



# UNIVERSITY OF GOTHENBURG

## SCHOOL OF BUSINESS, ECONOMICS AND LAW

**Master's Degree in International Business and Trade**

Cultural Impact on Standardization/Adaptation of the Marketing Mix

- *A Qualitative Study on MNEs in the Sportswear Industry*

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## **ABSTRACT**

In order for an international business to grow and secure competitive advantages, firms have to exploit and expand to new markets and pinpoint the importance of international marketing. Local market demand is highly related to cultural differences and consumer preferences which raises the dilemma whether firms should adapt their marketing mix to the new local market or use a cost-effective standardized model that is based on their host market. With an increased digital consumer presence, especially after the pandemic, companies also need to consider this dilemma from a digital marketing context. Our thesis thus contributes to increasing the knowledge about the concept of standardization and adaptation within marketing and proceeds from previous studies that exist on the subject. Our thesis investigates how cultural differences influence the degree of standardization/adaptation of elements in the marketing mix. Furthermore, we made a distinction between marketing in a traditional and digital context. Semi-structured interviews with 12 respondents from different companies in the sportswear industry were conducted and in addition we interviewed two marketing experts to get a deeper insight. Our results indicate that cultural differences within Europe have a low impact on adaptation in the various marketing elements for companies which partly contradicts scholars and practitioners and our own beliefs that culture and disparity in consumer preferences has a huge impact on firms' marketing strategies. However, more research is required on the subject to deeply investigate the performance related to the respective choices regarding adaptation and standardization of their marketing.

**Keywords:** The Integration-Responsiveness Framework, Globalization, Localization, Standardization, Adaptation, Cultural Difference, Marketing Management, International Marketing

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Gothenburg, 26th of May 2022

A handwritten signature in black ink, appearing to read 'Matilda', written over a horizontal line.

Matilda Arvidsson

A handwritten signature in black ink, appearing to read 'Ruben', written over a horizontal line.

Ruben Strandberg

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# 1. INTRODUCTION

*The introduction chapter consists of background discussion (1.1), which includes a discussion of the contextual environment of Sportswear (1.1.1). This is followed by our posed problem (1.2), purpose and research question (1.3). This chapter ends with our chosen limitations (1.4) and deposition of this essay (1.5).*

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## 1.1 Background

The recent decades of globalization have urged firms to cross borders to achieve scale effects, lower costs and increase their customer bases and made the dual imperatives of global integration and local responsiveness a key for internationalization and operational strategies. The integration – responsiveness framework (IR) is one of the most prominent frameworks connected to international management and is widely used for illustrating and analyzing multinational enterprise (MNE) strategies from both a corporate and subsidiary perspective. In order for an international business to grow and secure competitive advantages it has to exploit and expand to new markets. On the other hand, while operating in multiple countries it must also be responsive to market forces and demands for each location. Hence, the IR dilemma is framed by capitalizing on the global competitive advantage and the response of meeting local demands (Nguyen, 2016). Studies have recognized underlying environmental forces related to the competitive structure and suggest that buyer-related forces such as standardized consumer demands, global awareness, product information and standardized product technology are contributing to pressure for global integration and local responsiveness (Roth and Morrison, 1990). According to Meyer and Estrin (2014) strategies in line with the framework are often assumed to be adopted uniformly meaning that either a subsidiary strategy aims to be standardized and correspond to pressure for global integration or adapted and conformed to local responsiveness. However, in practice subsidiary strategies vary considerably and may also be applied differently depending on the strategy elements within the international business such as logistics, marketing, and management (Liao & Le, 2017).

According to Swoboda et. al., (2012) the IR framework is mostly applied in a manufacturing context and Currah and Wrigley (2006) argues that business to consumer firms such as retail companies act differently because they have a larger degree of direct interaction with their end consumers and engage marketing tools to a larger extent in order to address customer needs. At the same time, these firms experience a need for being globally integrated due to high marketing and production costs and maintenance of brand awareness which creates a pressure for economies of scale and standardization (Swoboda et al. 2012).

