitions used in extant literature, another that described the antecedent factors affecting marketing strategy formulation, and yet another which described strategic change/migration.

One obstacle throughout the secondary data collection was the authors' limited knowledge on the subject, as well as the state of existing theories. To overcome this, the authors made efforts to fill the theoretical void by exploring the literature to find a variety of transdisciplinary theories that were both illustrative and generalisable (Yin, 1994). As such, the authors believed that the chosen theories together would provide knowledge about the subject of strategic migration.

3.3.2 Primary Data Collection

Due to the fact that this study carried out an analysis of a case study implicitly means that primary data was collected. The primary research aimed to observe, analyse, and contribute to theoretical findings. Furthermore, the primary research aimed at identifying the process of strategic migration, within a real-life case company. In doing so, it was also a means to reassess the theoretical concepts, which were applied, in order to determine their relevance to the research topic. An advantage of carrying out primary research was that it provided the opportunity to customise the research process, to achieve the objective of this report, as well as the opportunity to gather data that was current.

To ensure this it was necessary to conduct qualitative primary research. As such, an in-depth and focussed data collection session was determined to be suitable, as long as it was reliable, objective and thorough. Using semi-structured interviews supported the exploratory research approach and allowed the possibility to ask open-ended questions and the opportunity to 'probe' answers. Furthermore, these interviews provided the benefit of gaining an understanding of managers' attitudes and perceptions of the process of strategic migration, and the factors initiating and influencing it. The authors felt that this technique provided sufficient information to draw conclusions and make general assumptions from.

One obstacle faced throughout these sessions was the fact that it was difficult to discuss the topic of strategic migration isolated from the current international marketing strategy of the firm. This obstacle was overcome by probing the interviewees to discuss only those factors which were relevant to the migration of the Läkerol pastille.

3.3.2.1 Interviewee Selection

In order to ensure that the collection of primary research data was as objective as possible, the authors felt that it was necessary to carry out in-depth interviews with two different managers, which had a hands-on experience and a role in the decision-making process of strategic migration, within the case company. As such, both the International Marketing Manager and the International Brand Manager were selected.

Concerning these managers, they are both Swedish and have had numerous years of experience both within the firm and within the Fast Moving Consumer Goods Industry. In discussions with these managers, these characteristics seem representative of the middle-managers within the firm. In addition, both managers were key participants in the decision-making process of the firm's international marketing strategy. Therefore, this sample was deemed qualified to achieve the objective of gaining a broad understanding of the firm's operations in terms of the strategic migration it underwent.

3.3.2.2 Interview Structure

It was determined that a minimum of two interview sessions with each of the manager would be necessary. Due to the firm's request both interview sessions were held via telephone, in a conference call. Using the research questions and the theoretical framework as a guideline, the aim of the first meeting was to gain insight into the firm's operations; the strategic decision-making process; and an understanding of the strategic migration that the firm has undergone. The aim of the second meeting was more specific, designed to probe other issues discussed in the first meeting, as well as to gain an understanding of their thoughts about the factors which affected the process of strategic migration and to ask additional questions.

Great lengths were taken to avoid interviewer subjectivity so that the interviewees could give their own thoughts; the use of open-ended questions provided a means to do so. To ensure objectivity of the data collection, both interviewees were asked the same questions, so that the results could be

compared. A flexible approach was taken so that the pre-defined questions were adapted depending on the responses given, and where issues needed more clarification.

The follow-up meeting was structured in the same way as the first, using a set of open-ended questions, so that the interviewees could freely discuss their feelings about the issues. As such, it mimicked the same flexibility and openness as the first interview structure. The interviews lasted between thirty and sixty minutes.

All meetings were recorded and additional notes were taken in order to gather findings, which were the exclusive thoughts of the interviewees, as well as to reduce the threat of poor recall and inaccurate articulation.

3.3.2.3 Supporting Primary Research

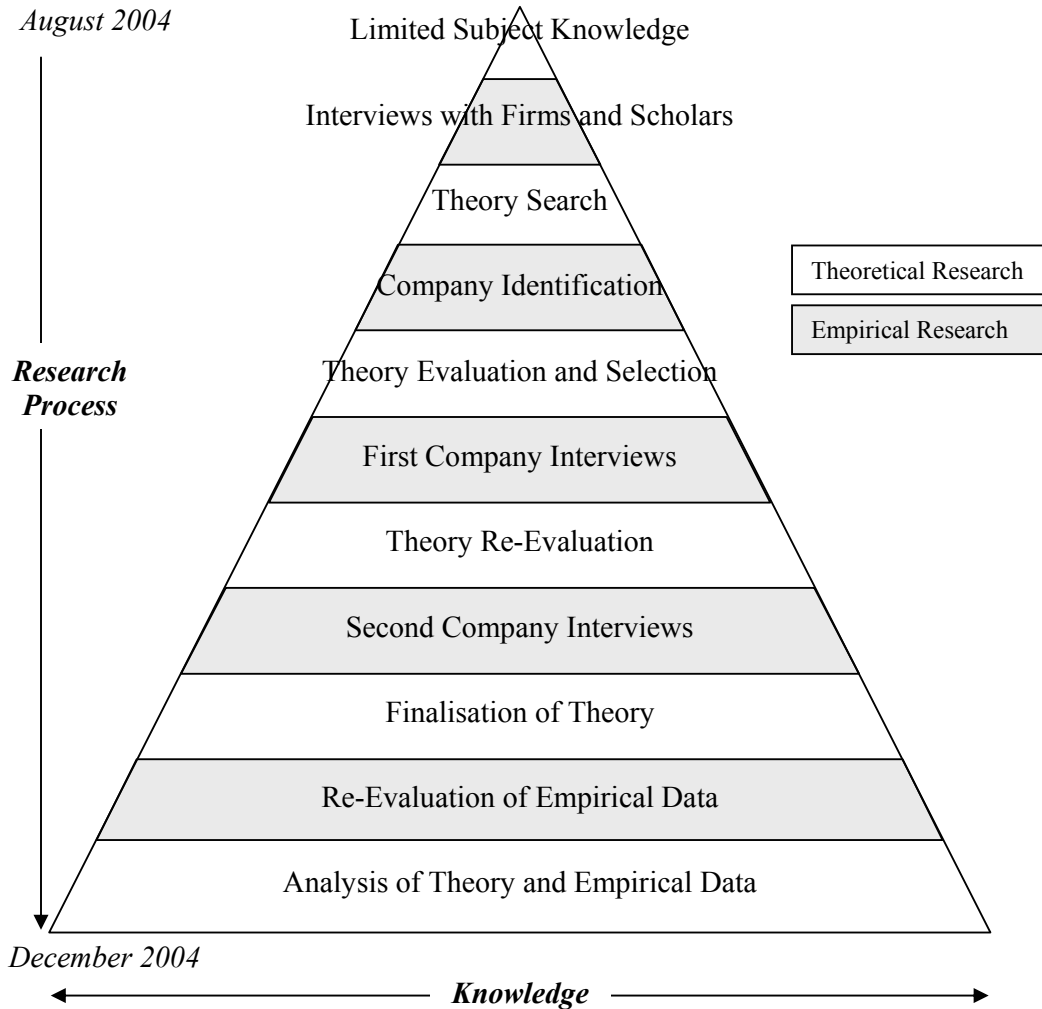
In addition to the interview sessions, primary data was also collected before the case company was identified. These were relatively short sessions aiming at identifying an ideal case company, as well as to generate a general understanding of the factors affecting the process of strategic migration. Due to the nature of these conversations, the information gathered provided some indication to the level of which the research objective was observable.

For the same reasons several conversations with scholars, on the topic, were carried out in the initial stages of the research process. This information was valuable in providing guidance into what areas could and should be explored.

3.4 Conceptualisation of the Research Process

In light of the above discussion the authors summarise the research process of this study. Figure 2 illustrates how theory and empirical research guided and supported each other throughout the entire research process. It is important to note is that each step increased the knowledge of the topic and as such provided the authors with a means to continually apply and reassess theoretical and empirical research findings. This abductive approach was highly beneficial in that it provided the authors with a structure in which to develop complementary and cumulative knowledge throughout the research process, which could not have been obtained otherwise.

Figure 2 - Conceptualisation of the Abductive Research Approach



Source: Authors' own (2004)

3.5 *Analysing the Research Findings*

Churchill and Iacobucci (2002) note that the purpose of an analysis should be to obtain meaning from collected data and should present findings, which are easily understood and relevant to the objective of the study. In addition, an analysis should consist of examining, categorising, tabulating or recombining empirical findings to address the initial research propositions of the study (Yin, 1994).

In executing the analysis of the research findings, researchers suggest that a strategy for the investigation should be created where “the ultimate goal is to treat the evidence fairly, to produce compelling analytic conclusions, and to rule out alternative interpretations” (Yin, 1994:103). Accordingly, the authors felt that in analysing the qualitative research data, it was important that a systematic and well-planned procedure be created in order to analyse the data thoroughly and to draw relevant conclusions from them.

The strategy for analysing the empirical data relied heavily on theoretical propositions. By doing so, extant literature on the subject was used to guide the analysis, which aided in formulating what issues to focus on and what to ignore. In addition, it was deemed necessary to use a strategy that involved continuous interpretation throughout the entire research process. As such, the analytical framework was designed before data collection sessions commenced.

Noting the difference between theoretical and empirical research is arguably an important concept when analysing their relationship. Where the former provided an academic perspective of the topic and a structural framework, the latter was used to confront and elaborate on theoretical propositions. As such, the theoretical framework and the empirical research findings were combined to complement one another so that the findings were gathered and assessed along the same issues as presented in the theoretical framework. In this sense, the aim of the analysis was to merge the research findings as a means to answer the research objective and research questions.

As a means to structure the analysis the findings were categorised and itemised. Doing so helped to categorise and identify themes from the research findings. Guided by the research questions and objective the data was then itemised, through a selective process, in order to reduce and rearrange the data into a more manageable and comprehensible form (Saunders *et al.*, 2000). In addition, it also initiated the reflection of the validity of various aspects of the existing theoretical framework, as well as the identification of issues that needed additional research/probing. Furthermore, this process aided in recognising

relationships between the different categories and the development of new categories. Therefore, this process helped to develop an analytical structure to evaluate the initial research objective and questions against the data, by seeking alternative explanations and negative examples that may have not conform to them, adding validity to the findings. The categorised data included the telephone interview transcripts and notes.

Subsequent to the collection of data from the interviews, findings were grouped into categories, reflecting the same structure outlined in the Theoretical Framework section (Part II). In this sense, this data reflected the manager's actual comments on issues discussed and therefore represent the 'hard facts'. After this was achieved, the findings were classified into themes. In this sense, the data was deciphered in order to 'read between the lines' – the 'soft facts'. Throughout this process efforts were made to rely as little as possible on the influence of theory and more on the interpretation of the data, so that the themes emerging from the data were not influenced by theory. Although tainted by some researcher subjectivity, great lengths were taken, at this stage, to avoid this; using support information from various sources helped corroborate interview data. By doing so valuable information and insight was gathered, which would not have been the case if only categorising or theme identification were used independently.

3.6 Evaluation of the Research Process

Arguably, any research should be reflected upon, in order to evaluate the accuracy of the study, in terms of the process in which both data was gathered as well as the manner in which it was analysed. In light of this, the following discusses the authors' critical reflection of this study.

In methodology literature, it is noted that a means for conducting an evaluation of the research design and process includes the use of construct validity, internal validity, external validity and reliability (Yin, 1994).

Yin (1994:33) refers to construct validity as "establishing correct operational measures for the concepts being studied", where subjective judgements, used to collect data, should be minimised. In this study the authors made every attempt to ensure that the level of subjectivity was limited. The tactic of a thorough review and the evaluation of extant transdisciplinary literature, helped to increase the chance that the theoretical concepts being applied throughout the study were valid. In addition, the use of multiple company contacts, as well as published company information ensured the validity of the empirical findings.

Internal validity is about “establishing a causal relationship, whereby certain conditions are shown to lead to other conditions” (Yin, 1994:33). Although this research does not try to explain direct cause-and-effect relationships of the factors, which may influence a firm to migrate strategies, it does undertake an analysis whereby these same factors are used to explain their impact of decisions to migrate strategies. In this sense, the ‘true’ scientific use of the term is subjected to some flexibility throughout this study.

In this study, the authors have tried to ensure internal validity by applying well-established theoretical propositions to the empirical research data collection sessions. By this it is meant that the factors, which were shown in the theory to impact firms’ decisions to migrate their international marketing strategies, were also used to determine their impact on the case company. In addition, in the analysis of the research findings, the authors protected internal validity by comparing these same theoretical propositions (both scholarly and the authors’ own) against the empirical findings. In this regard, the authors made inferences, to explain the impact of theoretical propositions against these findings.

The idea of external validity is about “establishing the domain to which a study’s findings can be generalised” (Yin, 1994:33). In any research there is a threat that the results cannot be generalised, however the authors have taken measures to protect this, throughout the study. One means to do this was the use of multiple sources of evidence, where generalisations could be made as to the state of current knowledge on the research topic. Another means was ensure that the research findings were generalisable to any firm, irrespective of the size of the case company. Another instrument, to improve external validity, concerned the interviews, where more than one employee, with a different function within the case company, was contacted. Doing so, provided more than one source of evidence and therefore made the authors believe that similar results, in subsequent research could be achieved. Lastly, with respect to the analysis, this study confronts theoretical propositions against the empirical findings, and by doing so the authors are able to make analytical generalisation on the validity of the findings with respect to the process of strategic migration.

Yin states (1994:33) that in order to ensure that the research and its findings are reliable it should be able to demonstrate “that the operations of a study – such as the data collection procedures can be repeated, with the same results”. The authors believe that this study can be repeated under the same conditions and therefore generate the same results. One way that this was achieved was to clearly present the purpose of the research, as clearly as possible, in light of the extant literature on the subject. By ensuring that the research approach, design and process were described, was another way in which the authors have

ensured this study's reliability. Moreover, making use of extant transdisciplinary theoretical propositions and models from multiple sources makes the authors' believe protects reliability of this study. Another means to ensure reliability was to take great efforts to record/document the interview sessions, with more than one person present, which helped to reduce interview bias. Along the same lines, attempts have been made to describe the empirical research findings in such a way that they could be clearly understood.

3.6.1 What could have been done differently?

In terms of what could have been done differently if the same research was to be carried again, first and foremost observations of market conditions would have been helped to increase the understanding of the market dynamics of the Swiss and Swedish markets. This information could have been useful, for comparative purposes. It could also have provided the observation of any significant event or changing conditions during the process of the migration. However, this task was considered large and therefore would require a more longitudinal study.

Lastly, should the research had been carried out again, the authors would have liked to interview more than two employees. Despite their credentials, it would have been insightful to contact the firm's Swiss distributor, to get their opinions and knowledge on the topic. However, this was not possible due to the firm's insistence that they not be contacted.

PART II – THEORETICAL FRAMEWORK

The purpose of this section is to describe, discuss and analyse the theories used throughout this study. To conceptualise the research topic three established theoretical topics were selected based on their relevance and ability to increase insight into the topic. As such, this part starts with an introduction to the concepts and elements of strategic change, which is used to create a framework to answer the research questions, and to clarify the difference between strategic change and strategic migration. Subsequently, the key terms, standardisation and adaptation, are discussed and analysed. What follows is a discussion of the factors affecting firms' decision-making process. This discussion is two-fold, consisting of: extant factors already conceptualised within the literature and additional factors which the authors propose.

4 Strategic Change

Strategic change is a well-explored area, and scholars have investigated the reasons for strategic change, as well as its impact, using both theoretical and empirical approaches (i.e. Balogun and Hailey, 1999; Snow and Hambrick, 1980). Despite laudable efforts, it has become apparent in a review of the literature that the term strategic change is presented as multifaceted and therefore difficult to interpret. As such, the area of strategic change is difficult to construe and personal evaluation of the terminology has had a great impact on the understanding of the term strategic change.

One of the reasons for the lack of consistent research on strategic change could be the context-specific nature of the topic. Arguably, there are no 'rights or wrongs' in strategic change, just the manner and methods of how the companies deal with the process of change. It has furthermore been stated that because change is an aspect that highly involves people and people's reactions, measuring and predicting change is complex (Balogun and Hailey, 1999).

In a review of the literature, it has become clear that the majority of research, and most theories, discuss strategic change as a broad concept dealing with the organisational impact and drive (i.e. Ginsberg, 1988; Grimm *et al.*, 1993; Snow and Hambrick, 1980; Zajac and Shortell, 1989; Zazo and Vicente, 2003). In fact, many scholars argue that change can occur on all levels within an organisation, in varying degrees and for different reasons (Balogun and Hailey, 1999; Johnson and Scholes, 2002). This information leads the authors to believe that the knowledge scholars have acquired in this field, deals mostly

with changes from an organisational perspective. Despite the diverse use of the term, strategic change, the noteworthy and valuable input from multiple sources continues to make it an area worth serious consideration for both scholars and firms, and arguably an important area to investigate.

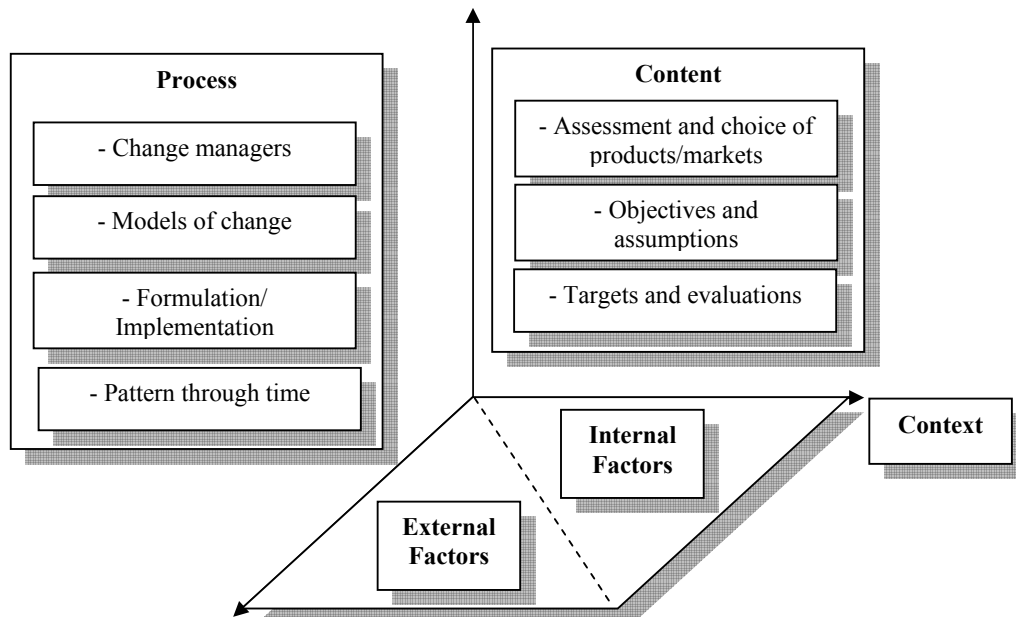
As the focus of this study is on changing from a standardised to an adapted international marketing strategy, or vice versa, it is important to make a distinction between this and the term strategic change, in its broader sense. To avoid confusion, strategic change in this refined sense is in this study referred to as strategic migration.

