



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Swedish Retailers' Marketing Mix in Norway

–A case study of Lindex and Gina Tricot



University of Gothenburg
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PREFACE

Conducting this study has been an exciting journey full of interesting discussions with representatives from retailers and experts within the fashion industry. The subject of this study is a combination of two topics close to heart. Both of us have experience from the retailing business and have lived abroad. Therefore, it has been instructive and engaging to further investigate Lindex and Gina Tricot's marketing strategies in Norway.

We would like to thank everyone who has contributed to this study, especially Juha Kiesi at Lindex and Jessica Syrén at Gina Tricot for their time and commitment. Furthermore, we highly appreciated the support we received from the employees at Lindex and Gina Tricot's stores in Sweden and Norway. Finally, we would like to thank our professor Rita Mårtenson.

Gothenburg, May 2012

Marie Hogander

Maria Steiring

SUMMARY

- Title:** Swedish Retailers' Marketing mix in Norway
- Authors:** Marie Hogander and Maria Steiring
- Professor:** Rita Mårtenson
- Type of thesis:** Master Thesis in Business Administration, Marketing, School of Business Economics and Law at the University of Gothenburg, spring 2012.
- Keywords:** International marketing, standardization, adaptation, marketing mix, retailers, fashion, Norway.
- Background:** When retailers expand abroad they have to consider the marketing strategies for the host markets. Dependent on which motives retailers have they can choose to standardize or adapt the elements within their marketing mix. This choice is affected by different areas of influence. The study describe and analyze how the Swedish fashion retailers Lindex and Gina Tricot standardize or adapt their marketing mix on the Norwegian market.
- Purpose:** To describe and analyze Swedish fashion retailers' standardization or adaptation of their marketing mix on the Norwegian market.
- Method:** This study has a deductive approach where conclusions are drawn with the theoretical framework in mind. The study is qualitative and based on interviews and observations of two case companies. Collection of secondary data consists of scientific articles, annual reports and information about the retailing business and fashion retailing from trade magazines.
- Results and conclusions:** The methodology influences the results which cannot be generalized. Results from this study conclude that Lindex and Gina Tricot are affected by the areas of influence when deciding their marketing strategy. The retailers have standardized their marketing mix to a high and moderate degree, motivating this by the fact that fashion is international and that the Swedish and Norwegian markets are similar. The case companies see advantages with both standardization and adaptation.

SAMMANFATTNING

- Titel:** Svenska detaljisternas marknadsmix i Norge
- Författare:** Marie Hogander och Maria Steiring
- Handledare:** Rita Mårtenson
- Typ av uppsats:** Examensarbete inom ramen för Civilekonomprogrammet, marknadsföring, Handelshögskolan vid Göteborgs Universitet, vårterminen 2012.
- Nyckelord:** Internationell marknadsföring, standardisering, anpassning, marknadsmix, detaljister, mode, Norge.
- Bakgrund:** När detaljister expanderar utomlands måste de överväga vilken marknadsstrategi de skall använda. Baserat på detaljisternas motiv kan de välja att standardisera eller anpassa elementen inom marknadsmixen. Detta val influeras av olika faktorer. Med utgångspunkt i dessa frågor beskriver och analyserar denna studie hur de svenska modedetaljisterna Lindex och Gina Tricot standardiserar eller anpassar marknadsmixen på den norska marknaden.
- Syfte:** Att beskriva och analysera svenska modeföretags standardisering eller anpassning av marknadsmixen på den norska marknaden.
- Metod:** Detta är en deduktiv studie där slutsatser dras baserat på befintlig teori. Studien är kvalitativ och bygger på intervjuer och observationer från två fallstudieföretag. Sekundärdata är hämtad från vetenskapliga artiklar, årsredovisningar och information om detaljhandeln och modeindustrin från branschtidningar.
- Resultat och slutsatser:** Studiens metod påverkar resultatet vilket inte kan generaliseras. Resultatet från studien fastslår att Lindex och Gina Tricot påverkas av olika faktorer när de bestämmer sin marknadsstrategi. Detaljisterna standardiserar sin marknadsmix till en hög- eller medel grad och motiverar detta med att mode är internationellt samt att den svenska och norska marknaden är lika. Detaljisterna i fallstudien ser fördelar med både standardisering och anpassning.

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1. INTRODUCTION

The first chapter of this study introduces the subject with a background. It is followed by a problem discussion, the research questions and the study's purpose. Furthermore, the study's relevance and limitations are outlined and also a discussion concerning international fashion and Swedish and Norwegian fashion retailing. Finally, the study's case companies are presented

1.1 Background

Since the foundation in 1853 Levi Strauss has been perceived as one of the most popular international fashion retailers. For a long time they used a high degree of standardization of their marketing mix (product, place, price and promotion). This high degree of standardization was motivated by economies of scale and competitive advantages. However, when sales suddenly started to decrease Levi Strauss received indications that their standardized product offering was not appealing to the individual tastes on all markets. Their tops and t-shirts, as well as their classical jeans, were being abandoned for trendier or less expensive clothes. To manage this problem one part of the solution was to use a higher degree of adaptation of some elements within their marketing mix. For example they modified the design and fit of the jeans in order to better suit the demand from individual markets (Vrontis and Vronti, 2004).

The story about Levi Strauss illustrates that the question concerning the marketing mix is not clear cut. Complete standardization is hard to implement successfully even on the supposedly homogenous jeans market. Target segment might be global, but market positioning and the elements of the marketing mix need adaptation to better correspond to varieties in macro and micro environmental factors between markets. The crucial question for managers at international retailers like Levis Strauss is how to find the appropriate balance of the marketing mix to be successful (Vrontis and Vronti, 2004).

1.2 Problem discussion

As the world becomes more globalized so are companies. The discussion regarding standardization or adaptation of companies' international marketing mix has been going on since the 1960s and is still an unresolved question (Vignali and Vrontis, 1999). This makes the question concerning international companies' marketing mix highly relevant. Existing theory suggests two main strategies on how to approach the marketing mix when expanding. On one side, the standardization strategy with advocates such as Levitt (1983) who motivates that one single marketing mix is possible due to globalization. On the opposite side, the adaptation strategy stating that there are still significant differences between markets and that companies should adapt their marketing mix to these (Czinkota and Ronkainen, 1998; Paliwoda and Thomas, 1999; Vrontis, Thrassou and Lamprianou, 2009).

In 2007 Birnik and Bowman conducted a literature review based 84 studies including multinational corporations from all over the world. They concluded that there is a need for

further research performing qualitative studies regarding the implementation of standardization and adaptation of the marketing mix. Furthermore, other researchers indicate that there is a lack of information regarding how the retailing industry approach standardization and adaptation (Burt, Johansson and Thelander, 2011; Wigley and Moore, 2007). This implies that more qualitative studies regarding how the retailing business implements their marketing mix is needed. Since all but one of Europe's top 18 fashion retailers operates in markets outside their country of origin (Wigley and Moore, 2007) this question is highly relevant.

The retailing business is different from other business due to its characteristics. For example retailers' buy large volumes from manufacturers and then resell them at a markup price in smaller quantities to the consumers. Therefore, retailers have a wider possibility to select the price charged to consumers and create a positioning on the host market with its price (Levy and Weitz, 2004). This can be compared to companies selling commodity products, whose consumers are price sensitive and choose company primary based on price.¹ Since retailers might have more flexibility when it comes to deciding their marketing mix they are more interesting to investigate. Within the retailing industry there are many studies indicated that retailers such as IKEA use a high degree of standardization of all elements within their marketing mix (Burt, Johansson and Thelander, 2011). However few of these have covered fashion retailing. Hauge (2007) claims two main reasons to why one should choose fashion as a research topic:

“(1) Fashion is a growing and important industry, and (2) lessons learned from fashion can help illuminate processes we can find in other industries”

-Hauge (2007, p. 9)

Fashion retailing might be different from other business within retailing due to the short life cycle of the products and the significant changes in trends. Prior research indicates that companies might adapt the elements within the marketing mix to different degrees due to the fact that they are affected by macro and micro factors (Birnik and Bowman, 2007; Chung, 2007; Czincota et al., 1995; Johnson and Arunthanes, 1995; Vrontis and Pappasolomou, 2005; Vrontis and Vronti, 2004). Therefore it is interesting and important to investigate which areas of influence that affect fashion retailers' standardization and adaptation of their marketing mix. This implies gaining knowledge concerning if all elements within the marketing mix are standardized or adapted to the same degree. It is also interesting to analyze which advantages fashion retailers see with standardization and adaptation to understand the motives behind their marketing mix.

1.3 Research questions

Based on prior research, three research questions were designed.

¹ Mata, J. fall semester 2011, PowerPoint presentation, Professor at Faculty of Economics, Universidade Nova de Lisboa.

1. Which areas of influences affect standardization or adaptation of the marketing mix?

The first question seeks to investigate which areas of influence that affect standardization or adaptation of fashion retailers' marketing mix. Describing and analyzing these areas might explain why retailers have chosen a specific marketing strategy.

2. How have retailers standardized or adapted their marketing mix?

The second question seeks to understand how fashion retailers have standardized or adapted the elements within their marketing mix. That is, to describe and analyze their chosen strategy and to investigate which elements that the retailers choose to standardize or adapt. By investigating this question knowledge is gained regarding whether or not some parts of the marketing mix are more standardized than others.

3. What are the advantages with standardization and adaptation?

The third question answers what advantages fashion retailers see with both strategies and if they see more advantages with one of the strategies. This is an interesting question since it describes and analyzes how the fashion retailers view the supposedly dilemma between standardization and adaptation. The advantages with one strategy become the disadvantages with the other strategy therefore analyzing the advantages will include both advantages and disadvantages.

1.4 Purpose

The three research questions facilitate the fulfillment of this study's purpose, which is:

To describe and analyze Swedish fashion retailers' standardization or adaptation of their marketing mix on the Norwegian market.

Fulfilling this purpose will result in knowledge regarding areas of influence, possible degrees of standardization and the advantages with different marketing strategies. This knowledge will result in a deeper understanding regarding fashion retailers' marketing mix.

1.5 The study's relevance

This study complements existing theory and approaches the supposed dilemma by describing and analyzing how Lindex and Gina Tricot have composed their marketing mix on the Norwegian market. The main contribution of this study can be considered to be the practical relevance.

Even though the results cannot be generalized it reveals how Lindex and Gina Tricot have chosen to standardize or adapt. The study can be of interest for the case companies' managers since it might provide them with new insights regarding the marketing mix and the

Norwegian market's constraints. Hopefully the results can inspire and enhance Swedish fashion managers' awareness of the areas that influence the marketing mix and which elements that might be possible to standardize. The study might also be relevant for Lindex and Gina Tricot's stakeholders since this study will give them knowledge concerning what influence and motivate the retailers to act in a certain way on the Norwegian market.

1.6 Limitations

The case study has a business-oriented perspective on Swedish fashion retailers' standardization and adaptation of their marketing mix on the Norwegian market. This means that the study excludes consumers' perception of the degree of standardization of the marketing mix. Furthermore, the study analyzes the retailers' actions today. The study only investigates retailers' marketing mix and excludes a deeper analysis of retailers' implementation of other international strategies.

This case study focuses on small and medium sized enterprises (SME) with less financial resources than larger international retailers. The case companies consist of Lindex and Gina Tricot. This study analyzes the retailers' marketing strategies on two markets, the home market Sweden and the host market Norway. Lindex and Gina Tricot's operations in Norway are the primary focus when this study analyzes their marketing mix. Only some of the areas of influence that might be of relevance for the case companies have been included. The study investigates how environment, competition, consumer, company and the nature of the product affect the retailers' standardization or adaptation of their marketing mix. The study's intention is not measure the case companies' exact degree of standardization or adaptation but rather give an understanding of which elements that are highly or moderately standardized and why.

1.7 Operational definitions

In the table 1.1 some of the keywords used in this study are defined and presented in alphabetical order.

Table 1.1 Operational definitions

Keyword	Definition
High degree of adaptation	Almost every element within the marketing mix is adapted (voluntary or mandatory choice).
High degree of standardization	Almost every element within the marketing mix is standardized (voluntary or mandatory choice).
Market	Can be a country, region, city or mall.
Moderate degree of standardization	Some elements within the marketing mix are standardized while others are adapted (voluntary or mandatory choice).
Satisfaction	Occurs when retailers' performance on the market is equal to or exceeds their expectations. This is a subjective perception that relates to how the retailers have fulfilled their goals on the market. In this study indicators of satisfaction are the fulfillment of goals such as profit, market share and sales growth.

1.8 Fashion retailing

Sandow and Danielsson, two representatives of Swedish fashion retailing, claim that fashion retailing is becoming international due to globalization and enhanced media availability. Similar demand would imply that international retailers can use a high degree of standardization of their marketing mix (Azuma and Fernie, 2003). Danielsson states that luxury products appeal to universal needs while differences in fashion for the everyday women still exists. This implies that even though the fashion trends are international, consumers interpreted them in different ways due to for example customs and history. Danielsson believes that this motivates retailers to adapt their marketing mix, at least to a moderate degree, in order to better serve the individual markets' consumers.² For example a universal trend for tight jeans might result in dark colored jeans selling more on one market while the demand for light colored thigh jeans increase on others. Even so, Sandow highlights that fashion retailers targeting the mass market, such as H&M, has been successful using a high degree of standardization independent of market. Sandow and Danielsson conclude that fashion trends are international while the marketing mix itself might need minor adaptations.