The concept of standardization and adaptation are closely connected to global integration and local responsiveness and is a key issue for international marketing. These concepts are widely researched but according to Nguyen (2016) scholars and practitioners have not yet implicated the best approach for globalization. An important subject regarding global integration and local responsiveness is how to find a trade-off between the advantages from standardization through scale effects and the cultural necessities of adaptation (Nguyen, 2016). The marketing mix is a variation of variables and strategy elements such as price, product, media content and media channels which may be managed differently between firms and subsidiaries. There are multiple examples of subsidiary strategies that aim to adapt to local culture such as the case with McDonalds in India which adjusted their product line excluding beef and offered a broader variation of vegetable and fish options (Foglio & Stanevicius, 2007). In today's increasingly globalized world, more and more companies are affected by cultural differences. According to Trompenaars (1993), an understanding of other cultures can help companies to determine whether product adaptation is necessary or not. Some firms may adapt their product offer such as the previous example with McDonalds, while other firms standardize their product offer and adapt something else in their marketing mix such as communication or price (Foglio & Stanevicius, 2007). Hence, the concept of standardization and adaptation through the lens of marketing is complex and subjected to how and why firms market and communicate to their customers at a local level. Recent years of digitalization has also brought additional complexity into the dilemma and adds the digital marketing aspect for firms to consider.

Digitalisation has led to an emergent use of online and digital channels in marketing and communication. Nearly 5 billion people use the internet daily, and it continues to increase by additionally half a million users every day. The pandemic has further increased online shopping

and in 2021 the total amount of online consumer goods exceeded 3.8 trillion US dollars (Data Reportal, 2022). From these numbers it is apparent to state that e-commerce and digital marketing is now a truly global phenomenon that made a massive business revolution and has affected the growth of globalization immensely. Hence, an additional question in an international business context is whether to use a standardized or an adapted approach to marketing and communication in an online context such as e-commerce, website, and social media. The debate is an ongoing phenomenon, and the integration responsiveness dilemma has once again become the basis for the discussion from scholars and practitioners. However, According to Swoboda et. al., (2012), firms in the consumer goods industry have not yet been sufficiently investigated in the literature. Moreover, there is a lack in the enforcement of the cultural relationships to a specific practice such as marketing and e-commerce and how it is being adapted to forces for adaptation and standardization. Technology makes online mass customization and adaptation possible while forces for global integration such as scale effects puts pressure for a standardized strategy and this dilemma increases the level of complexity in an online business context (Alhorr, et. al. 2010). The IR framework sometimes gets criticism for being too sticky and lacking the potential of explaining how to balance the global and local strategy and how certain key factors are influencing the local market strategy for subsidiaries. Moreover, the framework is not highlighting differences between elements such as the marketing mix which should be considered in order to understand why and how firms operate their marketing strategies. Huge possibilities have appeared for using the new era of digital marketing to effectivize adaptation strategies. Hence, this thesis is looking further into adaptation differences between the marketing mix including traditional and digital marketing and how firms are considering cultural variations when approaching their customers at a local level.

### ***1.1.1 Background to the Context of Sportswear***

According to Fortune Business Insights the global sportswear market was estimated at US \$ 353.5 billion in 2021 and is projected to reach US \$ 455 billion by 2024. This is in comparison to 2019 when the global sportswear market size was estimated at US \$ 262.51 billion. The extensive growth in the sportswear market can therefore, at least partly, be assumed to be a trace of the pandemic. As more and more people were forced to stay at home, the type of clothing people wore on a daily basis changed. Potential for comfortable, yet fashionable

clothing became a reality as the pandemic continued to change the way we live and work. The result was that the sportswear industry was met by a new type of customer, namely people who do not necessarily workout but who need comfortable and stylish clothes while spending time at home and working remotely. At the same time, more and more people turned to online shopping as a consequence of the pandemic. Many brands were therefore forced to increase their online presence in order to meet the growing demand (McKinsey&Company, 2022). Attitudes towards traditional workwear are being challenged, together with thriving e-commerce, which has created new opportunities for the whole sportswear industry in just a few years, making it interesting to investigate further.