4.1 A Conceptual Model of Strategic Change

The purpose of this section is to conceptualise the aspects of strategic change in order to gain an understanding of which aspects are important when discussing strategic migration. Despite having identified that strategic change and strategic migration are two different terms, the authors feel that Balogun and Hailey (1999) have developed a model that is highly applicable to investigate the why, what and how of strategic migration. This model is ideal in the perspective of this study, as it is a reflection of the three research questions.

The model from Balogun and Hailey (1999), states that there are three main components of strategic change (Figure 3). This model was chosen because it provides a simple, yet rich conceptualisation of strategic change; providing a

Figure 3 - Three Components of Change



Source: Pettigrew and Whipp (1991); cited by Balogun and Hailey (1999)

valuable means to describe and analyse the theoretical and empirical findings.

As can be noted from the figure, strategic change can be described in terms of the context, content and process. The model takes into account the reasons for, the extent of change, and the manner in which change occurs. As such, the model describes strategic change as a dynamic and flexible process affected by a number of different factors. It can also be interpreted that the model incorporates the idea that the three tangential factors are inter-related in a manner that they can affect not only the composite change but also one another.

4.1.1 The Content of Change

The first element of strategic change is described as the what-component or the content of the change. This variable refers to the degree of the changes that could be made to a firm's strategy. Furthermore, it identifies the objectives and the targets of the change. In this study, the content of change is seen as the degree of standardisation and adaptation of the components of a firm's international marketing strategy.

This is an interesting concept, in the field of strategic research, as it is a refined topic within the broad term of strategic change. The value of looking at strategic migration as such is that it provides a means to identify which component of the Läkerol pastille that has been subject to strategic migration, and to what degree it has been standardised or adapted. Investigating the content of strategic migration will help to answer the first research question. As such, the content of strategic migration will be discussed and analysed throughout this study.

4.1.2 The Process of Change

The second component is the how, or the process of strategic migration. This aspect describes how a firm deals with and delivers change, as a consequence of the identification of a need for change. Aspects that seems crucial to understand, in order to identify the process of how firms implement changes are described as: the role of the change decision-makers; where the change is initiated within the organisation; and the formulation of the change.

In this study, the process of migration will mainly be discussed through the observation of the case company, in the empirical section of this paper. As such, the aim is to describe the process of migration within MalacoLeaf. This will serve the purpose of developing an objective understanding of what factors are important, to the case company, when it migrated between strategies. In this

regard, this discussion will explain how MalacoLeaf migrated from its initial strategy to its revised strategy for the Låkerol pastille.

4.1.3 The Context of Change

In the literature there is also a third aspect of strategic change (Balogun and Hailey, 1999) which is referred to as the why-component. This describes the context of strategic change, which is defined as the internal and external factors which can influence change. This is an interesting concept because it will provide an understanding of which factors affect the process of strategic migration, and especially why firms migrate between strategies. As such, the authors feel that this is a key concept in this study. Noting the importance, it is now valuable to describe the content of change as discussed in the literature.

Researchers suggest that the first step in this component is how a firm identifies a need for changing its current strategies? To do so, Ginsberg (1988) suggests that three questions should be asked to determine if a change is warranted: (1) Is something wrong with the current strategy?; (2) Is there a need for a new strategy?; and (3) Does the organisation have the resources to implement a change in strategy? Should a manager answer yes to one or more of these questions, it can be argued that there is an absolute need for migrating from the current strategy to another.

Albeit, these questions are arguably simple in their construct, it is believed that they provide a strong and effective means to assess why a firm should change strategies, in terms of its current state, its future aspirations and its ability to implement the changes. Not only are these questions relevant for domestic market decisions but arguably they become more important and complex for international firms to answer, when market conditions could be quite different from domestic markets, as well as amongst themselves. For instance, when entering new markets these questions might be impossible for firms to answer before having deeper knowledge about foreign markets, or even a presence in the market. In this regard, decisions to standardise or adapt the firm's international marketing strategy can arguably increase in complexity and importance, when compared to domestic market decisions, where market knowledge and experience have generally been generated. In addition, these questions could be more challenging to answer because of heterogeneous market conditions, implying that the answers to these questions may not be the same for all markets. It could therefore be difficult for managers to closely observe the success of the current strategy. To overcome this, an international firm might have to pose these questions more frequently than domestically-

oriented firms, especially when entering new markets or launching new products.

Other researchers have explored why firms change strategies, from a different perspective. Jones and Hill (1988) hypothesise that a company identifies a need to change strategy for two reasons: first, a firm can choose to change from one strategy to another as a means to increase its long-term profitability in a stable environment, or, secondly, a firm might change as a response to changes in internal and external environment factors, which can impact the benefits and cost of the strategy. It has also been posited that strategic change occurs when the pressure exceeds the resistance to change (Bigelow, 1982; Lundberg, 1984; cited by Ginsberg, 1998).

What can be derived from these different propositions is the notion that, generally speaking, strategic change is a reflection of managers' response to changing environmental threats and opportunities. Therefore, in this regard, decisions to change strategies may be dependent on, and the result of, the influence of firms' international rationality and experience (Singh *et al.*, 1986; cited by Ginsberg, 1998). Meaning that, decisions to change strategies could be dependent on such factors as the ability to make rational decisions, in light of the internal and external pressures, combined with previous experience-based learning.

The identification and analysis of the factors affecting strategic change is especially interesting in this study. Building upon what has been discussed these factors will be described in greater detail later in this report.

5 Standardisation versus Adaptation

Building upon the above introduction to strategic migration, this section aims to analyse how standardisation and adaptation is discussed in the literature, as well as to define the concepts as they are applied in this study.

5.1 Terminology

Scholars have presented a large variety of definitions to describe standardisation and adaptation; with some terms being used interchangeably, despite having different labels (i.e. standardisation/globalisation and adaptation/customisation). In Medina and Duffy's article (1998:223) they highlight the current dilemma in state of knowledge in this field, expressing that "without properly defining terms like standardisation and globalisation, it is going to be difficult to build a theory of the world's consumer market." Despite the confusing and often exploitation of the terminology, which has developed, as a result of the past and ongoing discussions on the subject, the lack of solid definitions has been beneficial in facilitating a growing interest in the subject. As a consequence, the increased dialogue has spurred a positive growth in the development of this research field.

In light of the multifarious terminologies, the work of Medina and Duffy (1998) noticeably stands out in the literature, as it analyses a large majority of the relevant subject material. The nature of their research provides a valuable contribution in the literature, as well as a constructive means of summarising the terminology on the subject. Their slant on the topic is also valuable, compared to previous efforts to define the terminology, as they view the terminology in terms of a process from two opposite ends. That is, they use the terms standardisation and adaptation to define stages along an evolutionary process, representing the two extreme ends of a domestic- or world-standard, respectively (Levitt, 1983; cited by Medina and Duffy, 1998). In this regard, their discussion is a valuable means to refine, clarify and consolidate the terminologies used throughout the literature. It is for these reasons that their work is used in the following discussion to describe what standardisation and adaptation means, as well as to clarify the use of the terminology as applied to throughout this paper.

5.1.1 Standardisation: Defined and Discussed

Standardisation is defined, in the literature, as "the process of extending and effectively applying domestic target-market-dictated product standards –

tangible and/or intangible attributes – to markets in foreign environments” (Medina and Duffy, 1998:229), whereas *globalisation* is presented as “the process of adopting country- and target-market-dictated product standards – tangible and/or intangible attributes – from environments around the world to achieve a highly-uniform product” (Medina and Duffy, 1998:230). Arguably, these definitions appear to be closely associated and could therefore be used interchangeably. For this reason, they will, for the remainder of this paper, be referred to as standardisation, whether it is a domestic- or world-standard that is discussed.

Researchers posit that the world is witnessing a homogenization of markets allowing for standardised strategies (Cavusgil *et al.*, 1993). Advocates of standardisation claim it has emerged from greater marketing stimuli, advanced technology and communication, convergence of consumer needs and preferences and increasing global competition (Levitt, 1983). The fact that standardisation is suitable to generate economies-of-scale through generic implementation of strategies and multinational perspectives makes the standardisation strategy very relevant in, what has been proposed as today’s ‘consumption era’.

Furthermore, standardisation has been argued to have many positive effects on a firm’s operation, besides assisting the achievement of economies-of-scale. Faster learning experiences and reduced costs of inventory handling, design and modification of the products will not only save costs but also allow a company to build a competitive edge. Additionally, it has been argued that standardisation will allow for greater product innovation because a company can allocate more of its efforts towards developing the product portfolio rather than spending assets adapting it to different markets (Kotabe, 1990).

5.1.2 Adaptation: Defined and Discussed

Adaptation and customisation are other terms that have been used interchangeably. Generally speaking, adaptation and customisation are the opposite of standardisation (i.e. Douglas and Wind, 1987, Szymanski *et al.*, 1993). However, Medina and Duffy (1998) define adaptation and customisation as two distinct strategies.

Adaptation is described as “the mandatory modification of domestic target-market-dictated product standards – tangible and/or intangible attributes – as to make the product suitable to foreign environmental conditions” (Medina and Duffy, 1998:231). Where as, *customisation*, is defined as “the discretionary modification of domestic target-market-dictated product standards – tangible

and intangible attributes – as to make it economically and culturally suitable to foreign customers” (Median and Duffy, 1998:232).

The main difference, and arguably an important factor, between these two definitions, is the fact that one is mandatory and the other is discretionary. Although both influence, either directly or indirectly, a firm’s international business operations, the adaptation affects mostly the tangible (or physical) attributes of a strategy because it focuses on environmental conditions of various markets. Customisation on the other hand is mostly affected by such factors as cultures and therefore has a deeper impact than adaptation, on the intangible (or non-physical) attributes of products (Medina and Duffy, 1998).

In this paper, both mandatory and discretionary changes are of great importance as they both can influence a firm’s decision to standardise or adapt its international marketing strategy. In order to facilitate the furtherance of clarity, of the use of the terminology, as applied throughout this paper, it seems logical at this point to amalgamate the two definitions. Therefore, adaptation, as used throughout this paper, is referred to as the mandatory and/or discretionary changes, which influence a firm’s choice of strategy.

One of the strongest arguments for adaptation is that it supports an individualized approach by allowing the firm to take the different consumer needs and preferences into consideration. Proponents of adaptation persuasively advocate that differences in culture, economical and market development, political and legal systems, and customer values and lifestyle are still so significant that products have to be adapted to the different markets in order to succeed (Cavusgil *et al.*, 1993). Through adaptation, it has been claimed that firms can strengthen its competitive position in the marketplace (Cavusgil *et al.*, 1993). Furthermore, according to some scholars, the ultimate goal of a company should not be cost reduction through standardisation, but long-term profitability through higher sales accrued from a better exploitation of the different consumer needs across countries (Onkvist and Shaw, 1990; Rosen, 1990; Whitelock and Pimblett, 1997; cited by Theodosiou and Leonidou, 2003).

Additionally, the proponents of adaptation argue that the concept of standardisation is contradictory to the conventional wisdom of modern marketing (Lemak and Arunthanes, 1997). Despite many arguments of increased consumer homogeneity, it has been suggested that consumers are becoming gradually more diverse and complex and do not necessarily want to replace quality with price (Douglas and Wind, 1987).

5.2 *The Contingency Perspective*

As a means to overcome the polarisation created by the use of the terms standardisation and adaptation, there is a growing number of scholars advocating a contingency approach. In their opinion, the terms standardisation and adaptation oversimplifies reality, contradicting the true meaning of marketing concept (Boddewyn *et al.*, 1986; Douglas and Wind, 1987; cited by Theodosiou and Leonidou, 2003).

To make up for this perceived weakness, researchers advocate a contingency approach, describing it as the middle ground between full standardisation and adaptation. This definition implies that standardisation and adaptation should not be seen in isolation from one another, but rather as two extreme ends of the same continuum, where the degree of a firms' international marketing strategy could range anywhere between.

As opposed to the standardised or adapted viewpoints, which focus on the benefits derived from economies-of-scale and meeting the needs of the consumers' wants and needs, respectively, the contingency perspective argues that decisions to standardise or adapt are situation-specific (Albaum and Tse, 2001; Cavusgil and Zou, 1994; Jain, 1989; Theodosiou and Leonidou, 2003). As such, it takes into consideration the feasibility or desirability to standardise or adapt specific strategy components, a firm's level of internationalisation, and the impact of macro- and micro-environmental factors.

Interpreting the discussion of the contingency perspective, it can be argued, that the contingency approach serves as a guideline to managers as to which extent to standardise or adapt (Lemak and Arunthanes, 1997).

5.3 *Managerial Implications*

In light of the above discussion, it has become clear that managers are faced with a complex task when deciding to what degree to standardise or adapt an international marketing strategy. Not only will managers have to make choices of whether a firm should focus on economies-of-scale or consumer-related strategies, but with the growth of the contingency perspective, managers also need to closely monitor all internal and external conditions to be able to react to any situation-specific drivers for strategic migration.

Furthermore, in decisions to standardise or adapt an international marketing strategy firms are faced with the challenge of selecting which components of the strategy these should be applied to. Noting that international marketing

strategies are composed of product, price, place (distribution) and promotion (Kotler *et al.*, 1999), it can be argued that the impact or degree of standardisation or adaptation can vary amongst these.

Review of the literature reveals that most research has investigated the effects of standardisation/adaptation of products (Buzzell, 1968; Keegan, 1969; Sommers and Kernan, 1967; cited by Kustin, 2004) and advertising (Elinder, 1961; cited by Kustin, 2004), suggesting that these are the variables that are most prone for changes. One can argue that a market's economic situation, local competition and consumer habits determine the price and distribution structures. Advertisement and product features, on the other hand, are subject to change if the market requires it. However, it is also these two variables that incur increased cost of internationalisation if changes are required. From this, it can arguably be concluded that it is the promotional and product components of the international marketing strategy are the foundations of the standardisation/adaptation debate.

Having identified the choices management is confronted with when formulation strategies, it has become clear that standardisation and adaptation refer to distinct and opposite perspectives. In addition, it has been noted by some scholars that decisions to standardise or adapt are situational-specific. As such, these strategic decisions are dependant on a number of factors which will be described and discussed in subsequent sections of this report.

6 Factors Affecting Standardisation and Adaptation

Building upon the above definitions and arguments on marketing strategy choices, necessitates a discussion of the factors that affect management's decisions to standardise or adapt a firm's international marketing strategy. In this regard, the following aims to discuss and analyses the factors that initiate and influence the process of strategic migration.

Through an analysis of the literature it has become apparent that no models have been created to describe the relationship between (1) the international marketing strategies of firms, (2) the various factors affecting strategic migration, and (3) the process of migration. Despite this, it is of the belief that existing models, on the subject, can effectively be used together with established management concepts to develop a model that aids in the assessment of the issues facing firms in their decision to migrate strategies.

To overcome this deficit, the authors borrow a model from Theodosiou and Leonidou (2003), which has identified factors that influence a firm's decision to standardise or adapt its international marketing strategy.

Although valuable, the authors felt that this model (Figure 4) lacked the depth needed to investigate the factors affecting the process of strategic migration. On the basis of this, the authors of this study propose additional factors that can affect the process of strategic migration. By merging these with the existing factors identified by Theodosiou and Leonidou (2003) a model is developed. The proposed factors and model will be described subsequently of the existing model from Theodosiou and Leonidou (2003).

6.1 Extant Factors

One of the earliest researchers on the subject is Jain (1989) who suggests a framework for determining the degree of standardisation feasible in a particular case. He proposes that standardisation of one or more components of a firm's international marketing strategy is a function of five factors: target market, market position, nature of product, environment and organization factors.

Furthermore, Cavusgil and Zou (1994) offer a conceptual framework for export marketing strategy and performance, which is based on the co-alignment principle. Here, they adopt the theoretical perspective and principle of strategy-environment paradigm, which has its foundation in the structure-conduct-performance framework of organizations. Accordingly, the principle states that

the fit between strategy and organizational characteristics and its context, or external, environment, has significant positive implications for firm performance.

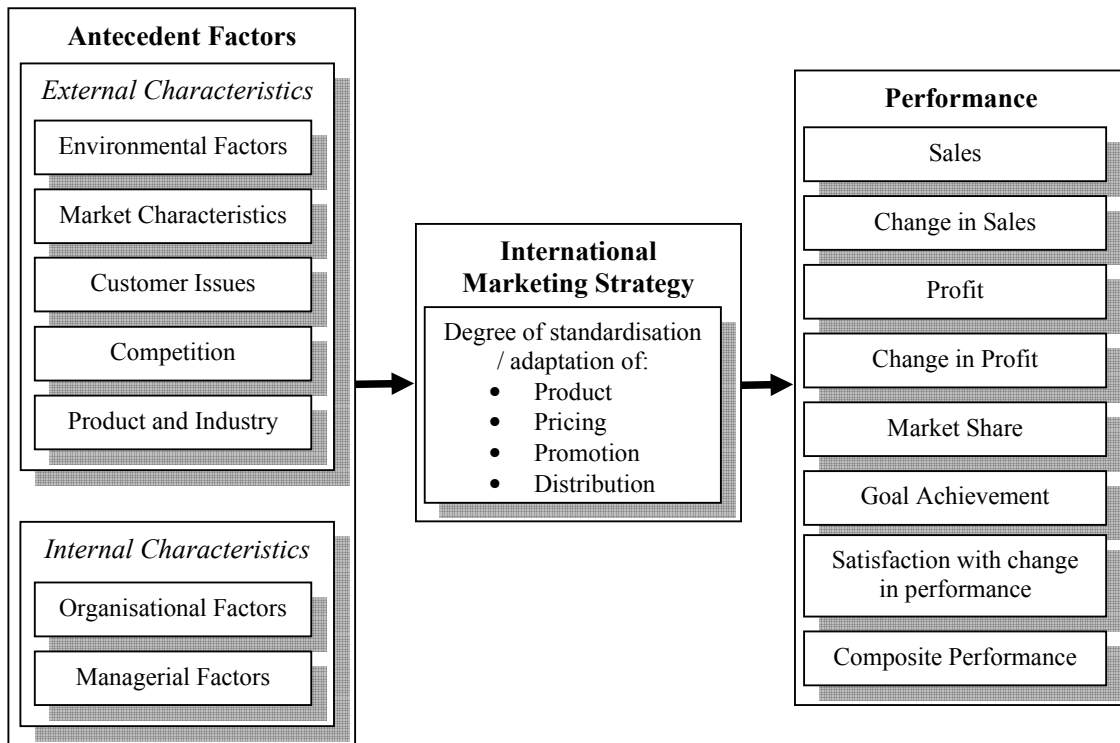
Noting the lack of empirical research on the subject a recent study has been carried out to “review, assimilate and evaluate empirical research on the content and interactions of the components of a simplified model on international marketing strategy standardisation/adaptation” (Cavusgil and Zou, 1994; Jain, 1989; cited by Theodosiou and Leonidou, 2003:143). Building on Jain (1989) and Cavusgil and Zou’s (1994) framework, Theodosiou and Leonidou (2003) propose a relationship involving a causal flow from market structure to conduct to performance (Alashban *et al.*, 2002) (Figure 4). They identified the factors that affect the decision to standardise or adapt a firm’s international marketing strategy in a specific market, to include: environmental factors, market characteristics, customer issues, competition, product and industry, organizational factors, and managerial factors.