Existing theory such as a study presented by Azuma and Fernie (2003) has also investigated the existence of international fashion and concludes that fashion has become international. They state that large fashion retailers have such a high geographical coverage and power that the fashion they sell is what the consumers want to wear, independent of market. This combined with globalization has made fashion international. Another study by Ko et al. (2007) investigating fashion retailers and the demand for fashionable clothes concluded that cross-market segments with international fashion exist. They claim that the existence of these segments supports the notion of a global consumer, at least in the context of fashion products. For fashion retailers these segments that cut across borders are stronger than cultural differences between the markets. This implies that the motives for standardization are higher than for adaptation. The study's result indicates that a high degree of standardization is possible within fashion retailing (Ko et al., 2007). Noteworthy is that the study was conducted in Korea and only included high fashion and luxury retailers. Furthermore, it did not investigate differences in ages. The study's results might have been different if the study's limitations would have been different.

1.8.1 The Swedish and Norwegian fashion retailers

This section gives a brief presentation of the Swedish and Norwegian fashion retailers to fully understand the case companies' roles on the Swedish and Norwegian market.

² Danielsson, E., Fashion expert, Expressen, telephone interview (2012-05-14).

Table 1.2 Large fashion retailers on the Swedish market

Retailer	Market Share in Sweden % (2010)	Turnover in Sweden 2010 (MSEK)	Number of stores in Sweden (2010)
H&M	15	8 400	168
Lindex	8	4 600	207
Varner Group Includes: Bikbok, Dressmann, Carlings, Cubus, Levi's and Solo.	6	3 500	381
KappAhl	6	3 400	153
Gina Tricot	6	3 100	155
R&B Retail and Brands Includes: Polarn O. Pyret, Brothers&Sisters and JC.	4	2 400	295
Zara	1	610	10

Source: HUI (2011), interview with Syrén, Expansion Manager at Gina Tricot, 2012-03-12.

Table 1.2 illustrates that H&M is a significant player with a market share of 15 percent, followed by Lindex with eight percent. Furthermore, the Varner Group has 381 store and RNB Retail and Brand has 295. These retailers consist of many different brands explaining the high number of stores compared to the private labels.

Table 1.3 Large fashion retailers on the Norwegian market

Retailer	Market Share in Norway % (2010)	Turnover in Norway 2010 (MSEK)*	Number of stores in Norway (2010)
Varner Group Includes: Cubus, Dressmann, Volt, Vivikes, Bik Bok, Carlings, Urban, Levi Strauss, WOW and Warehouse chain stores.	17	5856	585
H&M	14	4776	101
KappAhl Includes: KappAhl and SparKjop.**	7	2354	111
Lindex	4	1244	98
Gina Tricot	2	539	33
R&B Retail and Brands Includes: Polarn O. Pyret, Brothers&Sisters and JC.	NA***	NA***	NA***
Zara	1	245	3

*Converted to SEK at the exchange rate 1 NOK= 1.17 SEK 4th of May 2012 (valutaomvandlare.com).

** Pengemaskine 2010

*** NA = data not available

Source: HSH (2010); Annual Report of: H&M, KappAhl, Stockmann Group, Inditex, Varner Group; Sparkjop.no; Interview with Syrén, Expansion Manager at Gina Tricot, 2012-03-12.

Table 1.3 illustrates that the Varner Group is a significant and influential player with a market share of 17 percent followed by H&M with twelve percent. Both Lindex and Gina Tricot have lower market shares on the Norwegian market compared to on the Swedish.

Figure 1.1 and 1.2 illustrate how the retailers mentioned in table 1.2 and 1.3 are positioned on the Swedish and Norwegian market. Some retailers consist of several different brands. All of these are not present on both markets, explaining why all brands are not illustrated on both positioning maps. The positioning map has two axes, represents the prices of the clothes and the other the clothes' fashion content.³

Figure 1.1 Positioning map Swedish market

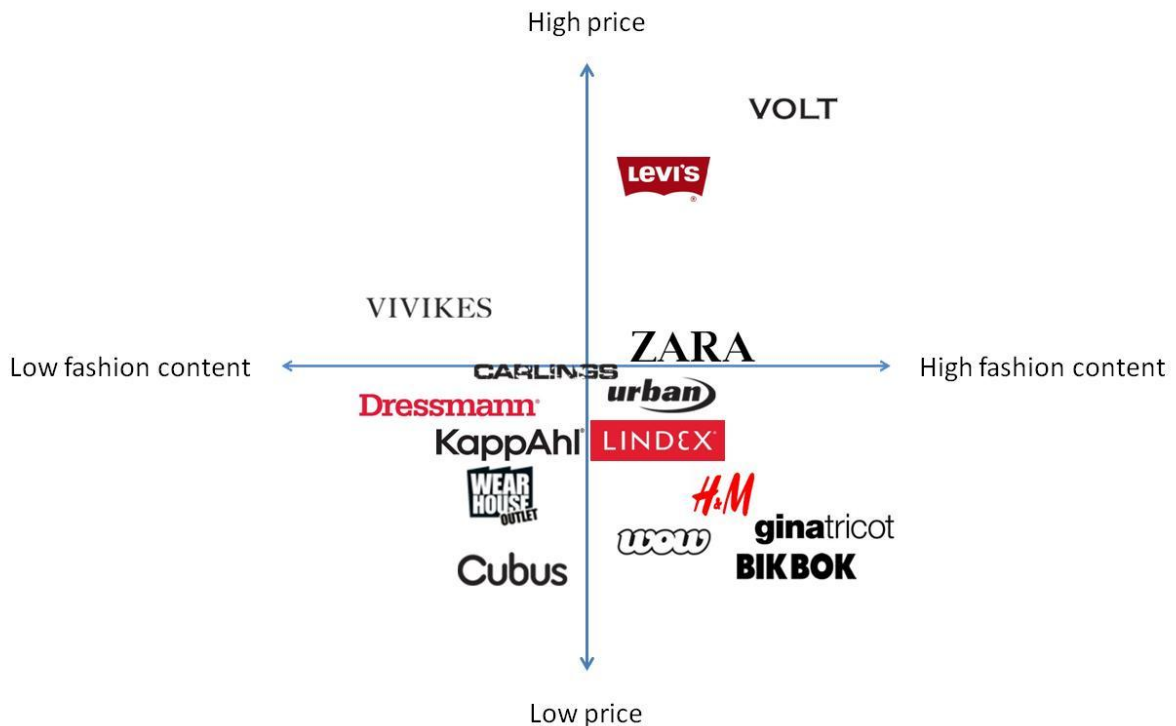


Source: Based on information from retailers' websites as interpreted by the authors.

As illustrated in the positioning map retailers can be found in all quadrants of the map but are clustered towards the middle. Two of the brands owned by the Varner Group, Levi's and Solo (varner.no), can both be found in the High price/High fashion content quadrant. Gina Tricot's main competitors according to figure 1.1 are H&M and Bikkok.

³ Retailers with high fashion content choose to sell fashion with short lived trends and have a limited product offering of basic clothes. Retailers with low fashion content have a wider collection of base products. The definitions of what is considered to be high fashion and low fashion are subjective and determined by the authors.

Figure 1.2 Positioning map Norwegian market



Source: Based on information from retailers' websites as interpreted by the authors.

Figure 1.2 illustrates that retailers can be found in all quadrants of the map, but also on the Norwegian market there is a clustering towards the middle. The Varner Group is a dominant actor and has ten brands present. All retailers that are present on both markets have similar positioning independent of market.

1.8.2 Case companies presentation

Lindex was founded in 1954 in Alingsås, Sweden and has grown to become international with 430 stores and a total of 5000 employees. The retailer's headquarters is in Gothenburg, Sweden. Apart from the Scandinavian market they are present in the Baltic States, Russia, Central Europe, Bosnia Herzegovina and the Middle East (lindex.com). *Lindex* is an influential actor on the Swedish market selling both private and international labels. Their primary target is women between the ages of 20 to 60, these women shop not only for themselves but also for their children. The retailer views Norway as a strategically important market and has been established there for more than 40 years. The large number of stores and large market share make them an important and influential player also on the Norwegian market.⁴

Gina Tricot was founded in 1997. Their headquarters is located in Borås, Sweden. The retailer has had a great success in Sweden as well as internationally gaining large market shares in recent years. *Gina Tricot* has a total of 175 stores located in Sweden, Norway, Finland, Denmark and Germany (ginatricot.com). In 2007 *Gina Tricot* entered Norway and has now 33

⁴ Kiesi, J., Director of Expansion, *Lindex*, interview at *Lindex* headquarters' (2012-03-20).

stores presently on the market. Their strategy is to deliver affordable fashion to women independent of age. However, the typical consumers are teenagers and women up to the age of 35. They also want to create an exciting shopping experience that impresses the consumers (ginatricot.com). Gina Tricot design and sell products under a private label.⁵ A more detailed explanation behind the selection of the case companies can be found in section 3.3.1.

Table 1.4 Case company presentation

	Lindex	Gina Tricot
Year established		
- Sweden	1954	1997
- Norway	1969	2007
Turnover 2010 (MSEK)		
- Sweden	4 600	3 100
- Norway	1244	539
Market Share % (2010)		
- Sweden	8	6
- Norway	4	2
Number of stores (2010)		
- Sweden	207	155
- Norway	98	33
Reason for establishing in Norway	Natural growth step since Norway is a close by market.	CEO had experience from the Norwegian market and it was also a natural growth step since Norway is a close by market.
Concept in Sweden and Norway	<ul style="list-style-type: none"> ▪ Low prices ▪ Flow delivery ▪ High inventory turnover ratio ▪ Private labels 	<ul style="list-style-type: none"> ▪ Low prices ▪ Flow delivery ▪ High inventory turnover ratio ▪ Private labels
Main target segment in Sweden and Norway	Women searching for affordable fashion.	Women searching for affordable fashion.
Product offering in Sweden and Norway	<ul style="list-style-type: none"> ▪ Women clothes ▪ Maternity clothes ▪ Children clothes ▪ Make-up ▪ Lingerie ▪ Accessories 	<ul style="list-style-type: none"> ▪ Women clothes ▪ Make-up ▪ Lingerie ▪ Accessories ▪ Sports wear

Source: HSH (2010); HUI (2011); interviews with Kiesi, Director of Expansion at Lindex, 2012-03-20, and with Syrén, Expansion Manager at Gina Tricot, 2012-03-12.

Table 1.4 illustrate that Lindex has a significant larger number of stores in Norway compared to Gina Tricot, almost three times as many. According to table 1.4 the retailers have similar official target segment. However, the typical consumers differ between the retailers.

⁵ Syrén, J., Expansion Manager, Gina Tricot, interview at Gina Tricot headquarters'' (2012-03-12).

1.9 Disposition

INTRODUCTION

Chapter one introduces the subject to the reader. The study's purpose is outlined followed by a discussion of international fashion and a presentation of the case companies.

THEORETICAL FRAMEWORK

Chapter two includes the study's research model and presents the theoretical framework regarding standardization or adaptation of the marketing mix.

METHOD

Chapter three presents the methodology used to conduct this study and how these choices have affected the study's results.

RESULTS

Chapter four presents the analyzed empirical data collected through interviews and observations.

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

Chapter five summarizes existing theory, results and relates it to the study's purpose by conducting a discussion and drawing valuable conclusions.

2. THEORETICAL FRAMEWORK

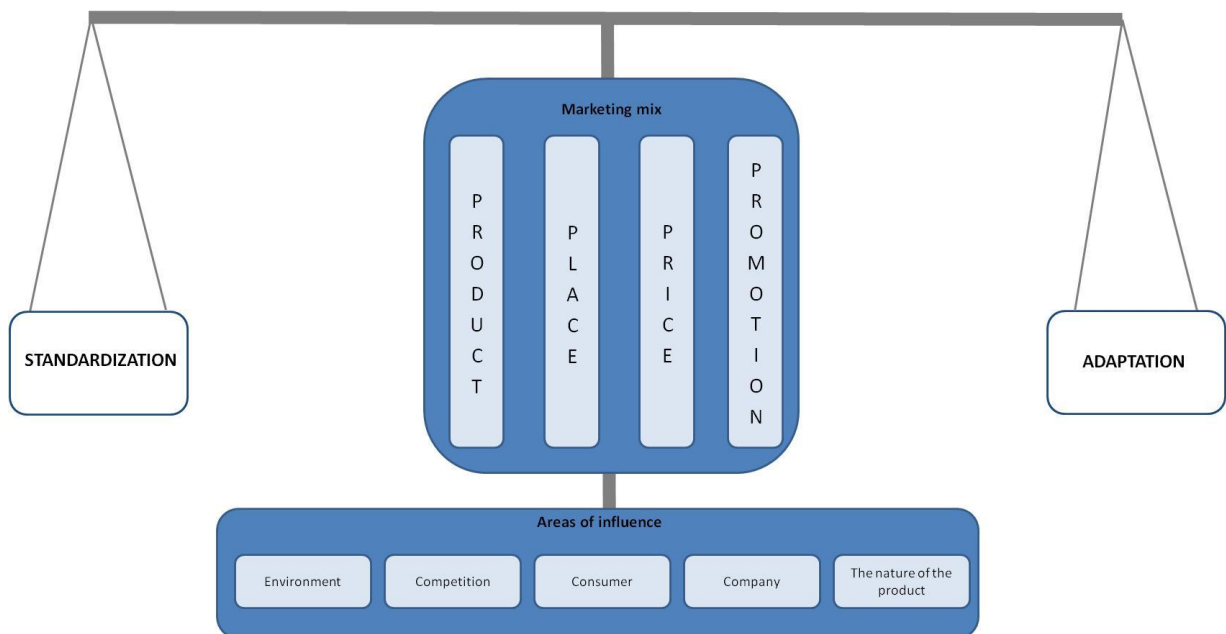
The second chapter of this study describes the theoretical framework and presents previous research within the field of standardization and adaptation. At first the study's research model is illustrated and described. This is followed by the areas of influence, the marketing mix and the advantages with standardization and adaptation. The chapter is concluded with a summary.