However, the global sportswear market is fragmented with many major market players operating worldwide. Many of the key players of the sportswear market and who will also be the research objects for this essay are Nike, Adidas, Puma, Under Armor, New Balance, Peak Performance, Hummel, and Converse. The interest lies in investigating whether there are any significant adaptation differences between elements of the marketing mix, and, if so, in what way cultural differences affect the degree of local adaptation of online and offline marketing and brand communication.

It is argued that sport today is a worldwide phenomenon that extends beyond cultural barriers and, regardless of form, has the power to reach millions of people around the world (Ventura & Dedeoğlu, 2013). The question is whether this spills over to the sportswear industry, which because of this is allowed to have a fully standardized marketing strategy. It has not been possible to find extensive previous research on the relationship between culture and the degree of local adaptation on online channels. There is similar research, but mainly regarding traditional marketing on the offline side of it. There is clearly a research gap that needs further attention.

## **1.2 Problem Discussion**

The widespread adoption of the world wide web and internet has simplified the transmission of data and is one of the most prominent reasons for an accelerated globalization. To be successful in such an environment, international companies must manage the brand's global

characteristics and strive for superiority in the product's price, design, and function, as well as the visual language that is conveyed externally through various marketing channels (Power & Hauge 2008). At the same time, it has been argued that in a globalized business world, cultural interaction is crucial. Organizations that can successfully understand cultural differences are simply better at creating competitive advantages (Trompenaars 1993). Against this background, it is interesting to study the strategic marketing development of global companies and the importance and impact of culture on this choice.

McCarthy's 4P's framework has been widely used to study strategic marketing development since the 1960's and is still used today by both market leaders and academics. However, it has been questioned whether the 4Ps of marketing are still relevant in today's digital world (Constantinides 2006). Constantinides (2006) believes that there has been a paradigm shift in marketing since the evolution of technology and argues that the 4P model is not sufficient to describe marketing as a concept anymore. Companies with sales in stores and on the internet need to make it as interesting for customers to shop online as offline and it is therefore important that companies adapt their marketing to the digital environment (Tiago and Verissimo 2014). Research clearly shows that there is a need to develop the traditional marketing mix so that it better suits the digital market. Therefore, this thesis will add the variables website exposure and social media to the traditional marketing mix in order to embody the contemporary image of the marketing perspective. In this way, the needs that are considered lacking due to digital development are met.

It can be argued that the integration responsiveness framework is widely investigated and already explains the management challenges of all types of MNEs. However, according to Dörrenbächer and Geppert (2016) aspects of localization and cultural adaptation to marketing and online consumers are under-researched. Hence, the same adaptation is required both offline and online in order to address local consumer demands. Earlier research has addressed cultural differences and localization regarding the dimensions of marketing but the issues of localization and standardization in an online and e-commerce context has not been sufficiently investigated (Dörrenbächer and Geppert, 2016). Alhorr et al., (2010) argues that research on culture on websites and designing country specific websites are seen as a valid method to help managers to avoid cultural misinterpretations. On the other hand, Noris et. al. (2020) underlie that in the fashion industry as a whole, there is still a gap when considering the adoption of cultural values. However, Noris et. al. (2020) s paper does not consider the direct experience

from marketing and communication managers but rather a subjective observatory view from country specific websites. Hence, further studies are required to acknowledge how localization and cultural adaption are being perceived from a marketer point of view and what factors they consider as key aspects of their international marketing strategy. Observations made from earlier research in the fashion industry does not point towards locally adapted website content or social media channels which raises the question to what extent online marketing is adapted and whether these firms also standardize their traditional marketing (Noris et. al. 2020). Noris et. al. (2020) finishes their paper by suggesting questions for future research and asking if fashion companies in the online environment are taking localization and cultural adaptation strategies into account.