The importance placed on understanding the causal relationship between the internal and external characteristics, in the decision-making process, combined with a lack of a solid theoretical model necessitates some flexibility on the part of the interpretation of the existing models on the subject. Due to the importance in selecting which model is most appropriate to use as a basis for the discussion, it has been determined that accuracy, relevance and timeliness are key selection requirements. Application of these variables in the assessment of the literature determined that a few articles fit this criterion. However, because Theodosiou and Leonidou’s (2003) research assesses the empirical research on the subject, along with being published relatively recently, suggests that it is ideal for the purpose at hand. In addition, the fact that they are specialists in the subject and that they have published a sizable number of well-cited articles, leads the authors to believe that their research is both credible and reliable to base this study on.

As can be noted in Figure 4, the formulation of a firm’s international marketing strategy is influenced by a number of different internal and external antecedent factors. In addition, the model notes that there is also a relationship between the strategy and its performance, measured by a number of various factors. Albeit, the impact of performance weighs heavy in terms of its importance of a firm’s international marketing strategy, it is not the purpose of this report to evaluate it in great detail. It is however, included in the following discussion as a means to explain its impact on a firm’s to decision to migrate between strategies. With this in mind, the following aims to discuss the factors influencing the formulation and change of a firm’s international marketing strategy, by first

discussing the external factors, followed by the internal factors, and concluded with a mention of the impact of performance.

Figure 4 - Conceptual Model of International Marketing Strategy Standardisation/Adaptation



Source: Theodosiou and Leonidou (2003)

6.1.1 Environmental Factors

Scholars have suggested that these factors are some of the most influential in the decision to standardise or adapt simply because these factors can make it impossible to implement a certain strategy. With environmental factors, Theodosiou and Leonidou (2003) specifically talk about the economic, sociocultural, political-legal and physical situation in foreign markets that have a direct or indirect influence on international business operations. These factors cannot be influenced by the firm, and are often the reason why companies cannot fully standardise their international product offerings (Douglas and Wind, 1987; cited by Theodosiou and Leonidou, 2003). Language barriers are an example of such a factor.

Arguably, no two markets are identical and it can be imagined that environmental factors will strongly determine the type and form of strategy that

a firm may, or have to implement in order to operate in that market. In this regard, the environmental factors will impact the mandatory attributes of a strategy more so than the discretionary attributes. As such, it is the authors belief that it can be argued that of the components of the international marketing strategy, which would be most affected by environmental factors are the product and the price.

Along these lines, Theodosiou and Leonidou (2003) find that the extent of empirical research does not support the traditional notion that environment is the most important driver behind marketing strategy differentiation, even though literature abounds affirming that different market environments are key to determining the appropriateness and viability of marketing strategies.

6.1.2 Market Characteristics

This definition is proposed to describe the development and state of foreign markets, which determine the level of potential demand and the ability of firms to strengthen and serve this demand. Marketing infrastructure, advertising media availability, distribution structure and market size are variables that define market characteristics (Theodosiou and Leonidou, 2003).

Cavusgil and Zou (1994:5) posit that “conditions in foreign markets pose both opportunities and threats” for firms. The idea that markets are different strengthens support for consideration of the impact of market characteristics.

In the literature it has been posited that similarities between home and host markets, in terms of availability, performance and cost of marketing, advertising and distribution infrastructures are strong incentives for standardising a firm’s international marketing strategy. However, in Theodosiou and Leonidou’s (2003) review of empirical research on this issue, this correlation was not fully confirmed.

The authors suspect that promotional elements, more so than the other components of a firm’s international marketing strategy would be influenced by the market characteristics because it provides or limits the means to how a firm can promote.

Researchers have argued that the market size has the greatest influence on a firm’s promotional aspects of the marketing strategy, with more adaptation in larger markets than in smaller markets. The incentive to do so is because the larger markets can generate higher sales offsetting the costs to adapt products

(Theodosiou and Leonidou, 2003). It is for these same reasons the authors believe that the product component can be influenced by the market size.

6.1.3 Customer Issues

Customer issues refer to the characteristics/behaviour, tastes/preferences and the usage patterns of customers in foreign markets (Theodosiou and Leonidou, 2003). As mentioned, the success or failure of a firm's international marketing strategy, in addition to creating competitive advantage, is strongly related to the ability to satisfy the needs of its target customers.

Arguably, without customers a firm cannot survive in any market. As such, customer issues should be the focal point of a firm's decision to migrate. In fact, Theodosiou and Leonidou (2003) found that customer issues significantly impact every component of a firm's international marketing strategy.

Support for a standardised international marketing strategy was noted when consumer similarities in markets were high (Theodosiou and Leonidou, 2003). These findings suggest that when the degree of similarity between consumers in different markets is greater than the differences, a standardised marketing strategy should be used; otherwise an adapted strategy could arguably be more advantageous.

6.1.4 Competition

This factor encompasses the competitive structure (i.e. monopolistic vs oligopolistic), competitive nature (i.e. price vs nonprice), and level of competitive intensity (i.e. mild vs fierce) in foreign markets (Theodosiou and Leonidou, 2003).

Undoubtedly, competition is an important factor affecting a firm's operations, as it defines the composition of the market. In today's business environment firms not only have to compete with domestic but also with international competitors, both at home and abroad. As such, the intensity of the competition has increased. Therefore, these factors will arguably affect the degree of standardisation or adaptation of all components of a firm's international marketing strategy; a firm's product should be assessed according to that of competitors'; the price should be competitive; the place could be determined by competitors presence or power in the market; and the promotion should be positioning or communicating a firm's offerings vis-à-vis competitors'.

In weighing the importance of this factor, research shows that in contrast to the view that firms should consider the number of competitors, their origin, approach and position, as an important determinant in making strategy decisions, studies indicated this was not significant. In this sense, structure and nature of competition, for a majority of the studies, did not have serious impact on decisions to standardise or adapt. On the other hand, the intensity of competition was positively significant in affecting adaptation decisions, such as product and promotional aspects of a firm's international marketing strategy, as a means to develop strategic advantages vis-à-vis rivals (Theodosiou and Leonidou, 2003).

6.1.5 Product and Industry

Research has assessed marketing strategy standardisation and adaptation in terms of the product and industry types, by classifying them as either consumer or industrial products. Under this umbrella are factors such as technological orientation of the industry (i.e. technology-intensive or 'old-line') and stage of the product life cycle (i.e. early or mature) (Theodosiou and Leonidou, 2003).

Concerning the product factor, the literature shows that the product life cycle was found to significantly affect nearly every component of a firm's marketing strategy, implying consideration in the formulation of a marketing strategy (Theodosiou and Leonidou, 2003). Interestingly, it has also been posited that firms adopt different strategies at different stages of the product life cycle, as a means of meeting growth and profit objectives (Jones and Hill, 1988).

It has been argued that when a product is in the same stage of the product life cycle, in different markets, a standardised marketing strategy should be applied (Cavusgil *et al.*, 1993; Johnson and Arunthanes, 1995). Arguably, in situations like these, firms could reap economies-of-scale, through standardising all aspects of its international marketing strategy.

It can be argued that some industries allow for a greater degree of standardisation than others. For example, researchers claim that it is more feasible to standardise industrial goods as opposed to consumer goods, which are more likely to be adapted (Jain, 1989). Therefore, it seems likely that the type of industry will affect the degree of standardisation or adaptation when formulating an initial international marketing strategy.

6.1.6 Organisational Factors

Whereas the aforementioned factors consist of elements of the external environment, organizational factors include the internal characteristics that affect the degree of international marketing strategy standardisation and adaptation. In this, scholars emphasize the role of the nationality of the parent company, the nature of the company ownership, the firm's level of international experience, as well as the foreign market share position (Theodosiou and Leonidou, 2003).

Arguably, it can be assumed that a company's nationality and the nature and of its ownership would impact the degree of standardisation or adaptation of all the components of a firm's international marketing strategy, as it would be expected to influence its way of doing business. However, research has found that this impact is limited with only the firm's nationality occasionally influencing certain product and advertising decisions (Theodosiou and Leonidou, 2003).

In Theodosiou and Leonidou's (2003) review of the literature it became clear that there was not a significantly positive relationship between impact of a firm's international experience and the degree of standardisation or adaptation. However, Cavusgil *et al.* (1993) did report a positive correlation with product and promotion adaptation. With these two different viewpoints in mind, it could be expected that with an increased level of international experience a firm becomes more capable to produce offerings that are suitable to multiple markets. As such, it could be anticipated that increased internationalisation influences firms to migrate from an adapted to a standardised international marketing strategy.

Concerning the foreign market share position, vis-à-vis the domestic market position, Theodosiou and Leonidou's (2003) study concludes that it had no impact on a firm's decision to standardise or adapt its international marketing strategies.

In addition, Grimm *et al.* (1993) posits that the nature of a firm's ownership structure can influence a firm's decision to standardise or adapt, as the owners are likely to have a great impact on the formulation of strategies.

6.1.7 Managerial Factors

Beyond the structure of the organization, research has also covered managerial attitudes, including the degree of centralization of decision-making (i.e.

centralized vs decentralized) and corporate orientation (i.e. the extent of manager's willingness to accommodate foreign perspectives) (Theodosiou and Leonidou, 2003).

Although advocated by some researchers, that centralized decision-making supports a higher degree of marketing strategy standardisation, the results of the research were inconclusive and conflicting (Theodosiou and Leonidou, 2003).

The literature also notes the importance of decision-making orientation of firms. Of the research on this topic, which is highly referred is the work done by Perlmutter (1969). In it he states that firms can have four distinct orientations¹.

A firm with an ethnocentric orientation operates in foreign markets strictly on the basis of what is best for the home market or home operations, and not what is best for the foreign market. These types of firms conduct limited research of foreign markets and instead implement home market-oriented policies, strategies and procedures to foreign markets with minimal adaptation Perlmutter (1969).

Concerning a polycentric orientation, managers have identified the importance of foreign markets and plan their operations based on what is best for each market (Albaum and Tse, 2001). In this regard, efforts to identify and satisfy local needs and wants are key imperatives providing strong motivation for full product modification or the development of a separate product line for the respective foreign markets (Wind *et al.*, 1973). In addition, because strategic marketing plans are usually formulated in the host markets and are not globally-integrated these firms do not strive for the benefits achievable through economies-of-scale through production operations (Lemak and Arunthanes, 1997).

When firms have regiocentric and geocentric orientations they view regions and the world as potential markets, ignoring national boundaries. Where the former orientation recognises regional commonalities and leads to the design of regional strategies (Wind *et al.*, 1973), the latter is the extreme end, in the scale of orientations, with firms planning operations to fulfilling global goals (Albaum and Tse, 2001). Some researchers postulate that firms following these orientations tend to strive for a market position as a low-cost producer and marketer, through universal (i.e. standardised) offerings with only superficial

¹ For a more detailed discussion of Perlmutter's (1969) research, please refer to the Appendix.

adaptation (Lemak and Arunthanes, 1997; Perlmutter, 1969; Wind *et al.*, 1973). In this sense, and unlike the polycentric orientation, these firms strive for the benefits achievable through economies-of-scale by investing heavily in developing manufacturing processes to increase the value per unit (Lemak and Arunthanes, 1997).

Arguably, as much as these orientations are managerial factors, they could also be applicable to an organisation, as a whole, as managers typically formulate, implement and direct a firm's orientation.

In Theodosiou and Leonidou's (2003) research they found that the degree of standardisation of promotional elements was significantly affected by a firm corporate orientation; product, pricing and distribution strategy standardisation were not affected (Akaah, 1991; cited by Theodosiou and Leonidou, 2003). Equally, interesting was the positive relationship between adaptation of advertising and the cultural orientation of managers, where one study (Kanso, 1992; cited by Theodosiou and Leonidou, 2003) showed that culture-oriented managers were more likely to adapt advertising than nonculturally-sensitive ones.

6.1.8 Performance

The importance of performance has weighed heavily in the on-going arguments over which strategic approach is better than another. As a key proposition in the literature, many researchers suggest that a firm's international marketing strategy has a significantly positive influence on its international performance (Craig and Douglas, 2000; Hout *et al.*, 1982; Jain, 1989; Levitt, 1983; Ohmae, 1989; Yip, 1995; Zou and Cavusgil, 1996; cited by Zou and Cavusgil, 2002). Along this line, Samiee and Roth (1992:1) put forward the importance of economic payoff stating that "the pursuit of global standardisation is generally considered to be appropriate only to the extent to which it has a positive influence on financial performance".

However, financial performance is only one aspect of performance and the decision to standardise or adapt the marketing strategies should be based on the economic outcomes, including financial performance and competitive advantage (Jain, 1989). Therefore, as an outcome of the implementation of a strategy, the assessment of the results is significantly relevant not only for the state of the firm but equally for the behavioural payoffs of the firm (Jain, 1989; cited by Theodosiou and Leonidou, 2003). In this regard, the results should look beyond the financial benefits achievable but more importantly include a broader assessment to include the state and change of financial, behavioural

and competitive advantage. The authors believe that only by doing so will a more robust and valuable evaluation of the process be possible.

Arguably, a firm's performance or change in performance is likely to have a great impact on the decision to standardise or adapt the international marketing strategy. Performance can be measured on all components of the marketing strategy, and as such it seems natural to assume that choice to standardise or adapt these will be affected by the success or failure of a chosen strategy.

Performance also serves the purpose of providing feedback to managers as to the level of effectiveness and efficiency of the current strategy (Ginsberg, 1988). In this regard, performance can influence whether a firm chooses one strategy over another.

6.2 Proposed Additional Factors

In light of the above discussion of extant factors affecting the degree of standardisation/adaptation of a firm's international marketing strategy, the following section builds upon this base with the inclusion of additional factors. In evaluating the model, against the backdrop of a review of transdisciplinary research topics, it became apparent that the model could incorporate additional factors. The inclusion of these factors is not to discount the value of the existing model, but rather to contribute to it so that it applicable to the topic of strategic migration.

The authors felt that one of the aspects that was missing from the model was the inclusion of the impact that the firm's resources have on its ability to implement strategic migration. In addition, the authors believe that the existing model lacks thorough inclusion of the impact of international aspects, such as the relationship between home and host market cultures has on a firm's strategic migration. Also, it was felt necessary to include the concepts of market knowledge and commitment, to the above model, as these arguably affect a firm's international marketing strategy decisions. Moreover, it was deemed important to include the concepts of strategic perspectives and planning, into the model, because they are believed to be important in decisions to standardise or adapt. Lastly, all of these factors are believed to influence a firm's strategy and therefore, the authors, have chosen to discuss the differences between ideal and actual strategic decisions.

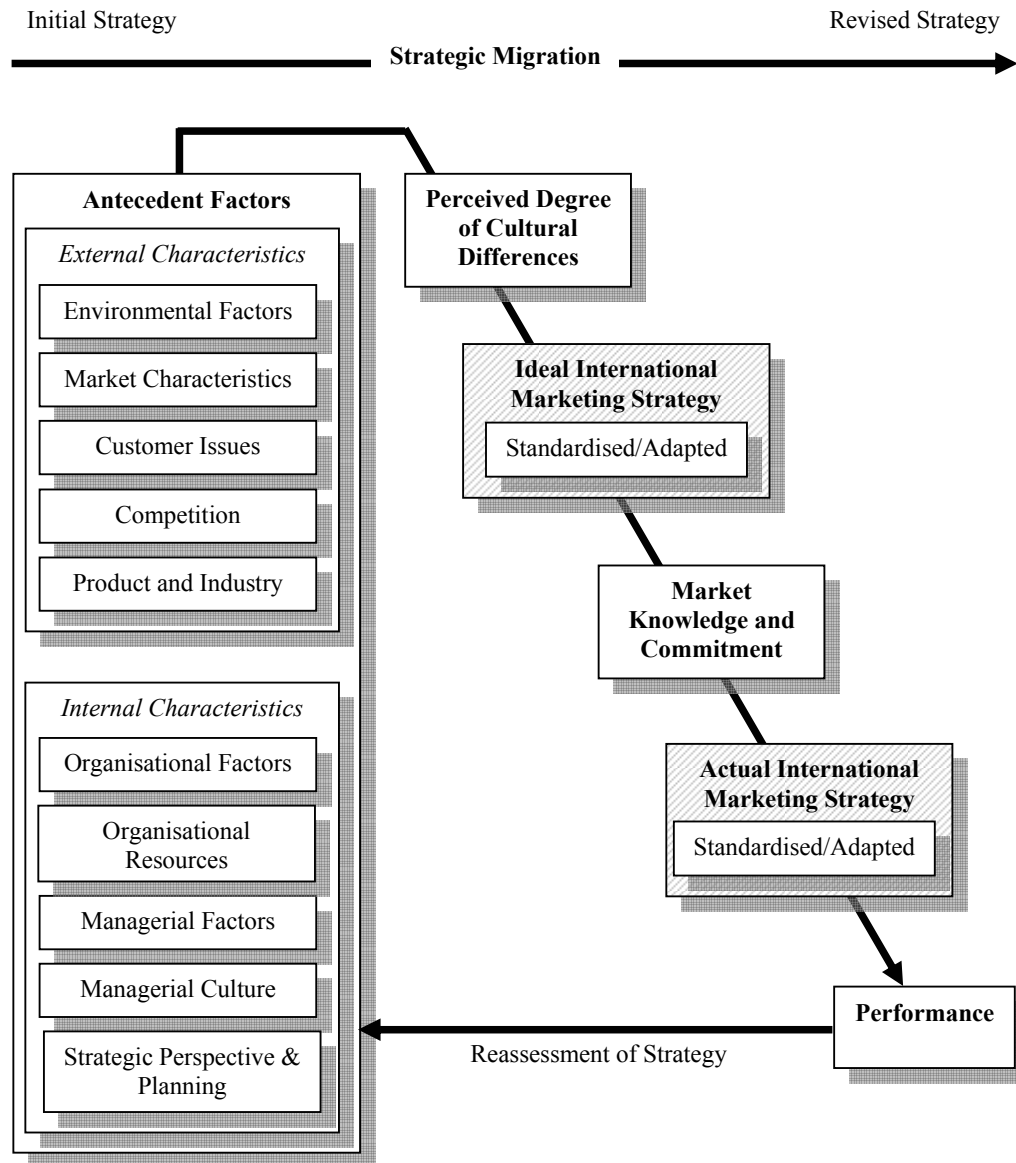
As such, the following sections discuss organisational resources, managerial culture, perceived cultural differences, market knowledge and commitment, strategic perspectives and planning, and ideal versus actual international

marketing strategies. Subsequently, a new model is provided which incorporates the proposed factors into the model from Theodosiou and Leonidou (2003).