2.1 Research model

A research model, see figure 2.1, has been constructed to create a clear structure of the study. The model is inspired by prior research by Vrontis (2003), Theodosiou and Leonidou (2003) and Powers and Loyka (2007). The research area within standardization and adaptation is wide and the constructed research model only covers some of the aspects that prior research has presented.

The research model is based on the study's three research questions and facilitates the fulfillment of this study's purpose. Each part of the model relates to a specific research questions.

Figure 2.1 Research model



Source: Constructed by the authors inspired by theory and models by Powers and Loyka (2007), Theodosiou and Leonidou (2003) and Vrontis (2003).

The lower base of the figure, areas of influence, relates to research question number one. The marketing mix, illustrated in the center of the figure, answer the second research question. The scale pan in the model answers the third research question.

2.2 Standardization and adaptation

There are two main strategies regarding companies' marketing mix, standardization and adaptation, and many possible definitions of what these strategies might imply. Below two examples present the core elements of the strategies.

“Standardization is the offering of identical product lines at identical prices through identical distribution systems, supported by identical promotional programs in several different countries“.

-Buzzell (1968, p. 103)

“The business landscape is not homogenous but instead heterogeneous which makes adaptation necessary, at least when the view is international”

-Burt, Johansson and Thelander (2011 p. 184)

Advocates of standardization claim that the key for growth for international companies is to standardize their marketing mix. This is motivated by seeing the world as increasingly homogenous and globalized (Buzzell, 1968; Levitt 1983; Vrontis, Thrassou and Lamprianou, 2009; Yip 1996). They believe that the globalization of markets and consumers are a fact due to the accelerating internalization of world economies, and the parallel increase in competition on a global scale (Vrontis and Vronti, 2004).

The view of a global consumer is rejected by advocates of adaptation. They argue that even though markets might approach each other in some areas, they are still substantially different in others (Papavassiliou and Stathakopoulos, 1997). Markets are unique given the fact that they are subject to macro and micro environmental factors such as culture and disposable income (Czinkota and Ronkainen, 1998; Paliwoda and Thomas, 1999). The advocates further claim that these variations between, and even within, markets are unobtainable and difficult to change (Papavassiliou and Stathakopoulos, 1997). This is why they believe that in order to be successful companies need to adapt their marketing mix according to the market's unique constraints (Vrontis, Thrassou and Lamprianou, 2009).

Advocates of adaptation claim that most of the globalization process that has occurred so far has taken place at a manufacturing level. Companies have globalized their factories and supply chains to bring them closer to the end consumer and/or take advantage of lower costs (Kapferer, 2005). Kapferer (2005) claims that, even though the world has many international companies a complete standardization strategy affecting the whole value chain is not ideal. Only a few top companies, such as Porsche and Jaguar which appeal to a limited clientele, have the exact same marketing mix worldwide. For cars that attract the mass market this is not always the case. For example the American and the European version of a Ford Focus can be perceived as global, but in reality they differ. The same model consists of only 65 percent identical parts, this as a result of differences across markets. The further downstream, and the closer to the consumer, the more a global marketing mix tends to be replaced by regional or

local adjustments. The advocates of adaptation highlight this as a fact that complete standardization of the marketing mix is not a desirable option (Kapferer, 2005).

2.3 Areas that influence companies' marketing mix

When companies expand to new markets questions concerning their marketing mix becomes central. They have to identify and consider the different areas that influence their choice regarding standardization or adaptation of their marketing mix (Chung, 2007). Different areas of influence have often been the focus of previous research (Buzzel, 1968). The following section presents some of these areas categorized in: environment, competition, consumer, company and the nature of the product. The areas of influence presented are some of the ones that might affect the case companies in this study.

2.3.1 Environment

Environmental factors that might influence companies' choice to standardize or adapt their marketing mix are: market size, economic factors, cultural distance and governmental and legal restrictions. Previous research verifies that these factors have direct or indirect influence on the choice. It is also evident that differences in these factors between markets usually result in more adaptation, while similarities correlate with a higher degree of standardization (Baalbaki and Malhotra, 1993; Vrontis and Pappasolomou, 2005).

The market size has proven to influence the choice concerning the marketing mix. Companies value markets differently and when entering larger markets companies expect higher demand in absolute terms compared to on smaller markets. Companies are therefore more likely to adapt to larger markets, motivated by the fact that the revenue from larger sales volumes are more likely to cover the increased costs associated with adaptation (Chhabra, 1996, Terpstra and Sarathy, 2000). The Swedish fashion market had a turnover of 55 billion in 2010 (HUI, 2011). This can be compared to the Norwegian fashion market which had a turnover of 35 billion SEK (Pengemaskine 2010). The Norwegian market's size can for example be compared to the German fashion market which had a turnover of 243 billion SEK in 2010 (austrade.gov.au).⁶ With this in mind, Norway can be seen as a relatively small market compared to other European markets.

Economic factors such as consumers' disposable income and purchasing power vary between markets. These factors influence companies' choice regarding their marketing mix and affect consumers' ability to purchase the products (Samiee and Roth, 1992; Vrontis and Vronti, 2004). The disposable income and purchasing power is higher in Norway than in Sweden. This might be one reason behind the on average five percent higher price levels on for example fashion products on the Norwegian market (svenskhandel.se).

The cost structure involves the costs that all companies face when conducting business on a specific market. Examples of these costs can be taxes, interest rates, costs connected to regulations and infrastructure. If companies use a standardized strategy striving for the same

⁶ Converted to SEK at the exchange rate 1 NOK= 1.18 SEK, 1EUR=9.01 SEK 14th of May 2012 (valutaomvandlare.com).

margins it would indicate that prices need to be higher on a market with higher cost structure (Samiee and Roth, 1992). This can be exemplified by the fashion retailer Zara's strategy. The retailer uses a pricing strategy where the products are cheaper on the home market compared to host markets. The price differences are motivated by the increased costs due to longer distribution channels (Lopez and Fan, 2009).

Cultural distance refers to cross-cultural differences in market's norms, behavior, traditions and value systems. These differences have a significant impact on markets' business climate and also on companies' strategies (Hofstede, 2001). According to Hofstede the Swedish and Norwegian culture are similar (geert-hofstede.com) which might be explained by their common history (svenskhandel.se). Noteworthy is however that Hofstede's study from 2001 is conducted from a company perspective and use companies' employees as indicators for the markets' culture.

Norwegians living near the Swedish border come to Sweden for shopping. This cross-border shopping is motivated by the Norwegians strong purchasing power combined with the relatively lower prices in Sweden. A study on tourism in Sweden from 2010 reveals that four out of ten Norwegians have visited Sweden the last quarter, and that for 28 percent of these the primary purpose was the cross-border shopping (svenskhandel.se). This behavior has contributed to a wide knowledge about Swedish retailers in Norway (visitsweden.com).

The governmental and legal restrictions often affect companies' marketing mix. Johnson and Arunthanes's qualitative study from 1995, based on 208 medium sized US exporting manufactures, conclude that regulations might prevent companies from selling standardized products. The use of regulations is to ensure safety and prevent the host market's consumers from dangerous products with low quality as well as to prevent dumping of products on the market (Johnson and Arunthanes, 1995). According to Löfgren there are no significant differences between Swedish and Norwegian governmental and legal restrictions concerning marketing legislation. He states that in general Swedish fashion retailers should be able to use the same marketing mix in Norway as in Sweden.⁷ However, regarding consumers rights to return defective goods there are differences. In Sweden consumers have three years to return defective goods (konsumentverket.se) compared to the two year limit in Norway (lovdata.no).

2.3.2 Competition

Research has shown that a high degree of competition has a positive correlation with the degree to which companies adapt their marketing mix (Vrontis and Pappasolomou, 2005). Vrontis and Pappasolomou's study from 2005 included 500 UK multinational companies in five industrial sectors (manufacturing, service, transportation and communication, construction and retail and wholesale). Two factors within competition are competitive intensity and competitors' recourses.

Competitive intensity is an area of influence that a majority of all researchers suggest influences the choice to standardize or adapt the marketing mix (Vrontis and Pappasolomou,

⁷ Löfgren, C., Editor-in-chief, Brandnews, e-mail interview (2012-03-08).

2005). Regarding the intensity on the Norwegian fashion market there is a high degree of competition (KappAhl's Annual Report 2010/2011). According to Vrontis and Vronit (2004) competitive intensity affects all elements within the marketing mix. For example, on a market with a high degree of competition it can be hard to find the appropriate and desired sales channels affecting the companies' distribution. Stores in the city center or on the ground floor in shopping centers can be hard to obtain and are very expensive. International companies, including fashion companies, all fight for these top locations. These difficulties might force companies to adapt their marketing mix in order to be successful (Usunier and Lee, 2009).

Another example can be that competitive intensity also influences the choice to standardize or adapt the price. If the competition is high companies might feel the need to adapt the price in order to be competitive. Competitors pose as threats and their pricing strategies might affect the companies' marketing mix (Vrontis and Vronti, 2004).

Competitors' resources also influence the marketing mix regarding resource allocations. If a main competitor invests a lot of money in advertising other companies might have to increase their budget or find other ways to promote their products more effectively to defend their position. When companies decide if it is possible to standardize their marketing mix they do this with their competitors in mind (Vrontis and Vronti, 2004).

2.3.3 Consumer

Consumers' preferences and consumption patterns might influence companies' choice to standardize or adapt their marketing mix.

Preferences vary between markets. For example when it comes to how clothes should fit and what is considered to be appropriate; this can motivate adaptation (Czincota et al., 1995). Preferences also vary regarding what colors consumers want to wear. These differences exist even across Europe that can be thought of as a relatively similar market. Color preferences in the north can be seen as more similar than if comparing the north with the Mediterranean (Jackson and Shaw, 2009).

Consumption varies within and between markets and there are differences in how much consumers spend on different product categories. These differences might influence companies' marketing mix. Swedes' fashion consumption per capita in 2010 were 5 851 SEK compared to the Norwegians' consumption of 9 032 SEK per capita (KappAhl's Annual Report 2010/2011).

Nicholls and Roslow's study from 1999 analyzed the relationship of situational variables and consumer purchase behaviors between Grenada and Cyprus when shopping clothes. In the study they conclude that factors such as frequency, time of day, where consumers shop and the time they spend shopping do not vary significantly between cultures. However, Usunier and Lee (2009) are of another opinion claiming that there are differences regarding consumption when it comes to willingness to wait in line for help, theft by consumers the demand of personnel contact or self-service. This might influence companies to adapt the distribution channels.

2.3.4 Company

Company characteristic such as: degree of centralization of the decision-making process, market orientation, country of origin and positioning might affect companies' marketing mix.

The degree of centralization of the decision-making process is by some claimed to influence the degree of standardization or adaptation of all elements within the marketing mix. However, some researchers state that there is no clear evidence that companies that have a high level of centralization, more often use a higher degree of standardization (Picard et al., 1998). The study by Picard et al. is quantitative including multinational companies. However, Jain's literature review from 1989 suggests that there is some evidence of this correlation.

The market orientation of companies might influence their marketing mix. Marketing managers with a customer-oriented focus often wish to adapt the product to achieve a high fit with local demand but might meet resistance from product-oriented managers with cost minimization as focus; this matter will ultimately be decided based on the companies' overall strategies. For some companies standardization might be the only option due to scarce financial resources or lack of appropriate experience of how to adapt the product to the host market's needs (Johnson and Arunthanes, 1995).

Country of origin can be seen as a competitive advantage. When consumers evaluate a product's quality and attributes their perception is influenced by the country of origin. This implies that when companies expand abroad they are associated with these perceptions. Regarding standardization or adaptation it might be easier to sell a standardized product if the market's consumers have positive associations with the home market. If this is not the case companies might need to adapt the product or promotion to reduce the country of origin effect. Some claim that the country of origin effect has been overestimated but that it is still an important variable when conveying information of a company (Usunier and Lee, 2009). Swedish fashion companies are associated with attributes such as quality, simplicity, clear cut design and functionality. Some of the Swedish retailers leading the way are Filippa K, ACNE Jeans and Björn Borg. Their collections mainly consist of jeans, street-wear and basic clothes, with high degree of fashion (Hauge, 2007).

Positioning regards how the companies want to be perceived by consumers and competitors. If companies use different positions on different markets their marketing mix need adaptation to better correspond to the companies' profiles. However, if the companies want a unified image independent of market a higher degree of standardization is needed.⁸

Positioning is an area of influence that might also affect the distribution channel. The distribution must be in accordance with the positioning and image represented by the stores and the employees (Wigley and Moore, 2007). Also the sales methods, the locations of the stores and the target segment must reflect the image of the company. This might motivate a high degree of standardization. The success of international luxury retailers such as Louis

⁸ Mata, J. fall semester 2011, PowerPoint presentation, Professor at Faculty of Economics, Universidade Nova de Lisboa.

Vuitton is based on their ability to export the concept and image from one market to another. They have made large-scale investments in exclusive retail outlets and located stores in the high-street areas in major cities in order to make sure that the company image is unified (Usunier and Lee, 2009).

2.3.5 The nature of the product

Product characteristic is another area that might influence companies' choice to standardize or adapt their marketing mix.