There is clearly a gap in the research aiming to address cultural dimensions of the IR paradigm in an online context and how these factors impact the level of integration or responsiveness from a marketing point of view. This kind of understanding is not only useful to develop the perspectives of the integration responsiveness framework but also for all firms that sell consumers goods through an e-commerce platform. For such companies it is important to know how to attract customers and how to meet their needs. Therefore, it is vital to know what factors of the marketing mix to consider and how these aspects can be standardized or adapted with regard to different markets and needs (Alhorr, et. al. 2010). Hence, this thesis will aim to contribute to the International Business discipline through further development of the integration responsiveness framework with a focus on international marketing and how cultural differences are influencing marketing strategies for subsidiaries. The study will be conducted with the help of several major sportswear companies to deeply investigate how an MNE and its subsidiaries are adapting their marketing mix and e-commerce across Europe and how cultural differences are impacting their strategies.

### **1.3 Research Question and Purpose**

The purpose of this study is to investigate whether and, if so, in what way cultural differences affect the degree of local adaptation of online and offline marketing and brand communication. A comparison will be made in order to examine whether there are any significant adaptation differences between elements of the marketing mix. In order to discover if major MNEs adapt content when addressing online markets and whether this content differs from traditional

marketing, an analysis has been conducted on several global companies within the sportswear industry.

To fulfill the purpose, the essay is based on the following research questions:

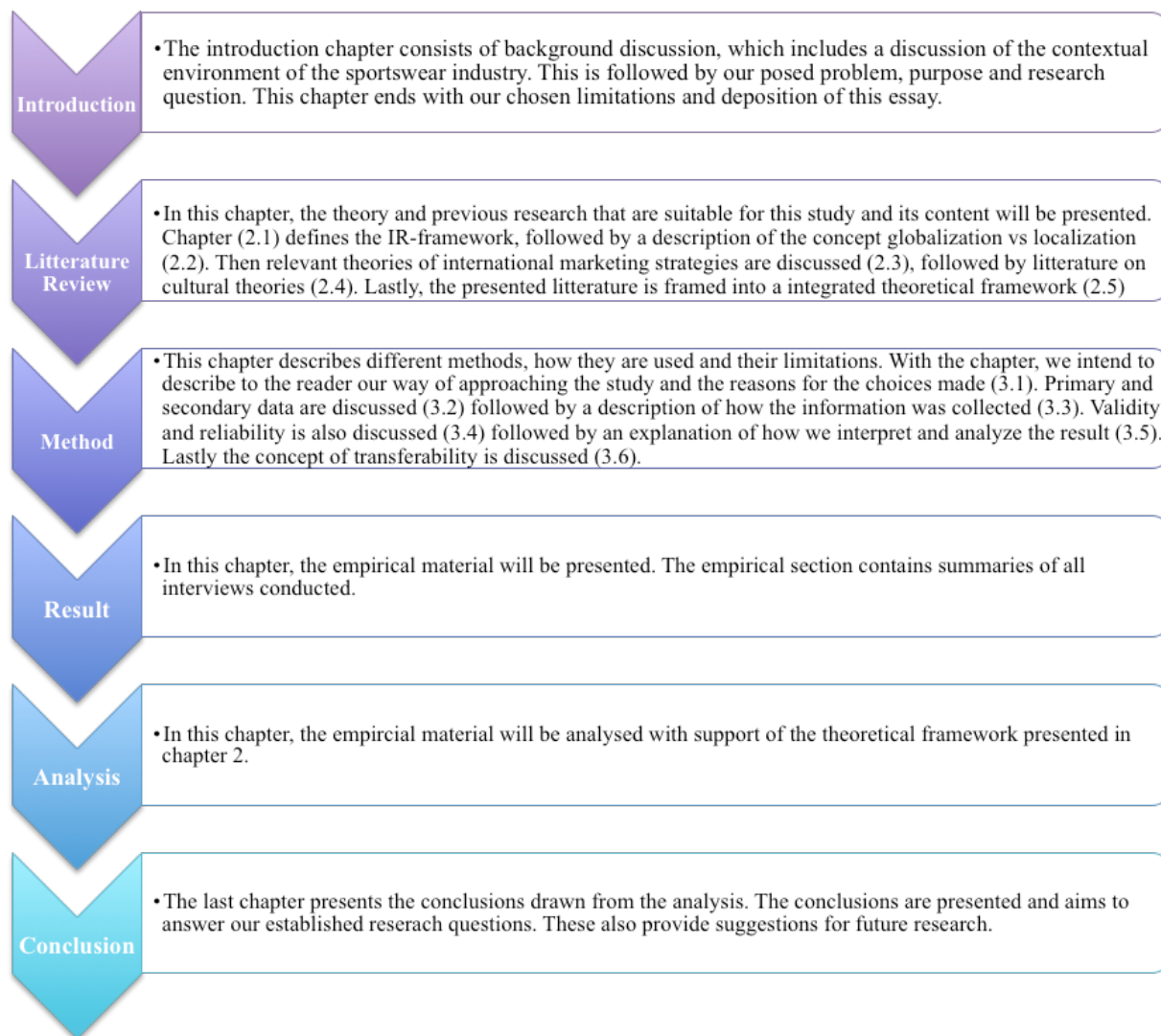
1. *How cultural differences influence the degree of standardization/adaptation of elements in the marketing mix?*
2. *How is standardization/adaptation of the marketing mix distinguished between a traditional and digital marketing context?*