In light of this discussion, the authors feel that the proposed model adds more depth to Theodosiou and Leonidou's (2003) model. The authors felt that this can be related to the fact that their model was not developed for the context of strategic migration, and therefore lacked the inter-relationship between the factors, which could influence the process of strategic migration. In addition, the authors felt that Theodosiou and Leonidou's (2003) model paints a static picture of the process of strategic migration, which is arguably an ongoing process. In this regard the authors felt that for the purpose of this study, a revised model was needed, which took into consideration the dynamic nature of the process of strategic migration and the factors that influence it. Moreover, this model needed to reflect the authors' belief that strategic migration is a learning process, and as such the factors influencing migration emphasises what is believed to be a circular movement between initial and revised strategy.

Before getting into a discussion of these factors, it could be argued that the perceived cultural difference and market knowledge and commitment could be placed as antecedent factors in the internal characteristics of the firm. However, the authors' believe that in order to visualise the dynamics and learning curve, inherent in the process of strategic migration, these factors have been separated from the antecedent factors.

Figure 5 - Proposed Conceptual Model of the Process of Strategic Migration



Source: Authors' own (2004); inspired by: Jain (1989); Theodosiou and Leonidou (2003)

6.2.1 Organisational Resources

Arguably, organisational resources, such as financial capital, physical resources (fixed assets), technological assets and human capital (Zazo and Vicente, 2003) are important to the success of any firms operations. Due to inherent risks and uncertainty that are present when contemplating strategic migration these factors become even more important as they can support or limit a firms ability to change. Adding these factors to Theodosiou and Leonidou's (2003) model allows for an investigation of how a firm's capacity affects the means to implement strategic migration.

Of those factors that that seem most important in the literature, is a firm's financial capital as this is necessary for strategic migration in most components of a firm's international marketing strategy. It is the authors' belief that the product and promotional components are most likely to be affected by a firm's financial capital. Arguably, changes in the product require sizeable investments in order to support research and development, as well as production, and without the financial means a firm would be restricted to do so. In addition, promotional changes require financial capital in order to support the necessary tools for communicating a firm's offerings to its target market or customers. As such, the process of strategic migration is suspected to be highly affected by a firm's financial capital and its propensity to use capital in this context.

The degree of standardisation or adaptation in the process of the strategic migration can also be influenced by a firm's financial resources because an increase or decrease in price is a means to offset the investment costs necessary to implement the changes. Therefore, it can be argued that there is a direct relationship between a firm's financial capital and decisions to standardise or adapt prices.

Correspondingly, the level of physical resources and technological assets will affect a firm's decision to migrate between strategies. As is with financial capital, these factors are necessary in order to implement a strategy. However, due to the nature of these, it can be argued that the product component, of a firm's international marketing strategy, is the most likely to be affected by a firm's assets, in this regard.

In terms of technological assets, it can also be expected that the level of a firm's innovativeness can have an impact on process of strategic migration. In this regard it is assumed that a company is likely to apply either a product-oriented approach or a market-approach, making the ability and reasons to migrate distinct. It can argued that a firm with a high level of innovativeness is

more likely to change strategies, in terms of its product components, towards standardisation, whereas a firm that focuses more on the market aspects, will most likely opt for adapting.

With regards to human capital, it seems clear that all the components of a firm's international marketing strategy would be affected by this factor, as a firm is dependent on these in order to plan, implement and control the migration.

6.2.2 Managerial Culture

In a review of the literature on the subject, culture has typically been used in the context of markets and not in terms of managerial culture. Arguably, managerial cultures strongly influence international strategic decisions because they affect all aspect of a firm's operations. As such, understanding how culture influence strategic decision-making is important because it provides an insight into the relationship between the internal and external environments. In this regard discussion of it is valuable to this paper. Therefore, the following builds upon this idea by discussing the impact managerial culture may have on the process of strategic migration.

Researchers note that while organisations have distinct cultures and value systems, "managers remain members of a wider society's national culture, which is often reflected in the values of the organisation and its employees" (Hofstede, 1985; cited by Quester and van Wendt-Eccles, 2002:49). In this regard, despite the influence of organisational cultures, which does impact the value systems within firms, national cultural differences still persist throughout firms. As such, an organisation can be impacted by both organisational and employee/national culture, which ultimately influences strategic decisions in varying degrees. Evidence of this can be found where "cultural differences are found among employees of subsidiaries of the same multinational" (Hofstede, 1985; cited by Quester and van Wendt-Eccles, 2002:49) firm.

However, it can be argued that managerial culture has a stronger influence than organizational culture on management's strategic decision-making process because it influences operations more directly. This is especially the case in foreign operations of the same firm, as alluded to above. This argument is supported by the a cross-national study (Norburn *et al.*, 1990; cited by Quester and van Wendt-Eccles, 2002), examining the relationship between marketing effectiveness, organisational culture, managerial cultural values and market orientation, where it was found that managerial "cultural values were the strongest explanatory variables predicting differences in marketing

effectiveness, closeness to customers, market orientation and corporate values” (Quester and van Wendt-Eccles, 2002:50). As such, although organizational culture does impact management’s decision-making process, it is proposed that managerial culture has a stronger and more direct influence, necessitating greater consideration in evaluating its impact in the decision to migrate strategies.

6.2.3 Perceived Cultural Differences

Although a sizeable amount of research on the subject discusses the impact of managerial factors on marketing strategy selection and implementation, there is surprisingly little mention of the relationship between managerial perception of host markets and decision-making. Arguably perception is a subjective characteristic affecting both domestic and international marketing decisions. Where decisions in home markets may be less complex than in foreign markets due to familiarity of the home market and national association, decisions relating to foreign markets may be more difficult because firms may not have the knowledge of these markets. As such, for decision-making in foreign markets, firms may be more prone to other, arguably riskier factors, such as management’s perceptions of similarities or differences between markets. In this regard, decisions that are comfortably made in home markets may not be applicable abroad and could be filtered by manager’s personal characteristics, such as willingness to accept and knowledge of foreign market conditions.

Literature generally supports this argument, by asserting that perceived differences in culture of the home and host country influences strategic decisions (Boote, 1982; Donnelly, 1970; Jain, 1989; Ricks, 1983; Usunier, 1993; cited by Quester and van Wendt-Eccles, 2002). Concerning the former, in a study of the impact of managers’ home culture on marketing decisions it was found that culture did influence decision-making in such areas as problem identification, communication of problems and recommendations (Tse, 1988; cited by Quester and van Wendt-Eccles, 2002). Furthermore, marketing effectiveness, corporate orientation and cultural values and market orientation, managerial beliefs and attitudes were found to differ significantly among researched countries (Norburn, 1990; cited by Quester and van Wendt-Eccles, 2002). Regarding the latter, the impact of cultural values of foreign markets is quite extensive (Hofstede, 1980; Keegan, 1989; Sarathy and Terpstra, 1991; cited by Quester and van Wendt-Eccles, 2002), where “culture influences every aspect of marketing” strategy (Jain, 1989:73). In fact, in a debate to the arguments put forth by Levitt (1983) and Boddewyn *et al.*, (1986) suggests that in terms of competition, firms perceive competition as the most influential obstacle in standardizing a firm’s international marketing strategy.

Despite the theoretical developments and multifarious propositions put forward in the marketing literature, efforts to link the type and degree of “influence of culture on marketing strategy and standardisation are still lacking” (Clarke, 1990; Quester and Conduit, 1996; cited by Quester and van Wendt-Eccles, 2002:47). If this is the case, then it is proposed that the impact of perceived cultural difference warrants consideration in the investigation of the process of strategic migration.

Along this line of thought is the notion of cultural distance; the extent to which various cultures are similar or different. Covering the areas of strategy, management, organizational behaviour and human resource management, fewer concepts have gained a broader acceptance (Shenkar, 2001). The approval of cultural distance, as solid construct, is exemplified in its inclusion in the well-researched areas of innovation and organizational transformation, foreign expansion and technology transfer (Gomez-Mejia and Palich, 1997; cited by Shenkar, 2001), affiliate performance and expatriate adjustment (Black and Mendenhall, 1991; cited by Shenkar, 2001). In fact, it has been argued “that cultural distance and product type...moderate the relationship between adaptation and performance” (Shoham and Albaum 1994; cited by Shoham, 1999:29).

This being the case brings to light the question: what degree of actual or perceived state of cultural distance between markets impacts a firm’s international strategies? Considering that both home and host market cultures can impact manager’s decisions on which markets to enter as well as the type of marketing strategies selected, it seems plausible that the degree of perceived cultural differences does in fact influence decision-making. For example, it has been found that the degree of cultural distance determines the selection of foreign market investment location and the sequence thereafter, the choice of entry modes abroad, as well the type and degree of headquarter-subsidiary relations (Erramilli and Roa, 1993; Kogut and Singh, 1988; cited by Brouthers and Brouthers, 2001; Shenkar, 2001). In fact, the affect of perceived cultural differences on marketing manager’s strategic decision-making has been assessed by Quester and van Wendt-Eccles (2002:58), where they showed that “perceptions were determinant with regards to marketers’ decision-making process in relation to all aspect of the marketing mix”. What’s more, researchers suggest that “a foreign culture’s perceived attributes may be a major reason for the preferences expressed by potential partners and host countries” (Gould, 1966; cited by Shenkar, 2001:527). Therefore, unlike Theodosiou and Leonidou’s (2003) model on the concept of marketing standardisation/adaptation, it is proposed that managerial perception and its

relationship with cultural distance plays a key role in the process of strategic migration and warrants consideration in this study.

6.2.4 Market Knowledge and Commitment

Arguably, the globalisation of markets has increased the demand for international marketing knowledge (Shoham and Kropp, 1998). This notion was alluded to above when it was discussed that firms competing or contemplating in the international arena should develop an understanding of its capabilities and expectations in the realm of international competition. As such, it seems valuable at this point to expand upon this discussion because making effective marketing decisions, impacted by external influences and internal capabilities and orientations can arguably be contingent on manager's understanding of the relationships between these factors (Szymanski *et al.*, 1993).

In this sense, understanding, defined as knowledge, for both firm- and international industry-levels is a key factor in determining the level of competences a firm has to achieve its goals, as well as to develop competencies in assessing and identifying competitive threats and market opportunities. In addition, the level of knowledge can arguably impact a firm's ability to recognise the importance of strategic planning and key implementation success factors. Therefore, knowledge is considered an important aspect in the development of marketing strategies and warrants consideration in the process of strategic migration.

In assessing the literature, scholars advocate that firms internationalise in a process, dependent on their market knowledge and commitment. As posited by Johanson and Vahlne (1990) the nature of the relationship between these two variables suggests that different levels of knowledge generates capabilities to identify opportunities, which in turn influence commitment decisions in foreign markets. In addition, it was suggested that firms enter new markets in a gradual pattern where perceived market knowledge is high and perceived uncertainty is low. Hence, "firms enter new markets with successively greater psychic distance" (Johanson and Vahlne, 1990:13). Evidence supporting this stage model was presented in a study of 35 Japanese firms operating in the Middle East, which found that firms with a longer presence in the Middle East have a tendency to adapt their products more than new entrants do, suggesting that increased involvement and hence knowledge increases resource commitment (Leonidou, 1996).

Albeit a strong foundation, which has contributed to the field in understanding the relationship between market knowledge and commitment and the process of internationalization, few studies have applied it in the context of international marketing strategy standardisation versus adaptation. Calori *et al.* (2000:347) propose that “the process of internationalization is inseparable from the content of international strategies”.

From this, it is the authors’ belief that, as a firm acquires more extensive knowledge of a market the more likely it is to commit to it. With increasing commitment, the firm gains experience in that market, and is therefore likely to be more prone to invest in the market. As such, it can be argued that the more committed a firm is in a market the more likely it is to adapt its marketing strategy in that market. However, it is also the belief that if a firm identifies similarities between markets in the development of knowledge and commitment, a standardised approach is more likely to be implemented.

6.2.5 Strategic Perspective and Planning

The following discussion involves the impact a firm’s strategic perspective has on its planning and as such, on strategic development.

Earlier research on strategic planning has noted its direct and indirect impact on a firm’s performance (Evangelista, 1994; Ramanujam and Venkatraman, 1987; cited by Shoham and Kropp, 1998). First, a firm’s strategic perspective can have a direct influence on the way in which the firm orients itself and as such it’s planning. In addition, a firm’s strategic perspective has an indirect impact on the manner in which a firm operates during the implementation of its plan, moderating the relationship between strategy and performance (Shoham and Kropp, 1998). In fact, planning has been found to impact performance significantly (Cavusgil, 1984; cited by Shoham and Kropp, 1998).

However, unlike environments where competitive and customer characteristics are stable and predictable, complex environments, characterized by unpredictable market characteristics, may challenge the effectiveness of strategic planning. Moreover, with a lack of experiential knowledge and the existence of large differences in psychic distances (Johanson and Vahlne, 1990), a firm may not have the capabilities to gather market knowledge, which makes planning more challenging, but arguably more relevant. Aptly, Lusch and Laczniak (1989; cited by Alashban *et al.*, 2002:24) note that “the best thought-out plans and strategies may be destroyed by supposedly random events”.

In this context, researchers argue that there is a relationship between the experience curve concept, a firm's strategic perspective and its planning. Advocates of the experience curve concept hypothesise that in stable competitive environments, as cumulative production volume increases, increased levels of learning, economies-of-scale, specialisation and product modification for lower production costs will lead to a reduction in overall costs (Kotabe, 1990). However, as Abernathy and Wayne (1974; cited by Kotabe, 1990:21) argue that "the experience curve concept becomes inoperative in a competitive environment where rapid technological changes bring about marked product and process design changes". With today's environment being characterized as such, "emphasis on the experience curve effect could discount the importance of innovations as an integral part of corporate strategy" (Kotabe, 1990:21). Hence, this brings to light the question: what is the strategic behaviour of firms in this environment and how can they cope with market uncertainty and a deficit of market knowledge and experience?

In today's business environment, researchers recognise that firms have two strategic perspectives where there are interactions between choice and constraint, structure and agency (Calori *et al.*, 2000). In this regard, environmental and internal forces are noted as constraints, with the process of strategy development involving the selection and later modification of these constraints (Bourgeois, 1984; cited by Calori *et al.*, 2000). As such, strategic planning can be seen from two distinct standpoints where firms can either be proactive or reactive.

It has been suggested that under ideal conditions (i.e. firms have the ability and mechanisms in place) firms should take a proactive approach in planning by gathering information about consumers, competitors and market conditions. The fact that differences do exist between home and host markets more often than not, arguably demands that firms develop an understanding of these conditions and consider it a critical success factor in the process of strategic migration. The aforementioned cultural differences, which exist between nations and the impact of managerial perception between markets only further strengthens this argument. As such, exploratory proactive market research could arguably be a means to fill the gap for firms which lack experiential knowledge and where market conditions are dissimilar. Doing so could increase their bank of knowledge, reduce perceived risk and substantiate strategic decisions, thereby developing increased capabilities to cope in the international arena.

Researchers argue that proactive firms actively seek to identify and deliberately carve out international market segments. In this sense, these firms are likely to

view demand on a global level and create standardised products to satisfy the needs of targeted segments (Kotabe, 1990). In addition, proactive firms view structural market forces not only as external givens but also factors which may be shaped by proactive actions of individual firms (Calori *et al.*, 2000).

On the other hand, firms that take a reactive approach tend to follow an incremental process and plan international marketing strategies as they encounter different situations. As such, firms identify problems and then make decisions on the basis of the context of the situation (Kotabe, 1990). Unlike the proactive approach, reactive firms can choose to adapt their international marketing strategies, or they can ignore necessities to adapt products and extend their domestic strategies abroad (Kotabe, 1990; Wind *et al.*, 1973).

6.3 Ideal versus Actual International Marketing Strategies

In assessing Theodosiou and Leonidou's (2003) model, the authors felt that it missed the inclusion of the idea of ideal and actual strategies, which in the authors' opinion is important when discussing strategic migration. Therefore, if scholars and managers are going to make use of the model for this purpose, it requires consideration of the difference of the two states, in addition to the above-mentioned factors. As such, the following discusses this aspect and its relevance to the process of strategic migration.

Arguably, managers should assess foreign markets in terms of the short- and long-terms sales potential, in order to evaluate the benefits sought against the costs involved. In addition, firms should also determine the impact strategic decisions will have on current market positions and the overall achievement of strategic objectives, as advocated in the literature. Although, the notion of assessment of foreign markets is justifiably a noble concept, it requires competences such as awareness and knowledge of foreign markets, as well as a true understanding of the firm's capabilities and goals. Add to this the growing complexity of the international business climate leads the authors to believe that the decision to standardise or adapt international marketing strategies is not as simple as sometimes stated.

In this context it is worthy to note that the literature on the subject has pointed out that in the decision-making process a clear distinction can be made between ideal and actual marketing strategy selection (Mintzberg and Waters, 1985). In it, researchers advocate the relationship between the goals of the firm and its competences against the demands and conditions of the external environment. In this regard, the discussion looks at firms' operations along the line of strategic fit, as advocated by authors such as Porter (1996).

As the argument of ideal versus actual selection applies to decisions to standardise or adapt it is valuable to consider the notion of the two in light of the internal drivers. In this regard, it has been advocated that because marketers have a strong customer-oriented approach they tend to advocate adaptation. However, as part of the value chain, production managers also have their own opinions and due to their strong technical orientation they advocate innovation and cost minimization as a necessity (Johnson and Arunthanes, 1995). In this regard, a firm has internal pressures pulling in different directions, with marketing managers supporting a customer-oriented approach while production managers supporting a cost-based approach.

In addition, internal conflicts can also occur due to the firm's overall standardised or adapted international marketing strategy, affecting not only the marketing or production managers but equally foreign operations, such as foreign subsidiaries or distributors, who may advocate a conflicting view of what is best for the organisation. Despite the discrepancies, the ideal levels advocated by marketing managers provide the major impetus for adaptation decisions and production managers the need to standardise (Johnson and Arunthanes, 1995).

The fact that this paper discusses international issues, it seems important to also discuss the differences of ideal and actual strategies in foreign markets. A firm can formulate a strategy for a market with the belief that this strategy meets the internal objectives and capabilities, and the external needs. However, it can be imagined that this strategy may not be feasible in that market, for any number of reason (e.g. the perceived differences between the markets are smaller than the actual difference). From this, it can be imagined that a firm that perceives the differences between markets as small, is likely to standardise all components of its international marketing strategy. However, if market differences are larger than perceived, the authors suspect that a firm may choose to reformulate its strategy and adapt its international marketing strategy to suit the specific market needs. The opposite could be true for a firm that perceives the differences as larger than is the case.

In addition to the industry or market conditions, which can limit a firm's decision to select and implement an ideal strategy, a firm's capabilities could determine the feasibility of implementing an ideal strategy. The notion of striving for an ideal strategy may not be viable or achievable if the firm does not have the required financial and human capital.