The product characteristics influence standardization or adaptation of the whole marketing mix. Companies use different marketing mix for fashion compared to industrial products such as finished textiles. Companies' degree of standardization might have been different if they were selling products with different product characteristics (Jain, 1989). Applied in this study, if companies perceive fashion products as international this might affect their standardization or adaptation of the marketing mix compared to if they did not perceive fashion as international.

Furthermore, standardization or adaptation of all elements within the marketing mix may be influenced by the product's stage in the life cycle. This since the marketing mix is adapted to correlate the product's stage in the life cycle (Vrontis and Vronit, 2004). If a product is in two different stages on two markets adaptation might be needed (Johnson and Arunthanes, 1995). This can be exemplified by that if fashion products are international they are at the same stage in the product life cycle on all markets. This implies that when companies perceive fashion as international they can use a high degree of standardization of the marketing mix.

2.4 The marketing mix

Both standardization and adaptation have appealing benefits (Vrontis, Thrassou and Lamprianou, 2009). Kapferer (2005) suggests that it is when the strategies are taken to extremes that they become incoherent and impractical. In reality companies' marketing mix typically lies in the middle between standardization and adaptation (Kapferer, 2005; Vrontis, 2003). Kapferer (2005) illustrates this by developing a general model describing eight types of standardization. The model is not developed for a specific industry but defines a brand as a system of three poles: a concept, a name and set of signs and a product or service.

Table 2.1 Kapferer's eight types of strategies

	Type	Description	Standardized concept	Standardized name and set of signs	Standardized product or service
High degree of standardization ↑	Type 1	Complete standardization as in the case of luxury brands. All three poles are globally standardized.	Yes	Yes	Yes
	Type 2	Need for different positioning, Mars may be a meal substitute in the UK and a snack in the rest of Europe. Ford Focus is a small car in Germany but a family car in Portugal.	No	Yes	Yes
	Type 3	Need for product adaptation, Nestle have different seasoning on their food on different markets.	Yes	Yes	No
	Type 4	Brand being split by two companies, Persil is operated by both Unilever and Henkel; this results in different product and positioning under the same brand name.	No	Yes	No
High degree of adaptation ↓	Type 5	The company cannot use the same name for legal reasons on every market. Everything is the same but the brand name.	Yes	No	Yes
	Type 6	Two almost similar products are sold under two world brands with different price positioning. An example of this can be the high end of Volkswagen cars that are very similar to Audi's entry models.	No	No	Yes
	Type 7	Exemplified with the business model of Cycleurope. The company buys other existing bike brands but lets the brands continue to have their own name and product components. The components are hard to standardize because of market differences.	Yes	No	No
	Type 8	All three poles are locally adapted.	No	No	No

Source: Kapferer (2005).

The eight types presented in table 2.1 illustrate the wide spectrum within the three poles. This model can mainly be associated with one of the elements in the marketing mix, the product. Since this study includes the four elements of the marketing mix, and not only the product element that Kapferer (2005) analyzes, the next sections will describe the different degrees of standardization or adaptation of all elements within the marketing mix.

2.4.1 Product

A literature review by Theodosiou and Leonidou (2003) including 36 studies and covering several industries suggest that the product appears to be the most standardized element of the marketing mix due to economies of scale. The high degree of standardization can also be explained by the desire for rapid product diffusion since products' life cycles are getting shorter (Theodosiou and Leonidou, 2003). Applied in fashion retailing the fashion trends vary significantly during the year, forcing companies to distribute the clothes in a faster pace to keep up with the constantly changing trends (Corbellini and Saviolo, 2010).

Regarding name and brand image, research states that a high degree of standardization is common; this can be explained by the wish for a global and consistent image (Johnson and Arunthanes, 1995). However, sometimes adaptations of the brand name might be necessary due to undesirable meanings of the name in the host markets' language, difficulties for the consumers to pronounce the brand name or linkage to similar rivalry brands on the host market (Melewar and Vemmervik, 2004). Also the packaging can need adaptation, for example translation of the labels and information to meet host markets' legal requirements (Theodosiou and Leonidou, 2003). An example of this can be when fashion companies translate the washing instructions attached to the clothes. Regarding other elements within the product such as design and color these are often standardized since they provide the greatest potential for cost benefits. This is explained by the fact that it is generally easier to gain economies of scale in the manufacturing part of the value chain (Usunier and Lee, 2009). However, service attributes like maintenance and after-sales services are harder to standardize since cultural factors influence the expectation that consumers place on the companies' degree of service. This can be exemplified with that consumers in different markets have different expectations concerning guarantees, service delivery, complaints and refunds for defective goods (Usunier and Lee, 2009).

2.4.2 Place

A high degree of standardization of the distribution channel, place, is hard to implement and therefore rarely applied (Dimitrova and Rosenbloom, 2010, Theodosiou and Leonidou, 2003). This is something that even Levitt (1983), advocator of standardization agrees with. He claims that channel strategy cannot be routinely standardized on a global market. Physical distribution such as storage and logistics exhibits the lowest degree of standardization. This can be explained by differences in ordering procedure, availability of transport facilities, availability of warehouses- and store location and also the number of products and inventories needed on the host market (Theodosiou and Leonidou, 2003).

Even if standardization of distribution can be considered hard, many international companies strive for a high degree of standardization. This can be exemplified by Lopez and Fan's case

study on the fashion retailer Zara from 2009. Zara's store locations are standardized, as much as possible, to high street areas. However, it can be hard to find attractive store locations that match companies' requirements forcing adaptation (Usunier and Lee, 2009). To maintain a unified image Zara also standardize the shop window display and interior design. Also the store layout and store display rotation are standardized (Lopez and Fan, 2009).

2.4.3 Price

Research claim that the price is the least, if at all, standardized element of the marketing mix (Michell, Lynch and Alabdali, 1998; Vrontis, 2003; Vrontis and Pappasolomou, 2005). This as a result of differences in factors such as cost structure, governmental and legal restrictions and company objectives (Theodosiou and Leonidou, 2003).

When deciding how to standardize or adapt the price it is important to know what companies include in the term pricing strategy. Price can for example be the price charged to consumers or the price that companies pay to wholesalers. A standardized pricing strategy does not mean that the prices charged to consumers on two markets have to be the same. It can imply that companies strive for the same margins independent of markets. If this is the case, the cost structure of the market influences the price. If the cost structure varies between markets a different price needs to be charged to maintain the same margin.⁹ It is often difficult to state if standardization or adaptation of the pricing strategy is possible, companies have to decide this by analyzing the market constraints (Vrontis and Vronti, 2004).

The price can be used as a signaling tool in order to position the company on the market.¹⁰ For example the luxury retailer Gucci signal something different with their high prices charged to consumers compared to the mass market retailer H&M's low prices (Corbellini and Saviolo, 2010). The price charged to consumer can be standardized in order to signal consistent positioning and image independent of market.¹¹ This is often used by international fashion companies (Corbellini and Saviolo, 2010). By adapting the element by for example lowering the price charged to consumer companies might signal that they have a superior advantage and want to be offensive.¹²

2.4.4 Promotion

A moderate degree of standardization of the promotion is common. The main reason for this is claimed to be cultural differences and differences in media infrastructure. Furthermore, governmental regulations and competitors might influence the choice to standardize or adapt (Theodosiou and Leonidou, 2003). This is something that fashion retailers have experienced when launching promotional campaign on host markets. For example Levi Strauss had to use local companies to be able to advertise on some host markets (Vrontis and Vronti, 2004). Due to cultural differences and language barriers it is common to adapt the advertisement. It is

⁹ Mata, J. fall semester 2011, PowerPoint presentation, Professor at Faculty of Economics, Universidade Nova de Lisboa.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

often the message and execution style and the channel used to communicate that is the focus for adaptation (Theodosiou and Leonidou, 2003).

Chung (2007) investigated multinational companies from Australia, Japan, and the United States and how their marketing mix have had an impact on market performance. Chung states that culture has the strongest effect on promotion among the elements of the marketing mix. With this in mind, he claims that advertising messages should be adapted and fit the beliefs and traditions of each market (Chung, 2007). It is easier to use a high degree of standardization when the advertisement's message is centered on information and facts. These types of advertisement generally only need language translation in order to meet companies' objectives. However, when the companies' goals are to persuade the consumers separate messages and adaptation are needed. To achieve persuasiveness on markets that are significantly different a better fit with the host markets is required (Papavassiliou and Stathakopoulos, 1997).

The standardization strategy of promotion can be preferable to use when: there is developed advertising infrastructure, the organization experience of advertisers and advertising agency on how to handle the barriers hindering the international advertising standardization is high, and when there is a great similarity in the media scene across different markets (Papavassiliou and Stathakopoulos, 1997).

2.5 Advantages with standardization

It can be concluded that the advantages associated with standardization can be considered the disadvantages for companies using adaptation. On the contrary the advantages associated with adaptation are disadvantages for companies using standardization. Therefore, section 2.5 and 2.6 only present the advantages with standardization and adaptation.

The main arguments for standardization can be claimed to be the cost savings owing to economies of scale in research and development, manufacturing and marketing (Levitt, 1983). An example of this can be that it is more cost effective to produce 100 standardized white shirts compared to an adapted approach with 50 white shirts for one market and 50 black shirts for another. Standardization can therefore make it possible for companies to increase margins or lower the price charged to consumers (Birnik and Bowman, 2007).

One standardized international strategy will make it easier to plan and control the business operations (Theodosiou and Leonidou, 2003; Vrontis, Thrassou and Lamprianou, 2009). Furthermore, it facilitates companies' possibility to enforce tighter control of their subsidiaries (Buzzel, 1968). This will give international companies the opportunity to create a consistent image and identity on the international market (Papavassiliou and Stathakopoulos, 1997). Some claim that consumers prefer retailers with a global image, even when the quality and value are not superior to domestic products. This should motivate companies to consider a standardized strategy (Ko et al., 2007). By developing one single tactical strategy companies are also claimed to benefit from experience and learning effects. This will enhance the possibility to derive the maximum benefit from good ideas and know-how generated within the companies (Papavassiliou and Stathakopoulos, 1997).

Levitt (1983) summarizes the benefits of standardization by suggesting that it enables companies to treat the entire world as a single entity. Thereby they can sell the same products in the same way everywhere at low-relative cost. This is rejected by advocates of adaptation that claim that Levitt's theories are both difficult to implement and impractical (Jain, 1989). It

2.6 Advantages with adaptation

The adaptation strategy increase consumers' perceived value of the product which can result in increased brand preference, larger market share, larger consumer base, more loyal consumers, increased usage per consumer, thus leading to higher revenues (Birnik and Bowman, 2007).

With the adaptation strategy companies will become more customer-oriented since they systematically reevaluate the consumers on each host market (Douglas and Wind, 1987). This is claimed to result in profit maximization because revenues accrued from marketing mix modifications may raise more than adaptation costs (Terpstra and Sarathy, 2000). It will also make the companies more competitive on host markets with a high degree of rivalry since the adapted marketing mix will be more suited for the host markets' specific needs (Vrontis, Thrassou and Lamprianou, 2009).

2.7 Summary of existing theory

Prior research suggest that there are several different areas of influence (environment, competition, consumer, company and the nature of the product) affecting companies' choice to standardize or adapt their marketing mix (Chung, 2007). Prior researches claim that all these areas of influence affect all elements of the marketing mix but to different extent. The greater differences among the areas of influence between home and host market the higher degree of adaptation is needed (Birnik and Bowman, 2007; Czincota et al., 1995; Hofstede, 2001; Jain, 1989; Johnson and Arunthanes, 1995; Vrontis and Papasolomou, 2005; Vrontis and Vronti, 2004).

Regarding the marketing mix existing theory states that the product element appears to be the most standardized (Theodosiou and Leonidou, 2003). The high degree of standardization can be explained by companies' strive for economies of scale (Usunier and Lee, 2009). However, if adaptation is made it is generally packaging, labels and service attributes that is being adapted (Melewar and Vemmervik, 2004; Theodosiou and Leonidou, 2003; Usunier and Lee, 2009). Prior studies has concluded that the distribution element, place, is harder to standardize due to market differences. The high degree of adaptation can to a large extent be explained by market differences in infrastructure and culture (Dimitrova and Rosenbloom, 2010). Storage and logistics exhibits the lowest degree of standardization (Theodosiou and Leonidou, 2003). However, prior research indicates that standardization is often used to maintain a unified image of the stores, reflecting the companies' positioning (Usunier and Lee, 2009; Wigley and Moore, 2007).

Research claims that the price is the least, if at all, standardized element of the marketing mix (Vrontis, 2003; Vrontis and Papasolomou, 2005). The price is set with competitors in mind and should reflect the host markets' cost structure and purchasing power (Vrontis and Vronti,

2004; Samiee and Roth, 1992) as well as the companies' positioning.¹³ The promotion element often needs some adaptation due to cultural differences, for example language (Melewar and Vemmervik, 2004). It is often the message and execution style and the channel used to communicate that is the focus for adaptation (Theodosiou and Leonidou, 2003) Research suggests that when standardization is used by the companies it is to maintain a unified image (Papavassiliou and Stathakopoulos, 1997).

Table 2.2 summaries key arguments for standardization and adaptation and their advantages. Companies that use a standardized strategy see the world as global and gain cost savings by standardizing. Companies that use an adaptation strategy see differences between markets and aim to better serve unique needs by adapting.

Table 2.2 Summary of standardization and adaptation

Standardization	Adaptation
Markets are similar*	Markets are different
Consumers are similar	Consumers are dissimilar
Cost savings	Profit maximization
Economies of scale in production, R&D and marketing	Tailored production, R&D and marketing based on individual markets needs
Experience and learning effects	Each market knows what is best for itself
High degree of centralization	High degree of decentralization
Tighter control of subsidiaries	Subsidiaries can tailor to each markets
Consistent image and brand identity worldwide	Adapted image and brand identity to suit market
Global customer oriented focus	Local customer oriented focus
Enhanced competitiveness thanks to cost savings	Enhanced competitiveness thanks to meeting unique needs

*Markets are similar when the home market and the host markets have almost the identical market constraints.

¹³ Mata, J. fall semester 2011, PowerPoint presentation, Professor at Faculty of Economics, Universidade Nova de Lisboa.

3. METHODOLOGY

In this chapter the methodology is explained. The research and scientific approach are presented followed by the study's qualitative approach including the selection of case companies. This is followed by a description of the collection of data and the process of data analysis. Furthermore, a discussion about the study's reliability and validity is conducted.

3.1 Research approach

To collect data that answers the research questions and fulfills the purpose a **deductive approach** was used. This in order to gain knowledge and experience before narrowing down the scope and developing the purpose and research questions.

The deductive approach states the relationship between theory and research methods, where the research is accomplished through hypotheses and ideas that are deduced by theory. This is the most used approach within social science research. Studies that are constructed by this approach have the following process: at first a problem statement or purpose is formulated. This problem statement or hypotheses is based on theory. Furthermore, a theoretical framework for the study is developed. The next step for the researcher is to collect the empirical data that is needed in order to answer the problem statement. This data is analyzed based on the theoretical framework and conclusions are drawn with the theoretical framework in mind. In other words, the empirical data is inferior to theory in a deductive approach. A benefit with the deductive approach is that when conclusions are drawn with the theoretical framework in mind, this increases the relevance of the empirical data (Bryman, 2008).

3.2 Scientific approach

The scientific approach **positivism** strives to be objective and the research is done by collecting data and comparing it with the theoretical framework. The approach advocates using a natural science approach on social science studies. This implies that only those phenomena that can be confirmed by human being's senses can be considered knowledge. When using a positivistic approach it is important that the data is objective, and that all data collected and analyzed are independent of the researchers' values (Bryman, 2008). The aim with this study is to describe and analyze data in an objective way to get a deeper understanding regarding Swedish fashion retailers' marketing mix in Norway. Furthermore, existing theory has a crucial part in this study when analyzing the empirical data; therefore a positivistic approach was a suitable and natural choice.

3.3 Qualitative approach

Somewhat simplified one might say that the qualitative approach is associated with words rather than numbers. This means that a qualitative approach wants to find empirical data that explains the underlying reasons, attitudes, values, emotions and actions. To collect the empirical data interviews or observations can be used (Bjereld et al., 2002). Within this approach the theoretical framework can facilitate to substantiate and conclude results within

the empirical data. This since the theoretical framework makes the empirical data easier to understand and interpret (Kjaer Jensen, 1995).

The qualitative results gained from this study might have been different if another approach such as the quantitative had been used. This since a quantitative approach does not include in-depth answers and understanding to why retailers act in a certain way, but rather focuses on how many that are of a certain opinion. The qualitative approach further gave the ability to interpret body language and ask the respondents to explain their answers more precisely if needed which is not possible within a quantitative approach.

3.3.1 Selection of case companies

This study uses a non-probability sample to investigate Swedish retailers' marketing mix on the Norwegian market. According to Bryman (2008) a non-probability sample is suitable when studying complex situations since it enables flexibility in the selection of sample. However, using a non-probability sample also reduces the generalizability of the study (Bryman 2008). This implies that the results might have been different if another sample had been selected. Therefore, this study does not represent all Swedish fashion retailers on the Norwegian market as it could have done if a large scientific probability sample would have been used.

Information from the trade magazine Habit facilitated the selection of appropriate case companies. Habit is Scandinavia's largest trade magazine for fashion retailers with a circulation of 30 000 (habit.se¹). Habit, mentions H&M, Lindex, KappAhl, RNB Retail and Brands and Gina Tricot as Swedish fashion retailers (habit.se²). Three of these retailers were selected based on the criteria that the retailers should be Swedish SMEs according to EU:s definition¹⁴, they should only consist of one parent brand and they should have the financial resources to implement both strategies. If the study would have included retailers with even less financial resources, standardization might have been the only possible option and not an active choice by the retailers due to the increased costs associated with adaptation. The selected retailers were Lindex, KappAhl and Gina Tricot. However, KappAhl decided to decline to participate in the study. By selecting two Swedish SMEs instead of one a comparison between the retailers' answers and strategies were possible.

3.3.2 Selection of markets

Two markets were analyzed, the home market Sweden and the host market Norway. Sweden was a natural choice due to economical constraints and the authors' knowledge of the Swedish market and culture. Norway is a market with a high purchasing power making it appealing for companies to leverage on (Engvall, 2007). This made it interesting to investigate Norway and Sweden that are geographically close and analyze if retailers feel the need to change strategy. By only analyzing one host market and comparing it to the home market it is easier to analyze the reasons behind the strategic choice. It also facilitates the

¹⁴ "The category of micro, small and medium-sized enterprises (SMEs) includes enterprises which employ fewer than 250 persons, have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro" (Extract of Article 2 of the Annex of Recommendation 2003/361/EC)

possibility to draw conclusions from how the case companies have standardized or adapted their marketing mix.

3.4 Collection of data

There are two different types of data, secondary and primary. Secondary data is existing statistics and prior research while primary data is the new data collected within a study (Bryman, 2008). In order to answer this study's research questions both secondary and primary data were collected. Since this study used a deductive approach secondary data were collected prior to the primary.

3.4.1 Collection of secondary data

Secondary data is data that has been collected for another purpose or cause than for the specific study. This data is useful to obtain general knowledge and facilitates the formulation of research questions within the field of study. It also enables a comparison between the study's results and prior research. The data can be collected from magazines, scientific journals and statistical databases. Secondary data can be easier and less expensive to attain but might not give answers to the exact questions that the specific study aims to investigate (Jacobsen, 2002). The secondary data for this study consists of sources as scientific articles, annual reports and information about the retailing business and fashion from trade magazines and experts. Scientific articles used in this study are peer reviewed increasing their credibility. The articles are both older and more recent studies written by a wide range of researchers. The scientific articles are quantitative and qualitative studies as well as reviews, conducted on several different industries and markets. This generates a wider perspective in the field of study.

3.4.2 Collection of primary data

Primary data consists of data that has been collected in order to answer the research questions of a specific study. One of the benefits with using primary data is that the researcher can adapt the questions in order to attain answers to the specified questions needed within the study. However, one of the drawbacks is that the process of collecting primary data can be time consuming and costly (Bryman, 2008).

Primary qualitative data has been collected through interviews and observations. E-mail correspondence occurred with Löfgren to gain valuable information regarding the regulations on the Norwegian market. Shorter telephone interviews were also held with Sandow and Danielsson to get the Swedish fashion retailers' opinion regarding if fashion is international. These short interviews made it possible to get the respondents' opinion in a specific question without taking too much of the respondents' time. Noteworthy is however that e-mail and telephone interviews lack in quality regarding the possibility to interpret the respondents' body language. This will decrease the study's reliability.

Qualitative primary data was also collected through personal interviews with employees from the two case companies. Two representatives from each retailer were asked to participate in the study. However, only one representative from each retailer chose to participate. The following two sections give a brief presentation of the two key respondents.

Juha Kiesi, Director of Expansion at Lindex

Kiesi had been working for the parent company Stockmann Group before he became Director of Expansion at Lindex. He has had a significant role in Lindex's expansion and has close collaborations with the marketing department. He is also a board member of Lindex AB. As Director of Expansion he is in charge of all 27 markets that Lindex is present on. A part of this responsibility is to monitor the mature markets such as the Scandinavian. He is also in charge of finding new potential markets for Lindex to establish on in the future.

Jessica Syrén, Expansion Manager at Gina Tricot

Syrén has been working at Gina Tricot for many years and she has been a central part in the retailer's expansion. Syrén is responsible for Gina Tricot's expansion to new markets and for collecting research data regarding new markets. Syrén works closely with the marketing department and is also in charge of negotiating with real-estate owners to find attractive store locations and renegotiations of contracts.

Qualitative personal interviews were held with the two respondents in order to collect empirical data. The results presented in chapter four are based on the interviews with Kiesi from Lindex and Syrén from Gina Tricot. If not specified Kiesi has provided the answers regarding Lindex and Syrén the answers from Gina Tricot. By calling the headquarters, interviews were arranged and took place during March 2012.

Before the interviews the study's central keywords such as standardization and adaptation were explained to the respondents. This in order to make sure that there was a clear and common understanding of the two terms which increases the study's validity. The respondents were also told that the data collected from the interviews would be included in a master thesis in marketing and were informed about the purpose of this study.

The interviews were unstructured. Unstructured interviews increase the flexibility to form the interview and questions depending on the given moment (Jacobsen, 2002). The questions were open in order not to influence the respondents' answers. Jacobsen (2002) claim that by motivating respondents to exemplify and explain their thoughts in-depth the risk of misunderstandings can be reduced. To ensure high reliability of the data, similar questions can be asked to the respondents (Jacobsen, 2002). Applied in this study this meant respondents having the same position within Lindex and Gina Tricot, facilitating the comparison of answers.

When conducting a study it is important that the respondent feel comfortable and that ethical aspects are considered (Jacobsen, 2002). Applied in this study, interviews were held in Swedish and recorded with permission from the respondents. This made it possible to review the interviews to avoid misinterpretations of the respondents' answers. A document containing the general questions was sent in advance to the respondents, see appendix 1. This way the respondents could prepare themselves before the interview and feel more comfortable during the interview. According to Bryman (2008) this provides studies with more accurate and detailed answers since the respondents have time to reflect over the questions and their answers in advance. The interview guide was developed based on existing theory to ensure

the validity of the data (Johnson and Arunthanes, 1995). The questions asked were professional and did not involve any personal or sensitive topics.

Regarding the ethical aspects, when using interviews for collection of data it is important that the respondents volunteer to participate in the study and that they are informed about the research purpose. Furthermore, information from and about the respondents must be handled with care. All the respondents in the study should have the ability to approve the data about them before it is published, this to ensure them that they do not get exploited or misinterpreted (Bryman, 2008). These aspects were taken into consideration in this study.

A way to increase the quality of the data is to use different interview techniques such as repeating the question, repeating the respondents' answers and clarifying the questions (Bryman, 2008). These techniques were used during the interviews. Sometimes the respondents started to discuss a related subject that they were not specifically asked about. By allowing relevant information, even though not specifically asked for, the study gained a broader perspective within the subject. This also resulted in the interviewers asking questions that were not specified in advance but that were important for the study.

Primary data was also collected through field study observations in Swedish and Norwegian Lindex and Gina Tricot stores. When traveling to Oslo, Norway in April 2012 some of the case companies' Norwegian stores were visited. During the visit photographs were taken, with permission from the store managers, in order to illustrate the similarities and differences between Swedish and Norwegian stores regarding the marketing mix. Several Lindex and Gina Tricot stores of different sizes were visited in order to make sure that the selected stores were representative. The observations were made in order to gain deeper knowledge concerning the retailers' marketing strategy and to ensure the liability of the interviews. Also larger and smaller stores in the Swedish cities Borås, Gothenburg, Partille, Skövde and Uddevalla were visited in April 2012. This to gain a broader perspective of the implemented marketing mix on both markets. By taking photographs in the Swedish and Norwegian stores the two markets could be illustrated and compared.

3.5 Analysis of data

Before conducting the study a large number of articles were read in order to get a deeper understanding of the field of study. This was followed by a careful analysis of which theories to include. When choosing which areas of influence to include in the theoretical framework only five of the areas of influence that was suspected to have an effect on the case companies' choice to standardize or adapt their marketing mix were chosen.

Throughout the study the terms high, moderate degree of standardization and high degree of adaptation have been used. There are many definitions regarding what is considered to be high or moderate degrees. Therefore, both primary and secondary data have been analyzed in accordance to the study's definition, see table 1.1.

The constructed positioning maps were made after reading and analyzing the retailers' positions communicated on their websites. This implies that the maps are subjective and might not reflect on the retailers' actual position on the market.

When analyzing the empirical data the recorded interviews were listened to several times in order to fully understand the respondents' answers and increase the reliability of the study. The results from the interviews were also compared to the observations from the field trips. In line with the positivistic approach the data was analyzed objectively and independently of the researchers' values. Since this is a deductive approach conclusions were made with the theoretical framework in mind. With a qualitative approach the data analysis does not include any regression models and trend analysis. Instead a more general discussion is conducted to see why the retailers have acted in a certain way.

3.6 Reliability

Reliability regards the question whether or not the results from a study would be the same if the study would be conducted again, or if the study has been influenced by random affect such as outliers that might have created a bias result (Bryman, 2008). These aspects have been acknowledged continuously throughout the methodology chapter but this section highlights this subject to a further extent.

Internal reliability concerns researchers deciding on how to interpret and analyze the data in the study (Bryman, 2008). In this study the authors had a clear and common understanding concerning these matters. During the interviews both authors had an objective point of view and discussed the empirical data afterwards to make sure that a common understanding of the findings was achieved. A similar approach has been conducted when reading secondary data such as books and scientific articles. The secondary data has been collected from well-established databases and other sources with a reputation of high level of reliability. All collected data have been read and analyzed with criticism and several sources have been used to confirm the reliability of the data within the study.