PART III – EMPIRICAL FINDINGS

7 Strategic Migration of the Läkerol Pastille

The purpose of this section is to describe and discuss the findings from the empirical research gathered through in-depth interviews with the management of MalacoLeaf. To do so, the theoretical framework is used as a structure. As such, the section begins with a description of the content and process of strategic migration. This is followed by a discussion of the factors which influenced the process of the migration of strategies of the Läkerol pastille.

Through the collection of empirical data, it was discovered that strategic migration is a highly relevant topic for the company. However, it became clear, through discussions, that strategic migration is not one that they have been conscious of.

7.1 The Content of Strategic Migration

In terms of the content, the change occurred in the product component of the international marketing strategy. Before to 2002, MalacoLeaf sold Läkerol as a standardised product in all markets, with no modification to its traditional Scandinavian-based pastilles. For more than seventy-five years MalacoLeaf was successful in offering this product throughout its international markets. However, in 2002 it was discovered, after ten years of decreasing market share, in the Swiss market, that action had to be taken in order to stem the decline.

With the Swiss market as a forerunner, MalacoLeaf decided to adjust the standardised Läkerol product to suit foreign markets outside the ‘liquorish-belt’², and created a pastille with less strong liquorish flavour and a softer consistency. As a result, MalacoLeaf introduced pastilles with fruit flavours to the Swiss market in 2002. Despite a slow initial acceptance of the adapted products, MalacoLeaf considered the launch successful. Consequently, these pastilles became the adapted international platform for MalacoLeaf’s pastilles.

As a consequence of the changes made to the product, MalacoLeaf re-evaluated how the products were traditionally packaged. Historically, the products have had a standardised package throughout its international markets; however with the introduction of the new products, MalacoLeaf changed the packaging of its

² MalacoLeaf refers to liquorish as a very Scandinavian flavour and will only be appreciated in the Nordic region and some parts of Germany and the Netherlands. They refer to this region as the ‘liquorish-belt’

international products to reflect the new flavours, by including a new design with a picture of the fruit flavour.

With the creation of an adapted product, MalacoLeaf reflected on whether there were reasons for, or opportunities to, change its promotional strategy. Before 2002, the firm adapted its international promotional strategies to suit the individual markets. After 2002, MalacoLeaf has worked towards implementing a more standardised promotional strategy, in response to the strategic migration of the product component, where the long-term goal was to create a standard for the international Läkerol. However, MalacoLeaf realised that there were large differences of the knowledge, perception and acceptance of Läkerol pastilles in different markets, and as such the goal to standardise the promotion component of the international marketing strategy, is still a long term perspective.

Throughout the whole process of change, the distribution has not been subject to any migration from standardisation to adaptation, or vice versa.

One of MalacoLeaf's overall strategies is to sell the Läkerol pastille as a premium positioned product, and as such, the pricing strategy has always been developed to support this. No strategic migration of the price component was observed after the 2002 change. It should be mentioned, however, that although the strategy is standardised, the prices were increased slightly, in certain markets, to offset costs, but the strategy as a whole was not subject to change.

In conclusion, as the product was the only component of the international marketing strategy of Läkerol that was subject to full strategic migration, this will be the focus of the remainder of the report.

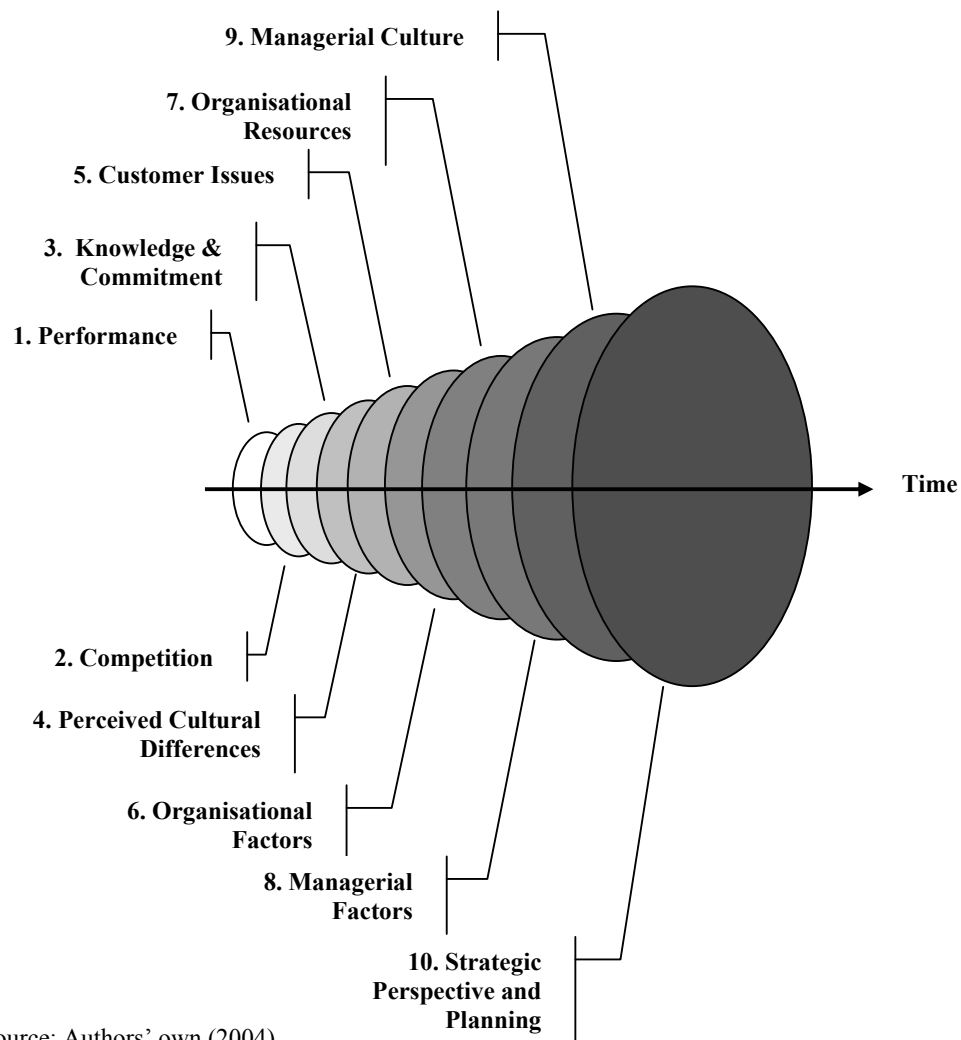
7.2 The Process of Strategic Migration

Having established what components of MalacoLeaf's international marketing strategy were changed, the following discusses the process of strategic migration. Whereas the theoretical framework described and discussed theoretical concepts found throughout the literature, what follows brings these concepts together with the empirical findings. The authors felt that the best way to investigate the factors that initiated and influenced the process of the migration was through a chain of events (Figure 6).

Figure 6 provides an illustration of how the process of strategic migration transpired. Through the research it was noted that process of strategic migration was influenced by multifarious factors occurring as events that were not

mutually exclusive, but rather that one factor led to another and as such they all had an impact on the process of migration in a cumulative manner. These factors and how they initiated and influenced the content and process of strategic migration will be discussed in the following section. It should be noted that, of the factors discussed in the theoretical framework, only those that were found to have an influence on the process will be described.

Figure 6 - Conceptualisation of Cumulative Factors that Affected the Process of the Strategic Migration of the Läderol Pastille



7.3 Factors Affecting the Process of Strategic Migration

In the discussions with the managers at MalacoLeaf, it became clear that it was the decline in market share of the Läderol pastille in the Swiss market that

triggered the firm to consider the idea of changing its international marketing strategy. This was an interesting fact, because despite an overall decline in the Swiss market, it was the decreasing market share, in this one market, which worried the firm the most. The poor *performance* in the Swiss market was of great concern to MalacoLeaf because it is a key strategic market and as such an important part of the firm's international operations.

In this regard, the change in performance was not only worrisome for the bottom line but also for the reputation and positioning of the brand in the eyes of the consumer. As such, the change in performance did have a direct affect on MalacoLeaf's decision to migrate strategies.

It is difficult, however, to separate the change in performance, or market share, without considering *competitors*, in the Swiss market, as they arguably are directly related and determine how the market is split up amongst the various market participants. As such, it appears that competitors have had an impact on the change in performance and therefore an indirect impact on MalacoLeaf's decision to migrate strategies. In fact, MalacoLeaf alluded to this impact by mentioning that despite realising the causes for the change in performance, the managers did suspect that the actions of competitors, such as the increased marketing efforts by Ricola, could be one explanatory factor.

Not knowing the exact reasons for the change in performance MalacoLeaf consequently understood that it had to reflect on the effectiveness and efficiency of all components of its international marketing strategy.

As a consequence, the managers indicated that there was a need to gain a greater understanding of Swiss consumers, as a means to explore the reasons for the declining market share. Despite having been present in the Swiss market for many years the firm felt that the current market knowledge was not 'up-to-date'. In addition, as a result of low direct involvement in Switzerland, and the fact that all market data was filtered through agents, MalacoLeaf received little new, hands-on information about the market. With financial performance and reputation at stake, MalacoLeaf realised that increased *market knowledge* could assist in improving the effectiveness and efficiency of all the components of its international marketing strategy.

To increase the market knowledge MalacoLeaf wanted to identify the Swiss consumers' preferences for pastilles, and in order to do so, the managers decided that thorough market research was necessary. The research consisted of interviews with approximately 250 people and a sampling of around 1000 potential consumers. The result revealed that of the twelve flavours that were

offered in the market, only two were liked. The managers found these results interesting, as it provided an increased insight into the possible cause for the unsatisfactory performance in the market. As such, the managers at MalacoLeaf concluded that of the components of the international marketing strategy it was, first and foremost, the product that needed to be adjusted.

With this research, MalacoLeaf gained a better understanding of what was required of a pastille in the Swiss market. This knowledge provided the firm with the confidence that it could improve its business in the market and regain the market share it had lost. The increased knowledge as such, encouraged the managers to reassess the firm's previous *commitment* in the market. MalacoLeaf was determined that in order to stem the decline in performance the firm had to commit more heavily in the market in order to continue to gain knowledge of the market, its consumers and to regain control over foreign operations. As such, it was decided that it would commit through altering the product component from standardised to adapted, in order suit what was preferred in the market.

An interesting finding was that prior to this market research, MalacoLeaf had applied its Scandinavian strategy abroad, discounting the importance of *cultural differences*. Despite liquorish, described by the managers at MalacoLeaf, as being a Scandinavian-based flavour, it appears that the firm previously made little notice of this in creating its international marketing strategy, and made no changes to the product component between its domestic and international markets. However, in reflecting on its operations, in the Swiss market, it seemed that MalacoLeaf realised that the cultural differences, between the Swiss and the Swedish market were larger than what had been previously considered. As a consequence of realising that the perceived cultural differences were inaccurate, the managers at MalacoLeaf became more inclined to re-evaluate its current operations and the idea of strategic migration.

In light of the above discussion, it seems that of the *customer issues*, consumer taste/preference was the most important factor that influenced MalacoLeaf to migrate between strategies. Although it has been identified above that performance, competitors, market knowledge and commitment, as well as perceived cultural differences were all factors that have influenced MalacoLeaf to migrate strategies, discussions with the managers revealed that the consumer was the absolute most important cause. This was explained by one of the managers as a result of operating in the Fast Moving Consumer Good Industry, where the consumer generally has a large variety of products to choose between, and firms must, as such, do their outmost to gain the commitment of the consumer. The findings from the market research taught the firm that the

consumer wanted fruitier flavours, and as such, the consumer preferences did not only have an impact on the product itself, but it also motivated MalacoLeaf to change the packaging to reflect this change.

It seems that another factor that has contributed to the migration of MalacoLeaf's international marketing strategy is its *organisational factors*, including the level of its international experience, foreign market share position and nationality.

As mentioned, MalacoLeaf has had a long history operating outside of Scandinavia. With this, it has been able to develop the know-how to make decisions both at home and abroad, and as such, has gained the confidence in understanding what to do and what not to do. Although the firm had never previously implemented such a radical migration, it inherently had experience in making international marketing decisions. As such, it used this experience as a foundation, when it came to making the decision to migrate its international marketing strategy in the Swiss market. From the discussions with the managers it is believed that without this international experience it would have lacked the know-how, and would not have carried out the change.

Concerning its foreign market share position, it was also discovered that this had an impact on MalacoLeaf's decision to migrate strategies. With it operating in the international sugar confectionary trade for so long, it became dependant on its international business units, this despite the fact that its international market share was eleven per cent of its total turnover in 2003. As such, it realised that it had to take action to maintain active and successful in this important business field.

Additionally, the nationality of the firm proved to have had an influence on the process of strategic migration, especially on the identification of the need to migrate. With what has been described by the managers as a very successful history in the Scandinavian market, the firm was entrenched with the notion that what could be applied at home is good abroad. In this regard, overlooking the impact of cultural differences caused the firm to apply its successful domestic strategy abroad; also referred to by the managers as the 'Scandinavian approach'. In this regard, it appears as though the firm looked through rose-coloured glasses for many years, for the markets outside of Scandinavia. As such, the influence of its Scandinavian heritage has strongly influenced the original choice of strategy. After having slowly becoming aware that this international approach was not the most appropriate for the Swiss market the managers realised that strategic migration could be a means to overcome this.

In the decision-making process of migrating strategies, all firms should arguably evaluate what is required in terms of its *organisational resources* against what they are striving for in implementing the change. In this regard, MalacoLeaf is no different, and strongly indicated that it was not willing to implement any changes if it meant sacrificing its overall operations, in terms its other product lines and its commitment to other markets. However, in light of the aforementioned insights MalacoLeaf realised that in order to commit to the Swiss market and its decision to migrate strategies it needed to back up its strategy with the required resources. In doing so the firm assessed its current resource capabilities, in terms of its production capability, financial capital, human capital and technological assets, in order to determine what it took to implement the changes, against what it was striving for. As such, research revealed that it was not overcapacity of these that triggered the migration, but that the firm had the organisational capabilities to reschedule and make room for the development and production of the new, adapted products. This naturally caused minor organisational disputes, but was however necessary for achieving this migration.

The managers disclosed that the strategic migration was subject to the indirect influence of the *managerial factors*. As mentioned, MalacoLeaf has used the various local distributors when it came to local distribution in the respective markets. Despite this, MalacoLeaf still retained control of nearly every other strategic aspect of its international marketing strategy. In this regard, all strategic decisions were made from the headquarters. As such, it can be argued that MalacoLeaf is a highly-centralised organisation. With this, MalacoLeaf initiates and controls all aspects of the firm's international operations, despite not physically being present in the respective national markets.

Looking more closely into the impact of managerial factors, the research revealed that there was an indirect impact on the decision to migrate strategies. This became clear when it was revealed that despite the fact that the International Brand Manager and International Marketing Manager were the ones responsible for initiating and executing the change, they needed the approval from the Senior Marketing Director. The hierarchical relationship and communication between these parties has, as such, indirectly influenced the decision to migrate between strategies. The fact that without the approval of this manager, the firm would not have carried out the changes, leads the authors to believe that this relationship had an indirect influence on the process of strategic migration.

In addition to the influence of the degree of centralisation, the corporate orientation was also found to be an important factor in the process of migrating

strategies. As mentioned, MalacoLeaf historically applied a Scandinavian approach abroad and as such could be seen as rather ethnocentric in its orientation. However, in identifying that it needed to accommodate foreign market perspectives, such as the willingness to meet the Swiss consumers' needs and wants, it in essence understood that it had to change its orientation to reflect a more polycentric one. In this regard, the firm began to understand the importance of foreign markets and planned its strategy on what is best for that market. As such, the importance of corporate orientation, or a need to reorient itself, can be seen as an influential factor in migration of strategies.

Throughout the interviews with MalacoLeaf, it appears that the *managerial culture* has influenced the decision to migrate strategies. This became clear when it was revealed that the International Marketing Manager and the International Brand Manager were the two most important figures within the organisation, when it came to initiating and formulating new international marketing strategies. With both managers working closely together, it appeared as though they were an existential body – a sort of international hub – within the whole organisation. In this regard, their close relationship and responsibilities led the authors to believe that these two managers worked within an isolated and distinct culture, which was quite distinct from other areas within the firm. As such, it appears that the culture of these two managers was an important and influential factor within the organisation, when it came to the decision to migrate strategies. The fact that these managers had an international background and mindset makes the authors believe that their culture made them more prone to accept the importance of market differences and as such more willing to adapt the product to suit the Swiss market.

It was also identified that MalacoLeaf's *strategic perspective and planning* had an influence on the decision to migrate strategies. A reflection of all the factors that have been discussed above, led to the authors to believe that the firm had a reactive strategy in its international markets, characterised as an incremental process to solve issues as they arose. Proof of this came across when the managers at MalacoLeaf stated that the change, which was implemented to the Låkerol pastille, was an 'ad hoc' solution and a response to the specific situations where a need for change was identified. In this regard, it appears that the decision to migrate was not part of the firm's long-term plan, but a reaction to a changing environment and a misperception of the current situation. One can argue that this has had a great impact on the type of migration, as reactive firms are more likely to adapt the product component than are proactive firms.

Lastly, it should be noted that the *ideal strategy* for MalacoLeaf was to implement the Scandinavian approach on a world basis. However, with

increasing market knowledge, the firm came to realise that this was not achievable and would not be sustainable in the long-run in the Swiss market. Through the re-evaluation of the ideal strategy, MalacoLeaf realised that an *actual* and more appropriate strategy had to be developed. As such, it can be seen that there is a clear distinction between the ideal and actual strategy. In addition, it was observed that the production managers had no impact on the decision to migrate as the marketing managers had all the power. This influenced the strategic migration in a way that the marketing managers could focus on what they know best – how to satisfy the consumer – disregarding the idea of cost-minimisation in the formulation of the strategy for the Swiss market.

Throughout the empirical research, it has been identified that not all the factors proposed in the theoretical framework have had an impact on the process of strategic migration of the Läkerol pastille. These include the environmental factors, market characteristics, and product and industry. This has been an interesting finding, and as such, the authors will attempt to discuss, analyse and propose why these factors were not observed as influential factors, despite being argued as being important in the theory, in the analysis section which follows.

To conclude, throughout the empirical research it became apparent that the strategic migration of the Läkerol pastille in the Swiss market must be seen as a chain of interrelated events with different factors influencing the process at different stages. Furthermore, it was found that the change of composite performance and consumers were the most influential factors in instigating the decision to migrate. In addition, competitors, market knowledge and commitment, perceived cultural differences, organisational factors and resources, managerial factors and culture perspective, as well as strategic perspective and planning had a great influence on the process of change. All these factors will be further analysed in the following sections in light of the theoretical propositions.

PART IV – ANALYTICAL FRAMEWORK

In this section, the purpose is to bring together the theoretical propositions and the observations from the empirical data gathering. The section will attempt to challenge the extant and proposed theories with the real-life observations in order to analyse which factors influence strategic migration. As such, the following will discuss both the extant and proposed factors that were identified in the theoretical framework, and analyse the impact they had, or did not have, on strategic migration of the case company. The factors will be discussed in the same order as presented in the theoretical framework; that is extant first and proposed factors second.