The external reliability reflects to what degree the study can be replicated. That is gaining the same results if repeating the study. In a replication of a qualitative study a new interview would probably not result in similar answers (Bryman, 2008).

To increase the reliability the respondents were pre-screened and have substantial experience and knowledge of the retailers' internationalization concerning the areas of influence and the marketing mix. Even if the respondents have adequate experience it is important to keep in mind that the answers are subjective and can only reflect on their personal experiences and perceptions. It is therefore possible that data collected from the interviews might have been different if other respondents would have been selected. The reliability of the study might have been higher if more respondents representing the retailers had participated (Bryman, 2008). However, researchers such as Butaney and Wortzel (1988) and Huber and Power (1985) suggest that using one key respondent from each company minimizes the systematic and random sources of errors compared to if selecting several less well-informed.

Different factors that can influence the level of reliability of the interviews held in a qualitative study are:

- Respondents' limitations such as time issues during the interview
- Respondents' characteristic such as health, fatigue, motivation and stress
- Situational factors such as interaction with the respondent and the research environment.
- Variations in answers can occur depending on different interviewers (Kinnear and Taylor, 1991).

To increase the reliability the interviews were performed in a similar way and similar questions were asked by the same researcher at all occasions. The interviews with Lindex and Gina Tricot were booked in advance so time issues were avoided. They were held at the case companies' headquarters, this in order to make the respondents feel relaxed and comfortable in a familiar environment. To further increase the reliability photographs were taken to illustrate the retailers' marketing mix.

3.7 Validity

Validity is the judgment whether or not conclusions drawn from the study are to be considered accurate. That is, has this study investigated the right things to be able to answer the problem statement? It is important to investigate the true relationship between the symptom and the problem (Bryman, 2008). The validity aspect of this study has been acknowledged continuously but this section highlights validity to a further extent.

Validity can be divided in internal and external validity. In a study that has a high level of *internal validity* there is accuracy between the researcher's findings and the theoretical framework (Bryman, 2008). According to Bryman (2008) the validity in a study can be increased by asking questions that answer the research question, thereby fulfilling the purpose of the study. By asking respondents to clarify their answers the risk of misinterpretation decreases. Quotation can be used to increase the validity (Bryman, 2008). This is applied in this study.

External validity refers to what degree the study's results can be generalized to other social environment and situations. When it comes to qualitative studies it is often easier to accomplish internal validity compared to external validity. This since the sample is more limited and might not represent the whole population (Bryman, 2008). This study investigates two retailers to understand their choice to standardize or adapt their marketing mix. All retailers can be considered unique and have their own strategies and characteristics and therefore it is difficult to generalize the results of this study. When conclusions were drawn based on the empirical data it only reflected the two case companies' point of view and experiences.

4. RESULTS

This chapter will present the analyzed empirical data. The results relates to the areas of influence, the retailers' marketing mix and the perceived advantages with standardization and adaptation. The chapter is concluded with the retailers' perceived satisfaction with their marketing mix on the Norwegian market.

4.1 The retailers' standardization or adaptation of their marketing mix

As table 4.1 illustrates Lindex and Gina Tricot perceive Swedish and Norwegian markets and consumers as similar. Therefore, they want to use a high degree of standardization of their marketing mix (product, place, price and promotion).

Table 4.1 The retailers' view of standardization and adaptation

Standardization (S)	Adaptation (A)	Results	
		Lindex	Gina Tricot
Markets are similar	Markets are different	S	S
Consumers are similar	Consumers are dissimilar	S	S
Cost savings	Profit maximization	S	S
Economies of scale in production, R&D and marketing	Tailored production, R&D and marketing based on individual markets needs	S	S
Experience and learning effects	Each market knows what is best for itself	S	S
High degree of centralization	High degree of decentralization	S	S
Tighter control of subsidiaries	Subsidiaries can tailor to each markets	S	S
Consistent image and brand identity worldwide	Adapted image and brand identity to suit market	S	S
Global customer oriented focus	Local customer oriented focus	S	S
Enhanced competitiveness thanks to cost savings	Enhanced competitiveness thanks to meeting unique needs	S	S

Even if Lindex and Gina Tricot would like to use a high degree of standardization the retailers realize that this might not be optimal. The following section presents Lindex and Gina Tricot's chosen marketing mix and how the elements have been affected by the areas of influence (environment, competition, consumer, company and the nature of the product).

4.1.1 The retailers' products

Lindex and Gina Tricot standardize the concept, name and product and thereby use type 1 indicating a high degree of standardization in Kapferer's model from 2005. Figure 4.1 illustrates the retailers' standardized logos. The retailers believe that a standardized logo is important to reduce the risk of confusing global consumers and to keep the brand associations similar.

Figure 4.1 Brand names



Source: lindex.com; ginatricot.se

Lindex and Gina Tricot share the perception that fashion is international and consider the preferences between the Swedish and Norwegian market as similar. An example of this is that Gina Tricot states that when walking the streets in Northern European countries it is very hard to distinguish the populations' nationality. The clothes people wear and fashion trends are similar. The result also reveals that both Lindex and Gina Tricot believe that the globalization of media and the Internet has played an important role in creating international fashion trends.

"Fashion is international due to the fact that we live in a globalized world. If you look at MTV, fashion magazines such Elle or Vogue and large international companies such as Prada they show the same fashion and clothes worldwide."

-Syrén, Expansion Manager at Gina Tricot.

The retailers standardize their product offerings and sell the same products in Sweden and Norway. The result reveals that the existence of similar preferences, international fashion, has made this possible. Figure 4.2 illustrates one example of Gina Tricot's standardized product offering. The same lingerie can be found on both markets.

Figure 4.2 Gina Tricot's product offering in Sweden (left) and Norway (right)



Lindex and Gina Tricot have a product-oriented focus. The results show that this is motivated by their goal to become large international retailers which they believe requires economies of scale.

Lindex and Gina Tricot have not felt the need to adapt the products to reduce or enhance the country of origin effect. Neither retailer believes that their success on the Norwegian market is related to their country of origin. Gina Tricot states that it is rather related to the fact that the Norwegian market demanded more international retailers.

Both retailers standardize their packaging to a high degree. An example of this is that they use identical bags and gift packaging. Even so, they claim to adapt the labeling when it comes to translation. The results of this study reveal that the washing instructions on Gina Tricot's clothes are adapted to different markets by translating the instructions. However, the Norwegians are expected to read the instructions in English or Swedish. Thereby, no adaptation of the labeling has been made to adapt to the Norwegian market.

Regarding service attributes, both Lindex and Gina Tricot have adapted to the differences in regulations regarding the consumers' right to return defective goods. However, since the right to return non-defective products and get a full refund is not legislated by law in Sweden or Norway Lindex claim to have their own standardized return policy; "The Lindex way". They state that the consumers on all markets should have the same right to change their minds and return non-defective products.

"We want to exceed the consumers' expectations regarding return policies. We offer more generous policies and call it the Lindex way."

- Kiesi, Director of Expansion at Lindex.

However, this study reveals that the return policies differ in Sweden and Norway. Figure 4.3 illustrates that Lindex return policy is different when it comes to the number of days a consumer can wait before returning the product. In Norway consumers can return a product and get a full refund within ten days of the purchase, in Sweden the time limit is 30 days.

Figure 4.3 Lindex's return policy in Sweden (left) and Norway (right)



4.1.2 The retailers' distribution

The result reveals that Lindex and Gina Tricot use a moderate degree of standardization of their distribution. The high degree of centralization of the decision-making process and the retailers positioning have influenced the retailers to standardize. While differences in governmental and legal restrictions and consumption combined with competitors' resources have motivated them to adapt.

Regarding logistics Lindex and Gina Tricot both use a standardized strategy. Lindex use the same logistic partner to transport the products from the central warehouse in Partille, Sweden to all markets. However, the Norwegian market is an exception from this standardized strategy since Lindex recently has change their logistic partner on the Norwegian market. Gina Tricot's products are transported directly from the manufacturers to the stores independent of market.

Results also reveal that governmental and legal restrictions have influenced and restrained Lindex and Gina Tricot's choices regarding the distribution of their products. This since products that have crossed the Norwegian border cannot be redistributed to other markets.

“Due to the fact that Norway is not a member of the European Union we need to adapt. Products that have entered the Norwegian market cannot be redistributed to Sweden if they do not sell in Norway.”

-Syrén, Expansion Manager at Gina Tricot.

Results point out that also competitors have influenced both Lindex and Gina Tricot. Gina Tricot states that they see competitors as a complement to their own concept, this as the competitors attract consumers to each other. Consumers do not only visit one store but rather several with similar product categories. Lindex exemplified how competitors' resources have influenced their Norwegian stores.

“If important competitors are spending large amount on renovating their stores Lindex is influenced by this and might feel the need to follow their lead in order to stay competitive on the market.”

- Kiesi, Director of Expansion at Lindex.

Lindex has spent large resources in the last couple of years to renovate the stores in Norway. The renovations were made after influence by competitors and consumers to stay competitive and continue to deliver superior value to the consumers. Lindex furthermore states that the stores are their most important marketing channel to communicate and create profitable relationships with their consumers.

Revealed in this study is that Lindex and Gina Tricot have been influenced by competitors' resources when it comes to their distribution. This can be illustrated by the Varner Group's substantial power when it comes to receiving attractive store locations, this since representatives from the retailers are members in many real-estate boards. The fact that the Varner Group has this advantage combined with their strong financial power makes it hard for other retailers to find attractive store locations.

Regarding differences in consumptions patterns, these have motivated adaptations. The Norwegians tend to shop more at shopping centers compared to in shopping streets. Therefore, both Lindex and Gina Tricot have located a large share of their stores in shopping centers rather than in shopping streets compared to on the Swedish market, see figure 4.4.

Figure 4.4 Lindex's store location in Sweden (left) and Norway (right)



Both retailers have a high degree of centralization as a part of their overall strategy. This influences the relationship between headquarters and the individual stores. The degree of centralization is used as a tool to maintain a unified image and facilitate planning and control which has highly influenced both retailers' distribution element. Lindex and Gina Tricot standardize the store layout and product presentation to a high degree in order to enhance the quality of the consumer experience and to create a unified image independently of store or market. Even though these strategic decisions are centralized some of the more tactical decisions may be adapted to better suit the local market's needs. The Lindex stores are allowed to adapt the product presentation or store layout to a small degree to better fit individual store constraints.

“The visual merchandising on how to present the products in the stores is centralized while each store is allowed to adapt these guidelines to the individual conditions of the store.”

- Kiesi, Director of Expansion at Lindex

Figure 4.5 illustrates that Lindex has a similar store layout in Sweden and Norway. The products are distributed in a standardized strategy where the turnover and store space decide the volumes. For example smaller stores receive more base products and larger stores get more clothes with higher fashion content, independent of market. Also the product offering is standardized according to these elements, headquarters decides what is considered to be high fashion or base products. These methods are also used by Gina Tricot.

Figure 4.5 Lindex's store layout in Sweden (left) and Norway (right)



Regarding product presentation the campaigns should always be presented in the stores' best locations in order to attract consumers. However, each store has a unique architectural design that the managers have to consider, motivating similar stores but not identical. This is illustrated in figure 4.6.

Figure 4.6 Gina Tricot's product presentation in Sweden (left) and Norway (right)



4.1.3 The retailers' price

According to Lindex all retailers have to consider margins, competitors and the positioning when deciding price charged to consumers. Lindex and Gina Tricot use a high degree of standardization of the price charged to consumers, the standardized prices are based on margins. They claim that this is best practice used by all Swedish fashion retailers on the Norwegian market.

"A product that costs 199 SEK in Sweden costs 199 NOK in Norway."

- Kiesi, Director of Expansion at Lindex.

With this pricing strategy the products are somewhat more expensive in Norway. If the price charged to consumers were standardized according to currency a product that cost 199 SEK in

Sweden would cost 199*current exchange rate in Norway. For example if the exchange rate is 1SEK=0.848NOK the product that cost 199 SEK in Sweden would cost 169 NOK. Today the retailers charge 199 NOK for this product. They motivate the increased price by the fact that they have been influenced by environmental factors that have increased their cost structure on the Norwegian market. They state that costs connected to for example administration and customs have increased due to the fact that Norway is not a member of the European Union. Furthermore, the labor costs, rental agreements and the general price level are higher compared to on the Swedish market.

Lindex and Gina Tricot both use standardized price tags illustrated in figure 4.7. All prices charged to consumers at different markets are displayed on the same tag.

Figure 4.7 Lindex and Gina Tricot's price tags



Both Lindex and Gina Tricot use the price as a tool for signaling. By charging a low price Gina Tricot wants to signal that they sell affordable fashion, encouraging consumers to constantly keep up with new fashion trends. When entering Norway, Gina Tricot was afraid that the low price would signal perceptions such as cheap and unattractive to the Norwegian consumers. Even so, Gina Tricot chose to use a standardized pricing strategy, motivating this by the fact that the right promotional campaigns reduce the risk of being perceived as an unattractive retailer.

4.1.4 The retailers' promotion

Lindex and Gina Tricot standardize their promotion to a moderate degree. They claim that the advertising infrastructure is similar in Sweden and Norway, facilitating standardization of the promotion. Both Lindex and Gina Tricot use the same advertising channels such as TV-commercial, print ads, billboards on all markets. The results indicate that promotion is crucial and that advertising is an important marketing channel. To maintain a unified image independent of market it is important that the message communicated to the consumers are similar on all markets and have a high quality. Standardization facilitates this.

“Lindex are present on twelve markets and have 428 stores, standardization makes it easier for us to plan and organize campaigns and strategies on all these markets.”

- Kiesi, Director of Expansion at Lindex.

To analyze competitors before deciding on how to allocate the marketing resources is important according to Lindex. If for example one of the main competitors spends large amounts on TV commercials and advertisement in magazines this influence how much Lindex will spend on promotion on the Norwegian market. This implies that adaptation to the competitors' actions might be necessary to attract consumers and defend the position.

Even if Lindex and Gina Tricot want to standardize the promotion element to a high degree they realize that some adaptations are necessary. They have adapted their promotion by translating for example the language used in advertisement, magazines and on billboards. Apart from the translation the results show that Gina Tricot's campaigns in Sweden and Norway are similar. Figure 4.8 illustrates how the retailer has changed the currency to fit the Norwegian market.

Figure 4.8 Gina Tricot's campaign in Sweden (left) and Norway (right)



Source: ginatricot.se; ginatricot.no.

Gina Tricot has also adapted the time a campaign is launched to correspond to for example the date when the population acquires their salary. The fluctuations of payout date for salaries tends to vary more in Norway compared to in Sweden where it is most common to receive it the 25th each month. In Norway the child benefits is paid on the last day of the month compared to the 20th in Sweden.

Promotion also includes how to persuade consumers to enter the stores by creating attractive store display windows. Both Lindex and Gina Tricot standardize the design and layout. The stores' display windows present the same products and use the same decorations and interior design. Minor adaptation is made only when necessary due to different store constraints. This

to ensure a unified image and similar consumer experience in all stores. Figure 4.9 illustrates that Lindex use the same promotional campaign.

Figure 4.9 Lindex's campaign in Sweden (left) and Norway (right)



Apart from creating a unified image using the same promotional activities on all markets can create economies of scale and thereby reduce the cost for the development of the campaign.

4.2 The retailers' perceived advantages with standardization and adaptation and their satisfaction

Lindex and Gina Tricot claim that the advantages with standardization also are the disadvantages with adaptation and vice-versa. The results reveal that the primary advantage with standardization is the enhanced competitiveness due to cost saving as a result from economies of scale. Lindex and Gina Tricot claim that these economies of scale are essential to maintain an acceptable margin when competing with mass retailers in the low price segment. Furthermore, it is clear that the consistent brand image and identity that is associated with the standardization strategy is an appealing advantage. This is motivated by the fact that a unified image reduces the risks of confusing the global consumers.

Secondary advantages are the possibility to enforce tighter control of subsidiaries and that standardization facilitates planning. Lindex explain that tighter control enables retailers to maintain a high and consistent quality in the stores, independent of market.

“Standardization can be seen as a tool to ensure consistency and quality”

- Kiesi, Director of Expansion at Lindex.

The results point out that the primary advantage with adaptation is the possibility to tailor the marketing mix to each market's individual needs. Lindex and Gina Tricot conclude that retailers that want to meet these unique needs hope to gain an advantage from tailoring their marketing mix. If a retailer knows that a specific color or design sells more on a specific market adaptation could make it possible to increase revenues by meeting this demand. By

better serving a markets' specific need the risk of misjudging the demand can also be reduced. Gina Tricot misjudged the demand during the fall of 2011 and experienced this disadvantage with standardization. The consumers were not appealed by some of their products which resulted in significantly decreased sales volumes on all markets.

The results reveal that the retailers have similar strategies and that they have similar reasons behind their chosen strategies. The chosen strategies have resulted in the retailers' satisfaction with the Norwegian market.

Retailers' satisfaction occurs when their perceived performance on the market is equal to or exceeds their expectations. Both retailers claim to be satisfied with their chosen marketing mix and have reached their internal goals when it comes to profit, market share and sales growth.

“Lindex marketing strategy has played an important part in Lindex success on the Norwegian market”

- Kiesi, Director of Expansion at Lindex.

“Gina Tricot has been successful in Norway”

-Syrén, Expansion Manager at Gina Tricot.

Lindex and Gina Tricot state that their marketing strategies have had a significant role in the retailers' success on the Norwegian market. Gina Tricot believes that their fashionable products combined with their massive investment in promotion have been the main contributor to their success.

Lindex on the other hand claim that the main reasons for their success are their product offering combined with attractive stores. However, also Lindex believe that their investments in promotional campaigns with testimonials such as Reese Witherspoon and Gwyneth Paltrow have contributed to their success on their Norwegian market.

Furthermore, Lindex and Gina Tricot state that they constantly reevaluate their marketing mix to ensure that it reflects both the retailers' profile and the individual constraints of the market. They claim that this is important in order to be successful on the market in the long run.

5. DISCUSSION, CONCLUSIONS AND RECOMENDATIONS

In this chapter the results are discussed and concluded related to the study's purpose and theoretical framework. Based on the study's results recommendations concerning standardization and adaptation are presented. This is followed by criticism of the thesis and theoretical knowledge contribution and further research directions.

5.1 Discussion

5.1.1 The Norwegian market

In the introduction stage of this study the authors' perceived Sweden and Norway as similar while suspecting differences among how standardization or adaptation strategies were applied by fashion retailers. However, when analyzing the results it was evident that there are differences between Sweden's and Norway's market constraints that force and motivate Lindex and Gina Tricot adapt some elements to a moderate degree. Prior research suggests several areas of influence that affect companies choice to standardize or adapt their marketing mix (Birnik and Bowman, 2007; Hofstede, 2001; Vrontis and Papasolomou, 2005; Vrontis and Vronti, 2004). The result from this study indicates that these areas also influence the case companies. Even if there is a limited amount of studies investigating fashion retailing, it seems as if prior research performed on other industries can, to some extent, be applied on Lindex and Gina Tricot.

5.1.2 Main areas of influence

Jain (1989) suggests a correlation between a high degree of competitive intensity and a high degree of adaptation. Lindex and Gina Tricot state that the competitive intensity in Norway is high and that they have their competitors in mind when deciding their marketing mix. Even so, the results from this study reveal that the retailers have standardized some parts of their marketing mix to a high degree while others to a moderate degree. The differences between these studies results might be explained by the fact that Jain's study is a review of a large number of different studies, covering several different industries and markets while this study only include a small sample of two fashion retailers on the Norwegian market. The differences in results might also have to do with the fact that Lindex and Gina Tricot have an international business oriented perspective and that a high degree of adaptation is not in line with their profile. If retailers with different strategies and/or product offerings would have been included in this study the results regarding the correlation between competitive intensity and adaptation might have been different.

The degree of centralization of the decision-making process highly influence the companies chosen marketing mix, this is in line with Jain (1989). However, it contradicts research by Picard et al., (1998) who see no such correlation. Standardization can be seen as natural and best practice among retailers who want to maintain central control and ensure quality and consistent image. Both retailers had similar points of view as to why the high degree of centralization is related to their high degree of standardization; by using a standardized

marketing mix they can stay true to their business model (low price, high degree of fashion content, high turnover ratio and centralized decision-making) and have a more or less identical image, independent of market.

5.1.3 Fashion and standardization

The result from this study suggests a link between the fact that the case companies perceive fashion as international and their degree of standardization. This is in line with researchers such as Azuma and Fernie (2003) and Ko et al. (2007) who also studies fashion retailers' marketing mix. Interesting is that the research by Ko et al. (2007) includes luxury fashion retailers and that the data is collected in Korea. Even so, the perception of fashion as international is cohesive with this study. A reason to why the result from this study is similar to studies that have investigated fashion luxury retailers might be that both include retailers that see a linkage between international fashion and standardization. However, the retailers have different motives for their standardization. According to Corbellini and Saviolo (2010) luxury fashion retailers appeal to a limited number of consumers which requires an international perspective to survive. Their consumers often have similar lifestyles and universal needs independent of markets, facilitating standardization. As long as the luxury fashion retailers manage the promotion and maintain the associations to the brand globally, fashion luxury retailers can standardize and be successful (Corbellini and Saviolo, 2010). When it comes to mass retailers such as Lindex and Gina Tricot they need to standardize to lower costs. As this study suggests, high turnover ratio and economies of scale are important for Lindex and Gina Tricot in order to be competitive in this mass market segment. Since standardization of the marketing mix provide these advantages it is a natural choice to strive towards it.

5.1.4 The different degrees of standardization

Regarding how Lindex and Gina Tricot have standardized or adapted their marketing mix it was found that the elements are standardized to different degrees. Prior researchers such as Kapferer (2005) and Vrontis (2003) confirm that it is common for companies to use a mixture of standardization and adaptation. Even if, Kapferer (2005) discuss a general model not specifically developed for any industry it is clear that the discussion regarding degrees of standardization also exist within Lindex and Gina Tricot. This might be explained by the fact that companies, independent of industry and market, face different macro and micro factor that motivate them to act in a certain way. Even if retailers would like to standardize as much as possible it is impractical and sometimes even impossible to use the extreme versions of the strategies. With this in mind it is clear that Lindex and Gina Tricot are similar to other companies when it comes to using different degrees of standardization.

Lindex and Gina Tricot perceive fashion as international, this combined with market similarities might explain their successful *standardized product offerings*. Existing theory verifies that standardization is common on markets that are similar in market constraints (Baalbaki and Malhotra, 1993; Vrontis and Pappasolomou, 2005). The product elements' high degree of standardization may also be explained by the desire for a unified image and economies of scale. This is in line with prior studies (Birnik and Bowman, 2007; Levitt, 1983;

Papavassiliou and Stathakopoulos, 1997; Theodosiou and Leonidou, 2003; Vrontis and Vronti, 2004; Vrontis and Vronti, 2009). The desire for economies of scale might be higher for fashion retailers in the low price segment since the margins are low and the competitive intensity high. If the case companies would have targeted a different segment or if they would have had a different positioning, it is possible that their main motive behind their standardized product offering would have been different. However, Lindex and Gina Tricot may need to adapt their product offerings on markets that are significantly different. If the study would have included other markets or companies with another opinion regarding fashion, retailers selling products without fashion content or retailers other than mass retailers the result concerning standardization might have been different.

No adaptation of the washing instruction has been made to the Norwegian market. This might be explained by the fact that Swedish and Norwegian languages are similar. Even so, this can be seen as a discrimination of the Norwegian consumers since both the Danish and Finnish consumers receive translated washing instructions. This study cannot reveal if this has had any negative impact on the consumer perception of the retailers or their products.

It was also found that even though Lindex claim to have a standardized return policy there are differences between the Swedish and Norwegian markets. They have shortened the time limit for Norwegian consumers to change their mind, probably to reduce the number of refunds. This is most likely a strategic choice by Lindex, since a reduced time limit increase the probability that the money is maintained within Lindex. This is an example of how retailers can leverage on market differences and that adaptation is not always equal to increased costs. If all fashion retailers on the Norwegian market use the similar approach regarding the time limit this might not have any negative impact on consumers' satisfaction. However, if this approach is not best practice or if the Norwegian consumers discover that they are being discriminated it can result in decreased satisfaction and decreased sales or negative publicity.

Prior researchers state that distribution often is adapted to a high degree due to differences in economic factors, competition, consumer consumption patterns and infrastructure (Theodosiou and Leonidou, 2003). However, in this study it was found that the *distribution has been standardized to a moderate degree*. The retailers might have preferred a higher degree of standardization. However, this was not possible due to for example the Varner Group's substantial power over attractive store locations and differences in consumption patterns motivating an adapted store location.

In line with prior research the price is strongly affected by the areas of influence (Theodosiou and Leonidou, 2003) and therefore the *price is standardized to a high degree* by the case companies. Questionable is however if it is possible to achieve standardized margins with the formula 199 SEK = 199 NOK, all else being equal. This since the margins depend on if the increased revenues will cover the increased costs that are associated with the Norwegian market such as customs, taxes, labor costs and interest rates. Both retailers use a standardized price tag with 199 SEK = 199 NOK. Intentions behind this might be to signal and maintain a unified image of the brand. Using the same price tag on all markets also give the retailers economies of scale. It might also prevent consumers from feeling manipulated. This since

consumers might not reflect over the differences in exchange rates, but look at the prices and perceive them as similar. Another aspect concerning the pricing formula is that it is best practice among Swedish fashion retailers on the Norwegian market. Independent of the retailers' actual margins using another pricing formula might result in an effect of the retailers' positioning compared to competitors'.

Another aspect of the pricing formula is that it might affect consumers psychological perception of the price. The price 199 is perceived to be much cheaper than 200 even though it is just one crown difference, this can result in increased sales. Most likely it seems that Lindex and Gina Tricot have thought of this aspect when deciding which price they should charge Swedish consumers as well as the Norwegians. By thinking of the psychological affect a price has on the consumers independent of market they can achieve the same benefits on both markets.

Prior research suggests that the promotion element often is standardized to a moderate degree due to for example cultural differences (Theodosiou and Leonidou, 2003), also the case companies use a *moderate degree of standardization of the promotion*. Lindex and Gina Tricot adapt by translating the language and the date when campaigns start. These adaptations are results of cultural differences between the two markets. If the cultural differences would have been more significant a higher degree of adaptations might have been necessary. For example if the Norwegians would have had a different consumption of media and different values regarding what is considered appropriate advertising campaigns.

5.1.5 Advantages

Even if the case companies conduct business in an industry highly influenced by seasonal variations and short product life cycles they perceive similar advantages as mentioned in existing theories. The findings suggest that both retailers have a product oriented focus and strive for cost reduction. Therefore, it can be seen as logical that the retailers see economies of scale as the primary advantage with standardization. They also highlight the need for a unified image in order to become large international retailers. These advantages are also mentioned in existing theory (Ko et al., 2007; Levitt, 1983; Papavassiliou and Stathakopoulos, 1997). The desire to maintain a unified image in order not to confuse the consumers might be more important on markets that are geographically close. This since it is more likely that the consumers experience the differences. Due to the fact that Sweden and Norway are geographically close this advantage might be appealing for Swedish retailers.