8 Analysis

8.1 Content and Process of Strategic Migration

As a starting point of the analysis it is important to again remember the discussions of the definitions posited by scholars in the field, to describe standardisation and adaptation. It is proposed that standardisation and adaptation are two ends of the same continuum, with the contingency perspective being offered to overcome the polarisation effect of viewing reality as black and white.

Throughout the empirical research, the findings have led the authors to believe that although MalacoLeaf has undergone a migration of strategies, the strategy, as a composite unit cannot be considered as either fully-standardised or fully-adapted. The proof of this lies in the fact that, as shown, the four components of MalacoLeaf's international marketing strategy must be seen as individual components, as their degree of standardisation and adaptation varied. In this regard, although the components make up a firm's international marketing strategy, their inter-relatedness or distinctness determines whether or not a firm could apply a uniform standardised or adapted strategy. The fact that the components of the international marketing strategy can be migrated from a standardised to adapted strategy, or vice versa, independently of the other components leads to the conclusion that, in this sense, decisions to migrate are not as black and white as proposed by many scholars.

Looking further in-depth into the content of strategic migration and the degree to which firms standardise or adapt, it is the authors' belief that scholars have looked at the issue of strategic change in a vacuum. By this the authors mean

that proponents of adaptation and standardisation chose to view these strategies as exclusive from each other. Indeed, the literature does note that the standardisation and adaptation can be viewed as two ends of the same continuum, offering a contingency perspective as a middle-ground between the two. However, the empirical findings have revealed that in the case of MalacoLeaf it was not a simple matter of migrating strategies instantaneously, but it was a process of incremental adjustments made to their existing strategy. Despite scholarly propositions suggesting that firms may standardise or adapt along a continuum, the authors feel that this simple linear process is not a true reflection of what happens.

In addition, it was observed in the empirical research that the adaptation of the product component in the Swiss market was successful and was subsequently used in other foreign markets. As such, this adapted component became a new platform for the international markets. In this regard, it became a standardised product. Therefore, it is proposed that the process of strategic migration should be looked at as a sequential model, whereby a firm can migrate from its initial strategy to another strategy through a series of steps in a circular pattern. By this, the authors mean that the continuum does not necessarily end when the firm has migrated between standardisation and adaptation. With this discussion it appears that this continuous process of strategic migration is difficult to observe as an isolated case and therefore difficult to define. It can be argued that this is one of the reasons why the topic of strategic migration is still heavily unexplored in theory.

To conclude, it should be mentioned that the migration from one strategy to another cannot be seen as an individual event, but rather a sequence of occasions. Additionally, it should be noted that process of strategic migration is likely to be occur on one (or more) components of the international marketing strategy and not the entire strategy as one might expect.

8.2 The Context of Strategic Migration

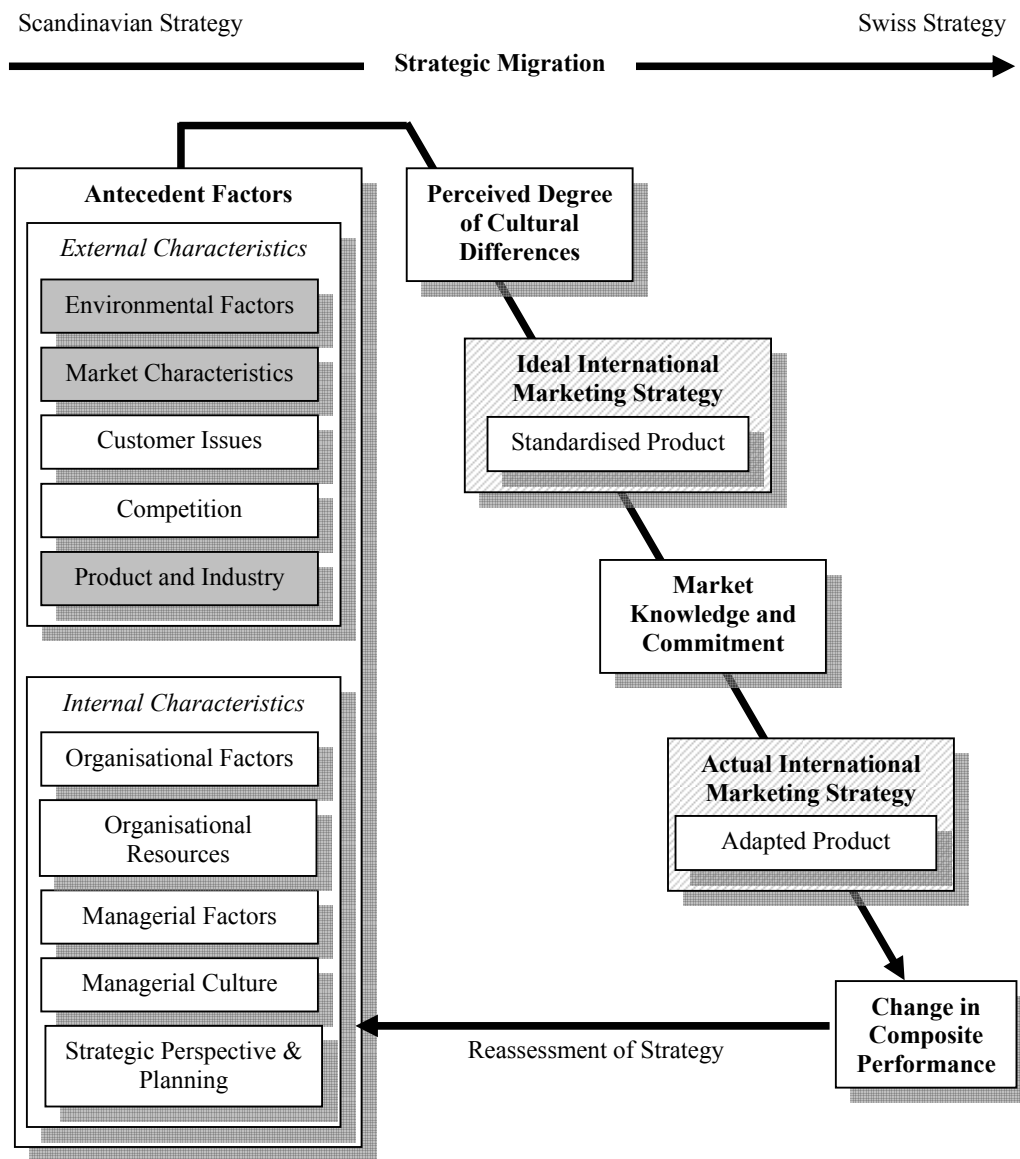
Concerning the context of strategic migration, it is important to again remember the proposed conceptual model, which was provided in the theoretical framework, together with the inclusion of the factors which did and did not impact the migration of MalacoLeaf's international marketing strategy, in the Swiss market.

Of the extant factors, it was discovered that organisational factors, managerial factors, customer issues, and performance (in terms of market share), had a direct influence on MalacoLeaf's decision to migrate strategies. Competition,

on the other hand, was also influential but its impact was less direct. In addition, it was also found that the proposed factors, such as the organisational resources, the managerial culture and MalacoLeaf's strategic perspective, as well as the degree of perceived market differences, and market knowledge and commitment were key influential factors.

On the contrary, the empirical research revealed that the environment, the market characteristics and the product and industry type did not influence MalacoLeaf's migration process. These findings are summarised in Figure 7, where the factors which have not had an influence are shaded in grey.

Figure 7 - Conceptual Model of the Process of Strategic Migration of the Låkerol Pastille



Source: Authors' own (2004); inspired by: Jain (1989); Theodosiou and Leonidou (2003)

What can be concluded from this observation is that all the proposed factors have been found to be significantly relevant on MalacoLeaf's decisions to migrate its international marketing strategy. These findings were interesting to the authors as it provided proof that these additional factors should be used in the model to conceptualise the process of strategic migration.

Despite scholarly arguments that external characteristics should impact a firm's decision to standardise or adapt, the authors found that with the exception of customer and competition, surprisingly it had the least impact on the process of strategic migration.

With this in mind, the following explores these factors with the aim of analysing each of them individually to confront the proposed theoretical framework and conceptual model of strategic migration.

8.2.1 Extant Factors Affecting Strategic Migration

8.2.1.1 Environmental Factors

The theory argues that environmental factors are crucial for the development of an international marketing strategy as these cannot be influenced by the firm itself. However, Theodosiou and Leonidou's (2003) research revealed that this has not been proven in the empirical research of this study and as such does not support the traditional notion that environment is the most important driver behind marketing strategy differentiation.

Theodosiou and Leonidou's (2003) arguments supports the finding of the case-company researched in this study, where environmental factors had no influence on the migration of strategies. However, it is the authors' opinion that when firms are operating in international markets, it should be expected that various environmental conditions can initiate and influence the process of strategic migration. It can therefore be argued that the reason for the nonexistent impact of the environment on MalacoLeaf's decision to migrate strategies can be due to several reasons.

It can be assumed that one reason is the fact that the strategic migration occurred in the Swiss market, which can be argued to be rather similar in terms of environmental conditions as in Sweden, and as such the environmental differences were rather small. It could be expected that if operating in a market where conditions are very different, a firm would react differently. In fact, in discussions with MalacoLeaf it was disclosed that it is currently in the process of expanding into a new, warm European country. In conducting preliminary

market research in terms of consumer preferences, it was revealed that of the three products tested, consumers favoured the Låkerol Dent, which is a product that is not suitable for warmer climates. The results of these findings triggered the marketing department to adapt the Låkerol brand even further than what has been described in this study, and is currently probing for new product development to improve the Låkerol Dents to ensure sustainable quality offerings in this potentially new market.

Another reason could be that no changes in the environmental factors were observed during the process of strategic migration. It could be expected however, that if there had been significant changes in the Swiss market, in terms of economic situation etc., MalacoLeaf might have had to react to the changes by migrating strategies.

Lastly, it could also be hypothesised that since MalacoLeaf is a firm with long and broad international experience, tackling environmental factors, and changes of these, are so embedded in the international strategy that it did not trigger or influence a migration of its strategy.

To conclude, despite the fact that the environmental factors have not proven to have a great impact on the strategic migration in this study, it should still be of consideration for managers that are contemplating to migrate between strategies. Therefore, the authors believe that these factors should be incorporated in the model, but will be more relevant for firms with less international experience, when environmental conditions are noticeably different between markets, or when there are significant changes to any of the environmental factors.

8.2.1.2 Market Characteristics

It has been identified in the theory that market characteristics are important for firms' strategic decisions as these factors make up the opportunities and threats in the market, in terms of demand and communicational infrastructure, amongst other things. It has furthermore been argued that the promotional component was likely to be greatly influenced by the market characteristics.

However, as with the environmental factors, the market characteristics had no impact on the process of strategic migration of the Låkerol pastille. It is believed that this, first of all, is based on the fact that MalacoLeaf has been present in the Swiss market for so many years that it is familiar with the opportunities and threats in terms of the market characteristics. The fact that there were no noteworthy changes in the market conditions made it

unnecessary for MalacoLeaf to react to any market characteristics. Secondly, regarding promotional activities, MalacoLeaf leaves the majority of these decisions to the local distributor, and therefore benefits from first-hand knowledge about the communication infrastructure in the market, making it less vulnerable to foreign market conditions.

The market characteristics have been shown by scholars to be of great importance for strategic migration. This, together with the above discussion makes the authors believe that it should not be disregarded from the model conceptualising the process of strategic migration. However, this research has shown that it can be argued that this factor is likely to impact strategic migration only upon enlargement to new countries, or if significant changes in the market characteristics occur.

8.2.1.3 Customer Issues

It has been identified in the theory that a firm's success or failure is dependant on its ability to satisfy the customers. As such, the influence the customers' tastes/preferences, characteristics/behaviour, and usage pattern have on strategic decision-making is substantial. In fact, scholars have argued that when the customer issues are similar between markets, the degree of standardisation is high.

Observing this factor in the empirical research has been exceptionally fascinating, as there was a clear indication that customers were one of the major, if not *the* major, influential reason why on MalacoLeaf migrated the Läkerol pastille.

However, it should be noted that despite the importance of the customer, in the observed case, it did in fact only have impact on the product component; the migration from a standardised to an adapted product was solely based differences in the tastes/preferences of the domestic and Swiss consumers. One could have expected that the customer also would have had a great impact on a strategic migration of the promotional component seeing this is very closely linked to the consumers, but this was not observed in this case study.

In terms of customers characteristics/behaviour and usage pattern, these were not found to influence the process of strategic migration. Indeed, it was observed that these factors were crucial for strategic formulation upon entering a new market, but when already in the market, these factors were of no concern to MalacoLeaf. It could be argued that, as with the external factors discussed above, a change in the characteristics/behaviour and usage pattern would have

been alarming to the firm and could as such have influenced the process of strategic migration.

Even though customers' tastes/preferences drove the migration on the product component, the effect of this change had substantial consequences for MalacoLeaf. First of all, seeing that the firm strove towards a standardised organisational strategy, making the exception of adapting the product to satisfy the customers was a drastic measure. More important was the fact that this strategic migration seemed to have opened a new door for potential introduction of this adapted product in other markets. This strategic migration has also made the firm more prone to adapting the product to suit other markets, and has as such had a great impact on the international strategy of the firm, as a whole.

In light of scholarly arguments together with the empirical research findings has led the authors to conclude that customers issues, in terms of its taste/preferences, can have serious impact on the process of strategic migration. Despite the fact that characteristics/behaviour, and the usage patterns were not observed to influence the strategic migration in this case, they could still do so under other circumstances, such as in other markets. As such, the authors feel that customer issues are an important part of the model that conceptualises strategic migration.

8.2.1.4 Competition

Competition is one of the main factors that determines the composition of a market and therefore can have a significant impact on a firm's decision to migrate strategies. The competitive nature of a market will furthermore indicate to what extent it can afford to standardise or adapt its strategy, dependant on the intensity and nature of the competition. In fact, Theodosiou and Leonidou's (2003) research revealed that the intensity of the competition was the most important factor influencing strategic decision-making.

As such, it was surprising to discover that in the case study, the impact of the competitors were only indirect through decreasing market share. The authors believe this can be explained by MalacoLeaf's resistance to change its unique selling proposition ('Makes People Talk') for individual markets. In fact, MalacoLeaf has stated that it would rather ignore a market where similar propositions are taken than to change its own. As a result of this, one can see, in this case, that competitors have had very limited influence on the process of strategic migration.

However, seeing that competition, in terms of competitive structure, competitive nature and the level of competitive intensity, is an inherent part of a business environment, the authors believe that it has both a direct and/or indirect influence on the sales and success of a firm's operations. Therefore, the authors strongly feel that this could influence a firm's decision to migrate strategies. It can furthermore be argued that especially changes in the competitive market will influence a firm's willingness or need to migrate between strategies. As such, the authors feel that firms need to carry out a dynamic observation of competitors, where both the state and change of competitors' actions are taken into consideration.

As such, despite only having an indirect influence on the strategic migration of the Läkerol pastille, the authors still believe this is an important factor that could influence the process of strategic migration. In fact, it could be argued that for firms that are more sensitive to competitors than MalacoLeaf is, the competitive environment can be expected to be the trigger for strategic migration as an effort to increase competitive advantages. In this regard, it is the authors' belief that the state and change of the competitive environment should be included in the model of the factors influencing the process of strategic migration.

8.2.1.5 Product and Industry

The type of industry has been claimed to have great impact on a firm's strategic decision-making process. In this report, the focus is on a firm operating in the Fast Moving Consumer Industry, which, as the literature notes, is an industry that is more likely to witness firms adapting their international marketing strategies, than in other industries (Jain, 1989).

The fact that the empirical research has identified that the product component has migrated from a standardised to an adapted strategy supports this theory. However, there is no evidence that the industry is the driver for the strategic migration. The authors suspect that this is the case for MalacoLeaf because the industry was just accepted as a fact. As such, it is the belief that this did not impact MalacoLeaf to migrate strategic because it is an inherent part of where it operates.

With this in mind, it is the authors' belief that if the industry is considered a constant, and therefore beyond the control of a firms' influence, it would only be an arguably unlikely change in the industry, which would affect a decision to migrate strategies. From this, the authors think that the industry, in which a firm operates, is more crucial in the choice than in the migration of strategy. As

such, it could be argued that the industry factor should not be included in the author's proposed model.

What product concerns, theory discusses that the stage in which a product is in, in terms of the product life cycle will impact strategic choices in all levels of the international marketing strategy (Theodosiou and Leonidou, 2003). This concept is interesting because the strategic migration, which was investigated, concerned the product component of the strategy. Surprisingly, however, no correlation was identified between the strategic migration and the product life cycle.

Nevertheless, it could possibly be argued that as the Läderol pastilles have been on the Swiss market for so long, the process of adapting the strategy (i.e. launching new flavours in the international market) allowed for a boost in both the interest and sales of Läderol, leading the authors to believe that the product life cycle could be an encouraging factor. Although, this has not been observable in the research, the product life cycle could be an important factor for why a firm would migrate from a standardised to an adapted international marketing strategy, or vice versa.

As such, albeit there was no evidence in this case study, it seems likely that as a product approaches the end of its lifecycle, it can be adapted for current markets, or standardised for new markets, as a means to prolong its life or to increase sales. Therefore, the authors believe that the product component is important as a factor that can influence the process of strategic migration.

8.2.1.6 Organisational Factors

Stepping into the internal environment, the authors expected that organisational factors would influence the process of strategic migration. In fact, the empirical research findings did support this suspicion.

The theoretical research revealed that scholars do not uniformly agree on which of the organisational factors have an impact on a firm's international marketing strategy. For example, it was found that, in terms of the product component, nationality only occasionally had an impact on the strategic choices (Theodosiou and Leonidou, 2003), whereas other scholars have found that the international experience of the firm did have an impact on the strategy of the product component (Cavusgil *et al.*, 1993). However, all authors claimed that the impact the organisational factors had on the international marketing strategy was limited.

Therefore, it has been interesting to observe that in the empirical research, it has identified that the organisational factors have had a rather significant impact on the MalacoLeaf's decision to migrate strategies. In fact, both the nationality and the level of international experience influenced the firm's strategic migration from a standardised to an adapted product component.

In terms of the impact of nationality on MalacoLeaf, this can be explained by the strong Scandinavian approach it has applied throughout its international markets. In addition, the authors feel that because the firm used this abroad and was not reaching its aspirations to satisfy the Swiss customer it realised that it had to move away from this national approach and migrate to a more internationally-oriented strategy. The influence of nationality is also reflected in the fact that, like many other Scandinavian multinationals, MalacoLeaf was open-minded to foreign markets and as such to migrate between strategies to ensure success over the long-run.

Concerning international experience, the empirical research findings have led the authors to believe that it strongly affects the process of strategic migration within a firm. For example, it could be expected that with increased international experience, firms inherently understand which strategies are successful in foreign markets, resulting in an increased confidence when it comes to deciding to migrate between strategies. As such, it seems that having international experience will influence the process of strategic migration by making the firm more willing and capable to do so.