5.1.6 Stakeholders

It is likely that Lindex and Gina Tricot's marketing strategies have affected their stakeholders. Regarding the environmental impact on society the reduced recourses that are associated with standardization may be seen as positive in a sustainable perspective. For example a standardized promotional campaign or product might have a smaller impact on the environment compared to if using several adapted. On the other hand a standardized product offering that is not adapted to the Norwegian market might have a negative influence on the Norwegian consumers' culture. This since a standardized product offering will contribute to notion of globalized consumers and reduce the existence of Norwegian culture and heritage.

However, it might also create a new sense of community and connection between consumers on different markets as they might start seeing each other as similar.

There are several economic aspects regarding Lindex and Gina Tricot's high degree of standardization of the price charged to consumers. The Norwegian government gain larger tax revenues from the retailers with their existing standardized pricing strategy (199 SEK = 199 NOK) compared to if Lindex and Gina Tricot would have just converted the Swedish price to the Norwegian currency. This can be seen as positive for the Norwegian government who can redistribute these incomes to for example investments in health care. On the other hand, it has had a negative impact on the Norwegian consumers who are forced to pay a relatively higher price compared to the Swedish consumers.

5.2 Conclusions

The purpose of this study is to describe and analyze Swedish fashion retailers' standardization or adaptation of their marketing mix on the Norwegian market. To conclude and fulfill the purpose of this study the main conclusions that can be drawn from the research questions will now be presented.

5.2.1 Which areas of influences affect standardization or adaptation of the marketing mix?

The results from this study indicate that all factors within the areas of influence have affected and sometimes restrained the retailers' marketing mix on the Norwegian market. In table 5.1 the main areas of influence that have affected the case companies are summarized in column one. The seconded column explains how these areas have been perceived by the case companies. That is, how they claimed to be influenced by them. The column "result" determines if the area of influence has motivated Lindex and Gina Tricot to standardize or adapt the element of the marketing mix.

Table 5.1 Areas of influence that affect the elements within the marketing mix

Product			
Areas of influence	The retailers' opinions	Result	
		Lindex	Gina Tricot
Governmental and legal restrictions	Differences in the right to return defective goods, guarantees	Adaptation	Adaptation
Preferences	Fashion is international	Standardization	Standardization
Place			
Areas of influence	The retailers' opinions	Result	
		Lindex	Gina Tricot
Governmental and legal restrictions	Not a EU member, cannot redistribute	Adaptation	Adaptation
Competitors' resources	Hard to find attractive store location	Adaptation	Adaptation
Consumption	Different consumption behavior, preference for shopping centers	Adaptation	Adaptation
Degree of centralization of the decision-making process	High, international company, maintain unified image	Standardization	Standardization
Positioning	The same position on both markets	Standardization	Standardization
Price			
Areas of influence	The retailers' opinions	Result	
		Lindex	Gina Tricot
Economic factors	Higher cost structure, not a EU member	Adaptation	Adaptation
Competitive intensity	Competitors prices, best practice	Adaptation	Adaptation
Positioning	International company, unified image	Standardization	Standardization
Promotion			
Areas of influence	The retailers' opinions	Result	
		Lindex	Gina Tricot
Cultural distance	Differences in language, translation	Adaptation	Adaptation
Competitors' resources	Competitors' spend large amount on promotion	Adaptation	Adaptation
Positioning	International company, unified image	Standardization	Standardization

Even though Sweden and Norway are similar in many aspects it is clear that Lindex and Gina Tricot have been influenced by some differences in market constraints. The fact that the

retailers are SMEs and not large international retailers might have affected their choice to make the voluntary adaptations. If they would have been larger and/or Norway would have represented a minor part of their total revenues they might have chosen a higher degree of standardization. If they would have been larger they could have received special treatment from governments and stakeholder due to their attractiveness for real-estate owners, complementing businesses, consumers and governments. With this in mind it is possible that they would have gained more from standardizing than from adapting. Also if Norway would have represented a minor share of the retailers' total revenues it is possible that the retailers would have considered themselves to be able to afford to lose the increased revenues that adaptations might be associated with. It is always important to have a broad perspective and analyze what implications retailers' actions on one market have in relation to retailers' strategy and operations globally.

It can be concluded that both Lindex and Gina Tricot claim to be affected by the same areas of influence which result in similar actions when it comes to standardization and adaptation on the Norwegian market. These similarities might be explained by the fact that governmental and legal restrictions, economic factors, cultural distance, competitive intensity and competitors' resources are similar factors for all Swedish fashion retailers established on the Norwegian market's low price segment. Furthermore, the fact that both Lindex and Gina Tricot perceive fashion as international and want to maintain the same positioning motivates them to standardize. Also the retailers' high degree of centralization of the decision-making process might have contributed to similarities in answers.

5.2.2 How have retailers standardized or adapted their marketing mix?

As could be concluded in table 4.1 Lindex and Gina Tricot have several motives for using a high degree of standardization. One example is that the costs associated with adaptation together with the retailers' desire for economies of scale do not allow a high degree of adaptation. Even if the retailers want to use a high degree of standardization they are affected by the areas of influence illustrated in table 5.1 motivating them to adapt in order to be successful. Therefore, it can be concluded that Lindex and Gina Tricot use a mix of the two strategies and standardize and adapt the elements within the marketing mix to different degrees. Table 5.2 summarizes the conclusions drawn regarding how the case companies have standardized or adapted their marketing mix. The table also compares the results with prior studies.

Table 5.2 The retailers' marketing mix compared to existing theory

	Lindex	Gina Tricot	Existing theory
Product	High degree of standardization	High degree of standardization	High degree of standardization
Place	Moderate degree of standardization	Moderate degree of standardization	High degree of adaptation
Price	High degree of standardization	High degree of standardization	High degree of adaptation
Promotion	Moderate degree of standardization	Moderate degree of standardization	Moderate degree of standardization

It can be concluded that both retailers use similar strategies when it comes to their marketing mix in Norway and that Lindex and Gina Tricot use a higher degree of standardization than what existing theory suggest. The retailers' marketing mix is a result of both mandatory and voluntarily adaptations to the Norwegian market.

The retailers' moderate degree of standardization is a result of the fact that they have only adapted their strategy to the market constraints that they perceived as necessary. Research suggests that adaptation results in increased revenues that will cover the costs associated with this strategy (Chhabra, 1996, Terpstra and Sarathy, 2000). This statement might be true for markets that are substantially different but probably not on markets that are similar. If Lindex and Gina Tricot would have used a higher degree of adaptation it is questionable if they would have had gained substantially larger revenues from the Norwegian market. This since the markets and demand are similar in many aspects. It seems as if a higher degree of adaptation would be unprofitable for the case companies since it would cost more than they would have gained from adapting. At the same time it might be hard for the retailers to standardize to a higher degree. This since there are mandatory constraints and also voluntary that can be seen as necessary in order to be successful on the Norwegian market.

Lindex and Gina Tricot have proven that it is possible to use a mixture of high and moderate degrees of standardization of their marketing mix. Even so, it might be hard for retailers to understand when there is an economic advantage to gain from standardization. This since it is always a risk of falsely perceiving two markets as homogenous and using standardization in a higher degree than what is optimal for profit maximization.

5.2.3 What are the advantages with standardization and adaptation?

The results reveal that the retailers have similar strategies and that they see similar advantages with standardization and adaptation. These are illustrated in table 5.3.

Table 5.3 The retailers' perceived advantages with standardization and adaptation

Advantages with standardization	Advantages with adaptation
Enhanced competitiveness due to cost savings	Enhanced competitiveness due to meeting markets' unique needs
Consistent image and brand identity worldwide	Reducing the risk of misjudgment of demand.
Tighter control of subsidiaries	
Facilitates planning within the organization	

The fact that Lindex and Gina Trico see the same advantages might have to do with the fact that they are both fashion retailers competing in the low price segment were it is important with a high turnover ratio. Also the fact they both strives towards becoming large international players might explain why they think that a unified image and tight control is important. Even if the retailers see more advantages with standardization it can be concluded that they also see advantages with adaptation.

Lindex and Gina Tricot's high and moderate degrees of standardization of the marketing mix are clearly related to their perception of fashion as international. If they would have perceived

fashion as unique for every market the advantages they now see with standardization would have been less appealing.

5.3 Recommendations

Based on results from this study and prior research it is important to recognize that there is a tradeoff between standardization and adaptation. For every element of the marketing mix that is being standardized, costs are reduced but at the same time individual consumers' needs are being abandoned. The reduced costs from standardization might result in decreased sales.

Retailers should not suppose that two markets that are geographically close are homogenous. Therefore, a high degree of standardization might not always be desirable. Differences between markets exist and by adapting retailers might be able to leverage on these differences. This study concludes that minor adaptation of the marketing mix might be necessary even if it is not in line with the retailers' overall strategies. When it comes to the marketing mix one size does not fit all markets.

It is important for retailers to evaluate the size of a specific market and its potential in relation to the retailers' presence on other markets. If a market represent a significant part of the retailers' revenues and/or is a strategically important the marketing mix becomes important. With this in mind it might not be desirable to export the marketing mix in a standardized way. Instead retailers should constantly reevaluate the host market's constraints and rather export the concept.

5.4 Criticism of the thesis

There are a number of limitations in this case study that should be acknowledged. One important fact is that the results from this study cannot be generalized as the case study is based on a non-probability sample of only two case companies and one foreign market. The methodology of the study and the choices that have been made regarding research approach, scientific approach and data collection has affected the results. This implies that different results might have been gained if a different methodology had been used. For example the interviews were unstructured allowing the interviewers to ask questions that were not included in the interview guide. By not asking the exact same questions in the exact same order to both respondents the study's results might have been affected. Furthermore, the respondents were informed about the purpose of the study before conducting the interviews which might have affected their answers.

Regarding the results from the empirical data it is also important to keep in mind that the respondents are employed by Lindex and Gina Tricot and are thereby the retailers' representatives. This increases the risk for bias results since they may want to present the retailers' actions in a favorable way. The results of this study may be affected by the fact that the retailers might not want to reveal all areas of influence, how they standardize their marketing mix or why they act in a certain way. Regarding the secondary data collected from annual reports might be bias and thereby might have had a negative affect on the result.

5.5 Theoretical knowledge contribution and further research directions

This study is a case study including two case companies. Therefore the results and the knowledge contribution cannot be generalized to all mass fashion retailers.

This study has contributed with knowledge regarding how the two case have constructed their marketing mix and the reasons behind their choice. The results of this study indicate that a product with high fashion content is easier to standardize due to similarities in preferences between markets. The findings also suggest that even if Lindex and Gina Tricot strive towards standardization they might be forced to adapt some element within their marketing mix, even on geographically close markets. Finally, this study can confirm that existing research regarding the areas of influence and the marketing mix can be applied on the two case companies.

Even though this study has approached fashion retailing there is still a lack of knowledge regarding how fashion retailers standardize or adapt their marketing mix and why. Therefore, it would be interesting to investigate SME fashion retailers in a wider scale, this to analyze if two geographically close markets differ enough in market constraints to motivate adaptation. Many of the existing theories contradict each other and might not be up to date. Therefore, more research is still needed. New studies could investigate best practice for retailers' marketing mix today.

This study has a business-oriented perspective it would be interesting to perform a similar study but from a consumer perspective, this to see how the consumers on the Norwegian market perceive the Swedish retailers' marketing mix. Another possibility would be to continue in the field of this study but in depth only analyzing one of the four elements within the marketing mix. An example of this can be to analyze the price element in a wider perspective.

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APPENDIX 1 – Interview guide

Unstructured interviews with Lindex and Gina Tricot

1. Do you standardize or adapt the different elements within the marketing mix? If so, how and why?

Product

- Differences in product offerings: colors, design and quality
- Brand name
- Packaging
- Service attributes

Distribution (Place)

- Warehouse
- Distribution network
- Placement of stores
- Store layout

Price

- Price charged to consumers
- Cost structure and margins
- Price as a tool for signaling and positioning

Promotion

- Marketing channels
- Advertising
- PR
- Discounts

2. What strategy does best describe your company's profile regarding standardization of concept, name and product?

- Type 1 100 % Standardization
- Type 2 Different positioning on different markets
- Type 3 Adapted product
- Type 4 Same brand name but with different positioning and products
- Type 5 Everything is standardized but the brand name

- Type 6 Basically the same product but under different brand names and price
- Type 7 One concept consisting of individual brands that act independently, low degree of standardization.
- Type 8 100 % Adaptation

3. What factors are analyzed and might influence your choice regarding standardization or adaptation of the elements within the marketing mix?

Environment

- Market size
- Economic factors
- Cultural distance
- Climate
- Governmental and legal restrictions
- Infrastructure

Competition

- Competitive intensity
- Main competitors
- Competitors' resources

Consumer, what are the main differences regarding Swedish and Norwegian consumers:

- Preferences
- Consumption patterns
- Target segment

Company

- Headquarters' level of ownership
- Degree of centralization of the decision-making process
- Market orientation
- Country of origin

Product

- Nature of the product
- Product life cycle

Other factors?

4. **What are the advantages with standardization and adaptation?**
5. **Have you reached your goals regarding profit, sales growth and market share?**
6. **Are you satisfied with your chosen marketing mix on the Norwegian market?**
7. **To what degree does your performance on the Norwegian market relate to your chosen marketing strategy?**