Scholars propose that the nature of a firm's ownership structure does impact a firm's strategic decisions (i.e. Grimm *et al.*, 1993). However, the empirical research in this study showed differently. The authors believe that this could be explained by the interviewees' response, where it was mentioned that MalacoLeaf operates with a high degree of independence from its parent company, CSM, only being supervised in terms of whether it is reaching its sales and profit expectations. In addition, it was also found that the process of strategic migration was not initiated, nor supervised, by CSM, leading the authors to further suspect that the nature of the firm's ownership had nothing to do with the decision to change strategies. It should also be noted that despite scholarly (Grimm *et al.*, 1993) arguments that a change in ownership would impact a firm's decision to migrate strategies, this was not proven in the case company.

Concerning the foreign market share position the empirical research revealed that it had an influence on the process of strategic migration for the reason that MalacoLeaf depended on its business in foreign markets. These findings were

surprising considering the theoretical propositions that it would not (Theodosiou and Leonidou, 2003). The authors also believe that this is because MalacoLeaf saw the Swiss market as a strategic market and it migrated between strategies to increase its success and hence its market share position abroad. It could however be argued that this factor had limited impact because the foreign market share is considerably lower than its domestic (i.e. Scandinavia). These findings therefore lead the authors to believe that if MalacoLeaf's international market share was much larger than 11 per cent, then the impact of this market share would have influenced the firm to migrate strategies to a greater extent, as it would make up a larger and thus more important part of its operations.

These empirical findings lead the authors to conclude that the theoretical propositions that nationality of the firm and the international experience are indeed important factors, which should be included in the proposed model. On the other hand, despite the theoretical proposition that the nature of a firm ownership is influential, the empirical findings lead the authors to put less importance of these in the model. Lastly, the fact that the influence of foreign market share was found to have an impact on the case company, despite scholarly arguments, the authors still believe that this factor should be included in the model, only if the foreign operations is significant in proportion to the total operation.

8.2.1.7 Managerial Factors

Concerning the influence of managerial factors, in the theoretical framework it was noted that the degree of centralisation of decision-making was not conclusively found to be influential on a firms' strategy formulation (Theodosiou and Leonidou, 2003). However, the empirical research findings revealed that the centralisation of decision-making did in fact influence the strategic migration of the Låkerol pastille. The fact that the decision-making is centralised within MalacoLeaf, made the initiating managers dependant on approval from senior managers, which naturally had an impact on the process of strategic migration.

Looking at the corporate orientation, it has become clear that MalacoLeaf originally had an ethnocentric orientation, where the Scandinavian approach has influenced the international operations. However, since MalacoLeaf has made adjustments to the product as a response to customer needs, it can be argued that MalacoLeaf has taken a step towards a more polycentric approach. As such, the strategic migration is a means towards a new approach where the importance of foreign markets is realised.

With these findings the authors believe that the managerial factors are of great importance to both the decision to migrate strategies and the process of how it is implemented and should therefore be included in the model.

8.2.1.8 Performance

Performance has proven to be a heavily discussed topic in the literature, with scholars uniformly stating that this factor has a strong impact on the choice of strategies.

The empirical research findings strongly support the existing theories on the impact of performance. In fact, it has been advocated by the authors of this study that the performance, or changes in performance, was the ultimate initiating factor for the strategic migration of the Läkerol pastille.

The empirical findings suggest that it is change in performance that initiated the process of strategic migration, because this created a need for MalacoLeaf to reassess its current strategy. Although the creation of a new strategy did imply increased costs, the total potential gains were still significant in terms of composite performance. Consequently, these findings lead the authors to believe that it is more than purely financial performance that affects the process of strategic migration and as such the authors propose that if performance acts an influencing factor on migration, a firm should consider the change in composite performance of its operations, as only this can provide a clear picture.

Based on these findings, the authors have shown proof of the impact that performance has on the process of strategic migration. As such, performance should be included in the model not only as an outcome of strategic decisions but also as a tool for reassessing them. However, more importantly is the need to include change in composite performance in the model.

8.2.2 Proposed Factors Affecting Strategic Migration

In light of the above discussion, the following section follows the same structure by reviewing and assessing the impact of factors, which the authors have proposed, on the process of strategic migration.

8.2.2.1 Organisational Resources

In the theoretical framework, the authors suspected that organisational resources could greatly impact the process of strategic migration, arguing that without the means to implement changes, a firm would not be able to migrate between strategies even if it wanted to.

Observing this during the empirical research proved that organisational resources in fact have an influence on strategic migration. As noted above, as a result of getting the senior managers approval for the product adaptation, MalacoLeaf realised that it needed additional resources to plan and implement the strategic migration.

In terms of financial capital, it has been identified that there was room in the budget for an adaptation, and as such, the financial resources had a positive influence on the strategic migration, both in terms of the planning and the process. However, the authors believe that a firm without the financial capability to migrate would not be able to do so, regardless of how heavy the other influencing factors are driving migration. Therefore, the authors strongly believe that the financial capability to migrate between strategies is an exceptionally influential factor. Moreover, it can be argued that the need for financial resources is greater when migrating from a standardised to an adapted international marketing strategy, as this will most likely require more product development and long-term investment.

The same can be said about assets in terms of physical resources, technological assets, and human capital. The empirical research findings lead the authors to believe that these factors may not be the initiating factors for a strategic migration, but they need to be present for a firm to be able to undergo migration. In terms of MalacoLeaf, it was explored that the firm had to restructure its current plans to ensure that the necessary assets were in place for the migration to take place. As such, one can argue that if a firm identifies a need for migration, these resources can sometimes be made available if they are not already present within the firm. However, it is important that a firm actively seeks this and plans for the relocation of resources. The fact that a lack of these resources can restrict a firm from undergoing strategic migration makes the authors believe that these factors are profoundly influencing the process.

As such, the authors strongly believe that the organisational resources should be included in the model which conceptualises the process of strategic migration.

8.2.2.2 *Managerial Culture*

In the theoretical framework it was suggested that managers belong to a distinct culture within an organisation, which, in the authors' opinion could impact the process of strategic migration.

The observation of MalacoLeaf did confirm that there was a unique managerial culture present within the firm. As such, the empirical findings suggest that this culture had an impact on the strategic migration in the way it influenced the process of migration.

However, going more in-depth into the managerial culture's impact on strategic migration, the authors realised that this factor overlaps with other organisational factors discussed above. In the section above, nationality and international experience has been discussed, and it has become clear to the authors that it is difficult, if not even impossible, to distinguish these from managerial culture. Despite this, scholars state that managers create a distinct 'nationality' or culture within the organisation, where their behaviour, beliefs and traditions will still have a great impact on the organisational culture as a whole. In this regard, although the managers at MalacoLeaf had a distinct culture, it seemed that they were strongly influencing the organisation, and vice versa. As such, the managerial and organisational culture seems to have an impact on each other and should therefore be considered to equally impact the process of strategic migration.

In light of this discussion, the authors argue that if a firm with foreign subsidiaries were analysed, the managerial culture would have proved more important than in the case of MalacoLeaf, as several foreign cultures and nationalities would have been involved. As such, it should not be completely excluded from the model, but the authors believe that to ensure that the managerial culture is included in the evaluation of the factors affecting strategic migration; the organisational factors should be extended to also include the culture of the managers involved in the process.

8.2.2.3 *Perceived Cultural Differences*

In the theoretical framework, the authors showed their concern about Theodosiou and Leonidou's (2003) model due to the fact that it lacked the inclusion of consideration of host and home markets relationships. The perceived cultural differences were argued to be of great importance because cultural difference between markets and the way managers perceive these are crucial for how international marketing strategies are developed and changed.

The empirical research conducted supported the proposal that the perception managers have of the cultural differences in fact has an impact on the process of strategic migration.

The fact that increasingly more business transactions are taking place in the international scene supports the authors' argument, as this leads to increased exposure and confrontation with foreign cultures. The way a partner, competitor or customer is perceived in the eyes of culture, will greatly impact the type of strategy selected. The fact that the perceived cultural differences might not always mirror the truth can be one solid reason why firms decide to migrate between strategies. As such, a firm might underestimate the cultural differences and believe that a standardised marketing strategy is ideal, whereas upon identifying that the cultural differences are larger than anticipated, the marketing strategy must be adapted to suit the market. This was the case for the product component of the international marketing strategy for the Låkerol pastille. The opposite can be true if a firm overestimates cultural differences and offers an adapted strategy in order to offset the difference. If the firm realises that the differences are smaller than perceived, a migration towards a standardised international marketing strategy could be expected.

As such, it seems obvious to the authors that perceived cultural differences are so crucial to the process of strategic migration, that it should be included in a model conceptualising this.

8.2.2.4 Market Knowledge and Commitment

In investigating the theoretical models that have been developed on the topic of standardisation and adaptation of international marketing strategies, it was a great surprise to the authors to see that few had included the notion of market knowledge and commitment. The concept of market knowledge and commitment posits that a firm enters markets gradually and increasingly commits as knowledge becomes more extensive.

In the theoretical framework it is proposed that market knowledge is important in today's business environment as it empowers firms with the ability to identify threats and opportunities. The findings from the empirical research support this notion. Despite the fact that MalacoLeaf had been present in the Swiss market for so long it appears that it had limited market knowledge. However, once the firm increased its knowledge about the Swiss consumer, it was willing to increase its commitment by migrating the strategy for the Låkerol pastille.

This leads the authors to believe that the higher the level of knowledge, the higher the commitment and the more likely a firm is to consider moving towards a more adapted strategy. Consequently, the authors strongly believe that the level of market knowledge and commitment should be included as an influencing factor on the process of strategic migration.

8.2.2.5 Strategic Perspective and Planning

The way in which a firm plans, and its strategic perspective have been described in the theory to have a great impact on the way of doing business, as well as on its performance.

The empirical research supported the theoretical propositions and revealed that this factor had an impact on the case company. In light of the above discussions, the findings lead the authors to believe that MalacoLeaf has a reactive planning strategy where it responded in the Swiss market when confronted with a new situation. As such, the strategic migration of Läkerol pastille, from a standardised to an adapted product component, was more of an ad hoc solution than a planned and conscious strategic choice. The fact that this was a reactive approach, allowed for greater choice in the degree of adaptation, as the migration was tailored for tackling the specific situation.

These findings are surprising to the authors considering MalacoLeaf's lengthy international experience. In fact, because MalacoLeaf's strategy was reactive it discounts the experience curve concept, which states that with increased experience firms would increase learning. However, if this was the case for MalacoLeaf the authors believe that it would have migrated its strategy before being confronted with new market knowledge, and hence it would have been proactive rather than reactive.

The fact that firms with a proactive strategy tend to migrate to a higher degree of standardisation and firms applying a reactive strategy to apply adapted international marketing strategies makes the authors believe that this has great impact on the process of strategic migration. As such, despite being an organisational feature, the authors believe that this factor is more dynamic and more prone to change, dependant on various markets, managers and conditions, and should as such be treated as a separate factor influencing the process of strategic migration.

8.3 Ideal versus Actual International Marketing Strategies

Throughout this study, it has become apparent that MalacoLeaf has undergone a strategic migration that originated in an ideal strategy, which was to apply its domestic approach abroad. With increased market knowledge and decisions to further commit, the firm realised that the ideal strategy for the firm was not the best for the Swiss market. This resulted in the formulation of an actual strategy, which was later implemented in the market.

As revealed in the case of MalacoLeaf this has proven to be important for the strategic migration, as it impacts the process and learning curve of the differences in the market, both when it comes to cultural differences and the differences in the antecedent factors.

From this, it is the authors' belief that a firm that has limited market knowledge, or when entering a new market, it is likely to perceive the foreign market through the glasses of its domestic market. As such, with increased knowledge about the market a firm might, in certain occasions, discover that the actual conditions are not as anticipated, and a new, more appropriate strategy will therefore have to be developed. Indeed, one can also argue that strategic migration can be subject to more simple matters, such as pure financial performance, however, this has not proven to be the case in this study.

In this regard, it has been observed in the case of MalacoLeaf that the ideal strategy, that is the strategy the firm wanted to implement in the Swiss market, was different from the actual; the one that was necessary for it to be successful. With MalacoLeaf adapting the Lakerol pastille it appears that it was an attempt to reduce the gap between the ideal and actual strategy, not only for the Swiss market but also for other markets outside of the 'liquorish belt'.

These findings suggest that there can be differences between the ideal and actual strategy, where the former represents ambitious goals and the latter a more-realistic application of what the firm is capable of in light of the market conditions. As such, the authors feel that despite this not directly being an influencing factor, it is still an important concept as it emphasises the dynamic process of strategic migration. Based on this the authors believe that this adds depth and robustness and should therefore be included in the model conceptualising the process of strategic migration.

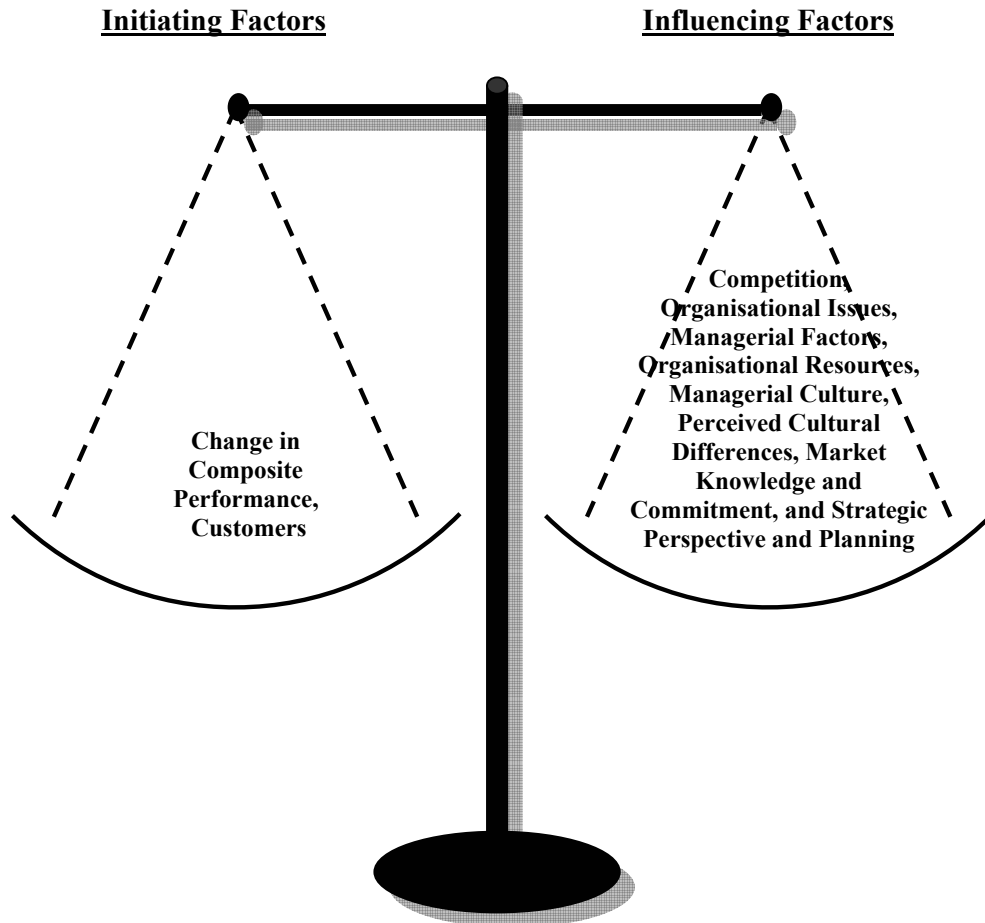
8.4 Summary

It has been shown that almost all factors proved to have had an impact on the process of strategic migration, indicating that both the extant and proposed factors are in fact important to consider in this context. However, the authors strongly believe that these factors affected different stages of the process of migration, and as such, the authors feel a need to categorise the factors into two distinct, but interrelated groups: (1) factors that initiated the decision to migrate in the first place, and (2) factors that affected the implementation of the process of migration.

The initiating factors have been identified to be customers and change in composite performance. The authors found that these factors weighed heavier as they forced MalacoLeaf to consider the idea of migrating strategies. As such, they are believed to have had a greater influence on the process of strategic migration, than the others. However, competition, organisational issues, managerial factors, organisational resources, managerial culture, perceived cultural differences, market knowledge and commitment, and strategic perspective and planning were proven to have an impact, but mostly as a consequence of the influence of the initiating factors. The importance of these factors was that they created the path along which MalacoLeaf's strategic migration followed. As a means to understand the influence of these, the authors present a conceptualisation of the weight these factors have had on the process of strategic migration of the Läkerol pastille.

As can be seen in Figure 8, the authors strongly believe that the initiating factors had an evenly large impact on the strategic migration as the composite factors that shaped the process of the migration. As such, it can be argued that even though some factors seem to have had a stronger impact on the decision to migrate, the factors that are colouring the process are equally important, as these can determine the possibilities to migrate and how the process transpires.

Figure 8 - Conceptualisation of the Weight of Factors Affecting the Process of Strategic Migration of the Läkerol Pastille



Source: Authors' own (2004)

In light of this, the authors feel that these findings require a reflection on the authors proposed model.

The analysis has shown that the proposed model seems to be a valid reflection of real life, and the authors strongly believe that only minor adjustments are necessary to make the model generalisable to other cases.

First and foremost, it has been identified that the industry, in the product and industry category, seems unnecessary to include in the model, as this is a given for a firm, and will most likely not have an impact on decisions to migrate, but more so on strategy formulation as argued by scholars.

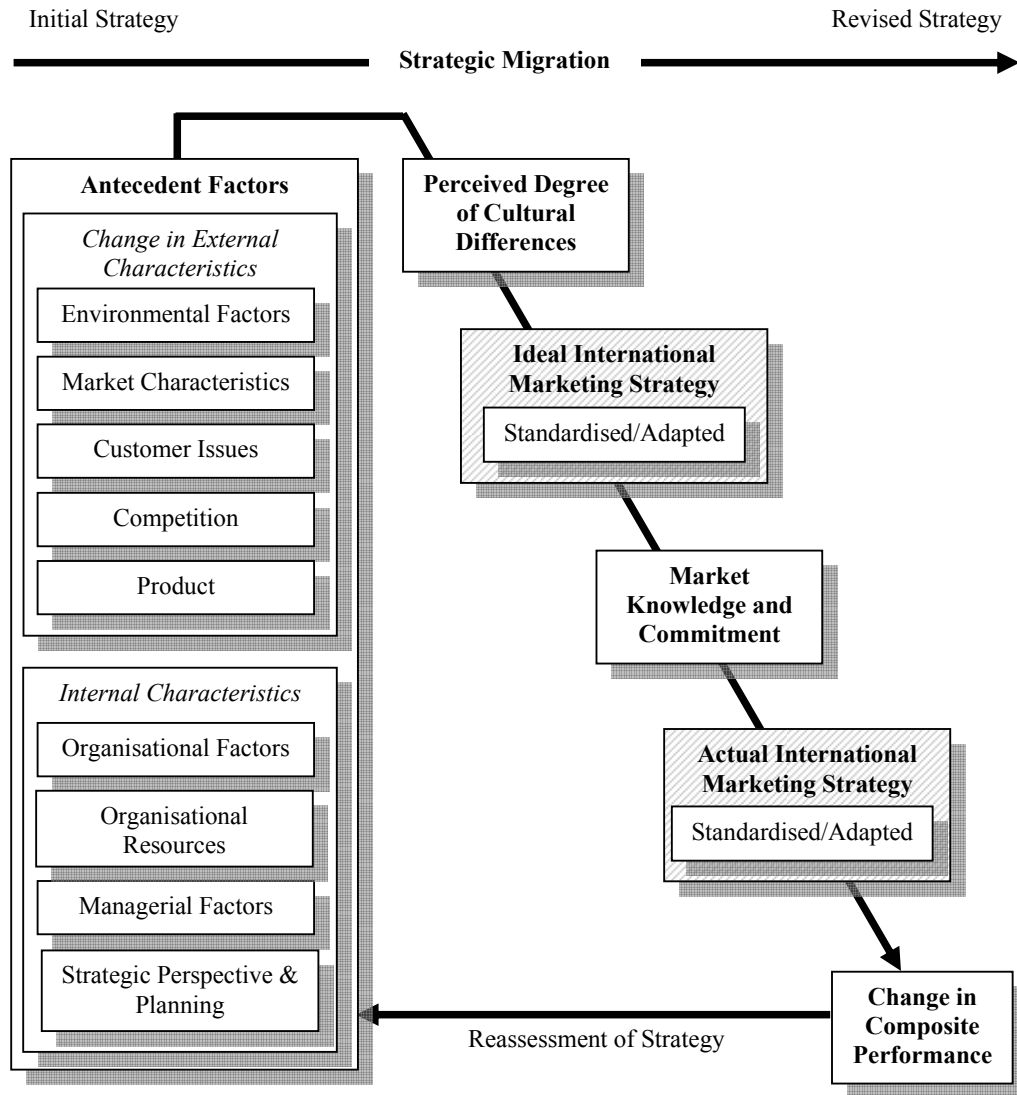
Another suggested factor that should be adjusted from the initial proposed model is the managerial culture. As discussed, this was difficult to observe independently from organisational factors, and should therefore, in the authors' opinion, be included in the antecedent factors under this group.

A third note that should be made is that the external factors that have been identified by scholars to be important in strategy formulation proved to be too static to be implemented into a model of strategic migration. Therefore, it is the authors' opinion that what the external factors concern, it is especially a change in and/or a misperception of these that are likely to influence the process of strategic migration.

A last factor that has been identified as different from the proposed model is the performance factor. To the authors, it seems that the most important subject for managers should be the overall change in performance. In addition, it seems most likely that a reassessment of a strategy will occur if there has been a negative change in performance. As such, the authors suggest that this should be referred to as composite change in performance.

In light of the above discussions, the proposed model conceptualising the factors affecting the process of strategic migration is presented below (Figure 9).

Figure 9 - Conceptual Model of the Process of Strategic Migration



Source: Authors' own (2004); inspired by: Jain (1989); Theodosiou and Leonidou (2003)

Having developed this model based on theoretical propositions of related topics and empirical findings from MalacoLeaf, the authors strongly believe that this model is generalisable and is a valuable model for analysing strategic migration. However, the authors also realise that there might be some shortcomings to this model. As such, the strengths and weaknesses of the model are discussed.

8.5 Limitations of the Proposed Model

The first limitation of the model is the fact that it is based on a model developed for formulation of strategy, rather than strategic migration. This means that the model which was used as a basis created a static picture and did not capture the dynamics needed to assess migration.

Secondly, the authors also believe that due to the fact that some of these factors are very abstract and involves personal opinions, it may be hard to measure the impact of these. This could be the case with soft-factors such as perceived cultural differences. Therefore, the model can be criticised for the fact that some of the proposed factors might be difficult to assess unless there is an objective observant involved.

8.6 Strengths of the Proposed Model

This model has been created on the basis of well-established models describing standardisation and adaptation, which makes the reliability of the background strong. The authors that developed these existing models are experts in their field and their research on the topic is extensive and thorough.

Furthermore, the authors feel that the model is robust due to the fact that it incorporates a wide variety of internal and external factors, which have been proven to impact the process of strategic migration. As such, the application of the model was proven valuable in a real-life case.

The authors believe that another strong point of the model is the fact that it captures strategic migration as a dynamic process of sequential events that are interrelated. For this reason, the authors believe that the model can be used to investigate strategic migration regardless of the degree of the change.

Moreover, this model is highly applicable to international firms as it emphasises the fact that a relationship between cultures is highly relevant in strategic migration. This model realises that operating in an international environment is a learning process and the level of knowledge should be considered.

Lastly, another asset of this model is that it incorporates both ideal and actual strategies, painting a realistic picture of the process in which strategic migration is likely to occur. This incorporates the notion of where the firm is and where it aspires to be, in terms of strategic choice.

9 Conclusion

Throughout this study, the topic of strategic migration has been shown to be a highly relevant and interesting subject in light of the changing global environment. Although the standardisation/adaptation debate has provided valuable insights into strategic choices that firms can make in this environment, the findings from this study have been able to fill a gap in the research on the subject by discussing the process of strategic migration.

As mentioned, the purpose of this study was to describe and assess the factors that initiate and influence the process of strategic migration. In order to achieve this, the authors proposed three research questions. Throughout the report, each of these questions have been explored and answered. It has become clear that these issues are closely linked and were a highly relevant means to describe and assess the process of strategic migration and the factors that influence it. As such the following discussion focuses on summarising the research questions.

To what degree do firms migrate their international marketing strategies within the framework of standardisation and adaptation?

Looking back at the content of change, it is interesting to recapture to what degree a firm will standardise or adapt its international marketing strategy. Prior to the empirical research sessions, the authors suspected that all the components were closely related and that every component of the international marketing strategy would undergo migration simultaneously. However, the empirical research revealed that of all the components, only the product component was changed. As such, the authors were surprised to identify that in the empirical research, it was the product component alone which was subject to strategic migration, without any influence from or having any influence on the other components of MalacoLeaf's international marketing strategy.

Moreover, where many scholars have advocated either a standardised or adapted approach, the empirical findings have led the authors to believe that strategic migration will most likely occur as a result of a combination of many situation-specific factors.

With this in mind, the authors want to make a case of the fact that the degree of standardisation/adaptation is situation-specific, which strongly supports the contingency approach. As such, it can be argued that the discussions of

standardisation and adaptation, as two distinct perspectives, oversimplifies reality in today's business environment, where firms are increasingly getting accustomed to operating in foreign markets and therefore being exposed to an increasing number of factors which ultimately affect the strategy they chose.

However, the authors feel that this is especially true for firms that have the same strategic orientation and perspective as MalacoLeaf. If a firm is more proactive, it could be argued that the firm will be less flexible to react quickly to situation-specific factors because it is more likely to carve out market segments, and therefore the contingency approach might not be applicable.

How does the process of strategic migration transpire?

Before this study was carried out, the authors realised that in order to understand the process of strategic migration, it was equally important to understand how it occurred in order to paint a complete picture of the migration from an initial to a revised strategy. This was valuable because it allowed the authors to identify factors that had a great impact on the process of strategic migration in addition to the factors that initiated it.

Based on the theoretical research, the authors expected to find that the process of strategic migration was a linear development from one strategy to another. However, based on the empirical research findings, it was discovered that on the contrary, strategic migration is a dynamic process with events and factors influencing each other cumulatively to create a circular pattern of steps.

In fact, it has been identified that the factors that did have an impact on the process of strategic migration are interrelated and that one factor can initiate the importance of subsequent factors. Therefore, this study proved that it is important to view strategic migration as a process of events where the influence of individual factors is not mutually exclusive.

Moreover, it was found that a majority of the factors that had an influence on the process of strategic migration, as a whole, had an impact on how the process transpired. These did not only influence the path of the process, but were also the determinants for whether or not it was feasible for MalacoLeaf to implement the changes.

An interesting observation, however, is that mostly internal factors influenced how the process of strategic migration transpired. This could be explained by

the fact that internal factors create the means to undergo the process together with the fact that these factors will, as seen throughout this study, most likely colour the actions and perceptions of the firm and its managers.

Why do firms undertake the process to migrate from a standardised to an adapted international marketing strategy, or vice versa?

Throughout this study, answering this question has been very insightful and has highlighted the fact that a firm can undertake the process of strategic migration for numerous reasons.

In light of the theoretical propositions, which emphasise the impact that internal factors have on firms' decision to migrate strategies, lead the authors to suspect that these would have an influence. However, the findings from the empirical research proved this was not the case, and that the internal factors only influenced the process of migration. This could be explained by the fact that MalacoLeaf had a reactive strategy. Despite this, the authors still believe that these factors can still be initiating factors on a firm's decision to migrate strategies under different circumstances.

Based on the scholarly arguments, the authors suspected that the external factors would have had the greatest impact on initiating a firm's decision to migrate strategies because firms cannot influence them. However, throughout the empirical research, the authors found it interesting to discover that it seems as if the external factors had limited influence on a firm's decision to migrate strategies. Despite these findings, the authors believe that the impact of the external factors should not be underestimated. In fact, it appears that when investigating the process of strategic migration rather than strategic formulation, these will only have an impact if there is a considerable change in any of these conditions.

As such, the authors believe, that generally speaking, there are two important factors that are initiating strategic migration: changes in conditions (especially external or composite performance); and misperception of the actual conditions (internal and external).

To summarise, this study has presented a model that seems to be valuable and highly representative for describing and analysing the factors that initiate and influence the process of strategic migration. The case study has indicated that the *composite change in performance, changes in the external factors*, and

misperception of the actual conditions seems to initiate strategic migration, whereas *internal factors* greatly influence the process itself. It should be noted, that the author realise that the composition of the factors that initiated and influenced the process of strategic migration could be different under other circumstances. As such, the authors feel that with the inclusion of the proposed factors affecting the process of strategic migration, this model is highly generalisable to other cases.

10 Recommendations and Contributions

Taking the above findings and discussions into consideration, it is felt necessary to discuss how this study can contribute both the managerial and academic fields. Furthermore, what follows will provide managers and scholars with recommendations on how to apply and further develop this model.

10.1 Managerial

The authors believe the proposed model provides managers with a framework depicting the dynamic nature of strategic migration, and thus a valuable means to understand the process of it. As such, the following attempts to briefly describe how the authors' proposed model can be applied and understood by managers.

Firstly, it is suggested that a firm should establish methods in which to monitor the market conditions, especially when it is operating across borders. It has been argued that when a firm experiences changes in any of the external factors or composite performance, a strategic migration is likely to be necessary to ensure success. As such, a firm should continuously observe all factors that have been identified in this study in order to ensure fast reaction-time to any changes in the conditions.

Furthermore, in applying the model, as a guideline to observe external conditions, firms should regularly reassess its capabilities and goals. This is valuable simply for the fact that by carrying out an audit the firm will inherently have to reflect back on its past performance and future ambitions, in light of what it is capable of. By this, the authors believe explanations for poor performance could be explained by the goals the firm has set. Although, setting goals that are high is valuable to make the firm strive and grow, it could backfire and affect both the firms' willingness to take future risks, its position in other markets, and its survival. As such, the authors feel that ambitious goals should be established, but not overly ambitious.

Adding to this, the authors are of the opinion that firms should at all times realise that the ideal strategy might not be the most suitable in all markets as a consequence of the impact of multifarious factors, such as market conditions. As such, managers need to accept that an actual strategy might need to be developed in order to succeed in the international market arena. Based on this study, the authors therefore suggest that firms should aim to reduce the difference between the ideal and the actual strategies in all markets.

In light of this study, what is additionally important to managers to take note of is the complexity of strategic migration. As discussed, it was revealed that there are a large number of factors that influence how the process of strategic migration develops and transpires. As such managers should note that decisions to migrate from a standardised to an adapted strategy, or vice versa, is not just a matter of simply switching strategies, but it is a complex set of interrelated events that should be monitored closely. The authors believe that only by doing so will firms be more capable of undertaking the process of strategic migration.

Additionally, this study has shown that decisions to standardise or adapt are not as black and white as may appear. In fact, managers can implement a contingency perceptiveness within an organisation, as a means to tackle situation-specific conditions, which may be overlooked when taking either a standardised or adapted approach. As such, the authors believe that by using the proposed model and adapting it to a contingency approach, managers can be more flexible in migrating strategies to reflect its capabilities in light of distinct and multifarious conditions.

10.2 Academic

Despite nearly eight decades of debate on the subject of international marketing strategy standardisation/adaptation, the present study reveals that the subject of strategic migration was an unexplored area. As such, the significant contribution of this study is that it has filled a gap in the literature on the subject of the process of strategic migration.

More specifically, this study has contributed to an increased understanding of the factors affecting strategic migration. As such, this study can be used as a foundation to understand the impact these factors can have on a firm's decision to migrate strategies, as well as the process of it. Furthermore, the authors believe that this study can be a basis for future avenues of possible research, of which are discussed below.

10.2.1 Suggested Areas for Future Research

Firstly, it would be interesting for scholars to use this study as a foundation to carry out future studies that observe the market conditions in which strategic migration occurred, in order to determine in greater detail the impact that these factors have on a firm's decision-making process, as they occur. This would add substance to this study's findings because it might explain the actual market conditions (or change of) and not what the interviewee said, as was in

this study. In this regard, the authors feel that a longitudinal study would be a valuable avenue for future research, where the phenomenon is studied, starting with the recognition to change, including the process and the implementation of the migration.

Secondly, the fact that this study focussed on one industry, it would be equally fascinating to carry out the same study in other industries (i.e. industrial goods). Doing so, could provide significant findings that could be used to test the authors' proposed model, and therefore contribute to a deeper understanding of the influence of the industry on the process of strategic migration.

Third, because this study excluded the investigation of the success or failure of MalacoLeaf's migration, the authors propose that supplementary research be carried out in this area. Due to the findings that suggested that performance (or change of) was found to be highly relevant to MalacoLeaf's decision to migrate its international marketing strategy, exploring the impact of performance would be beneficial in understanding its impact in other firms.

The authors also propose that research be carried out to determine if the type of entry mode would influence a firm's decision to migrate strategies. As noted, this study focussed on an export firm and therefore the authors urge scholars to investigate firms with different entry modes.

As this study focussed on a firm that implemented a migration of strategies after being in a country for an extended time, it would in the same way be intriguing to study whether the same phenomenon would have occurred before entering a market. This again, would provide greater insight in this factor and perhaps be a means to confront the authors' proposed model.

Due to the fact that this study explored the issue of strategic migration within a large-sized firm, the authors suggest that future research be carried out in smaller-sized firms as a means to compare this study's findings.

Moreover, because the nationality of MalacoLeaf was found to impact the firm's decision to migrate strategies, it would be interesting for subsequent studies to examine if different nationalities, such as American, would have reached different results.

It would also be interesting for scholars to explore the process of strategic migration of other components, in addition to the product component. The authors believe that this research might provide increased insight into the strategic migration of the international marketing strategy, as a whole.

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12 Appendix

12.1 EPRG Orientation

Besides culture, the literature also notes the importance of decision-making orientation of firms. The importance of this issue is reflected a study of 456 Danish companies, that decision-making orientation affects decisions to standardisation marketing strategies (Shoham *et al.*, 1995). Of the report, which is highly referred to in the literature on the subject, is the framework proposed by Perlmutter (1969), where, in the context of international operations, it is suggested that orientation, defined as managerial attitudes, impacts assumptions about products, functional (i.e. production, personnel, finance and marketing) and foreign market decisions. Jain (1989) expands this definition to include manager's attitudes towards foreigners and foreign markets, manager's risk propensity and growth expectations in unfamiliar circumstances and their ability to accommodate foreign perspectives. As such, the impact of managerial attitudes includes the orientation that management has towards foreigners, a firm's international operations, risk propensity and ability to accommodate foreign perspectives. In essence, these definitions refer to decision-making orientation to describe "how a decision-maker plans a firm's strategy in foreign markets within the context of a "geocentric" concern" (Albaum and Tse, 2001:62). Based on the research carried out by Perlmutter (1969) and Wind, Douglas and Perlmutter (1973) four primary orientations of how managers plan a firm's international strategy were identified: Ethnocentric, Polycentric, Regiocentric and Geocentric.

An *ethnocentric orientation* defines a firm who operates in foreign markets strictly on the basis of what is best for the home market or home operations, and not that is best for the foreign market. In this sense, management orients a business' foreign operations with the belief that domestic (i.e. home market) "strategies, techniques, and personnel are superior to foreign ones, and therefore provide the most effective framework for competing overseas" (Lemak and Arunthanes, 1997:32). In examining the impact of this orientation on marketing decisions, it has been posited that firms that adopt this attitude view foreign market customers and operations as inferior to home market ones. As such, firms conduct limited research of foreign markets and instead implement home market-oriented policies, strategies and procedures to foreign markets with minimal adaptation.

Concerning a *polycentric orientation*, managers have identified the importance of foreign markets and plan their operations based on what is best for each

market (Albaum and Tse, 2001). Where the ethnocentric orientation carries most (if not all) its marketing research in home markets, a polycentric-oriented firm establishes and empowers foreign operations to handle marketing research independently. In this regard, efforts to identify and satisfy local needs and wants are key imperatives providing strong motivation for full product modification or the development of a separate product line for the respective foreign markets (Wind *et al.*, 1973). In addition, as compared to the passive ethnocentric orientation, this approach has been suggested to be an “active product extension approach”, identifying market potentials or strategically important foreign markets, and extending home products by adapting them to match local conditions (Lemak and Arunthanes, 1997). In this sense, these types of firms achieve competitive advantage through investing in human capital to develop information gathering processes to reap the benefits of increased customer and market knowledge. In addition, because strategic marketing plans are usually formulated in the host markets and are not globally-integrated these firms do not strive for the benefits achievable through economies-of-scale through production operations (Lemak and Arunthanes, 1997).

In ***regiocentric and geocentric orientations*** firms view regions and the world as potential markets, ignoring national boundaries. Where the former orientation recognises regional commonalities and leads to the design of regional strategies (Wind *et al.*, 1973), the latter is the extreme end, in the scale of orientations, with firms planning operations to fulfilling global goals (Albaum and Tse, 2001). As opposed to ethnocentric and polycentric orientations, the regiocentric and geocentric orientation adopts “the best man for the job” attitude, irrespective of nationality (Wind *et al.*, 1973), to achieve their global strategic objectives, implying that managers “do not equate superiority with nationality” (Perlmutter, 1969:13). In this sense, managers understand that there is an increased incentive to integrate a firm’s home and foreign market operations into a robust organization, which is consciously created to reach global and local objectives. Notably, however, is that some researchers postulate that firms following these orientations tend to strive for a market position as a low-cost producer and marketer, through universal (i.e. standardised) offerings with only superficial adaptation (Arunthanes, 1997; Lemak and Wind *et al.*, 1973; Perlmutter, 1969). In this sense, and unlike the polycentric orientation, these firms strive for the benefits achievable through economies-of-scale by investing heavily in developing manufacturing processes that increase the value per unit (Lemak and Arunthanes, 1997).