## **1.4 Delimitation**

To achieve the purpose, an empirical study has been chosen with the intention of illustrating the problem. This empirical study focuses on a number of firms in the sportswear industry (Adidas, Puma, Hummel, Nike, Converse, Under Armor, Peak Performance, New Balance). By using several firms in the same industry, a broader picture of the reality of the problem is given. Further, by concentrating on the distinction between the degree of local adaptation of digital and traditional marketing and brand communication, it will be possible to go deeper and gain a better understanding of these two and their implementation. What has been investigated is empirically based on interview material that focuses on the organization in Europe. This is because we are interested in examining whether it is possible to have a standardized market strategy within Europe or whether the cultural differences are too significant.

Furthermore, in this essay we have chosen to focus mainly on the variables price, product, advertising content, advertising media, social media, and websites within the marketing mix. The delimitation to these variables has been made on the basis that it is these variables that are adjustable and adaptable and capture the central parts of a market strategy. We are aware that other factors and variables can have an impact, but we believe that these follow the basis for the design of an offer and have thus chosen to only examine these.

## 1.5 Disposition



**Figure 1:** The figure shows the disposition of the study.

**Source:** Own.

## 2. LITERATURE REVIEW

*In the following chapter, the theory and previous research that are suitable for this study and its content will be presented. Chapter (2.1) defines the integration-responsiveness framework, followed by a description of the concept globalization vs localization (2.2). Then relevant theories of international marketing strategies are discussed (2.3), followed by literature on cultural theories (2.4). Lastly, the presented literature is framed into an integrated theoretical framework (2.5).*

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### 2.1 The Integration-Responsiveness (IR) Framework

The integration-responsiveness (IR) framework got its starting point when multinational corporations (MNC) managers got insight about the complexity of decision making in businesses with diverse national markets (Doernbecher and Geppert, 2016). The idea of the framework is simply to explain the industry characteristics and conflicting pressure for cross border integration and local responsiveness that MNCs are subject to when conducting a strategy for markets abroad. Another perspective is by examining industry characteristics to define to what extent a firm can take advantage of cross border integration and local responsiveness. According to Prahalad and Doz (1986), it is a “*tool for analyzing global competition and a method for top management to translate that understanding organizational action*” and by that means the declared intention of the framework is plain managerial.

The IR framework proposes different strategies that companies can use depending on the kind of industry environment and in essence, whether the environment demands standardization or adaptation. These strategies can be applicable on different strategy elements within international business such as the logistics, marketing, and management (Dörrenbächer and Geppert, 2016). Morschett et al. (2015) argues that a company’s competitive position in one country is connected to their position in another country. Hence the authors suggest that a worldwide integrated behavior which is driven by different forces are influencing and affecting the company’s level of globalization. These forces are divided into market, cost, governmental and competitive drivers and is simply a basis of why a firm chooses to globally integrate its

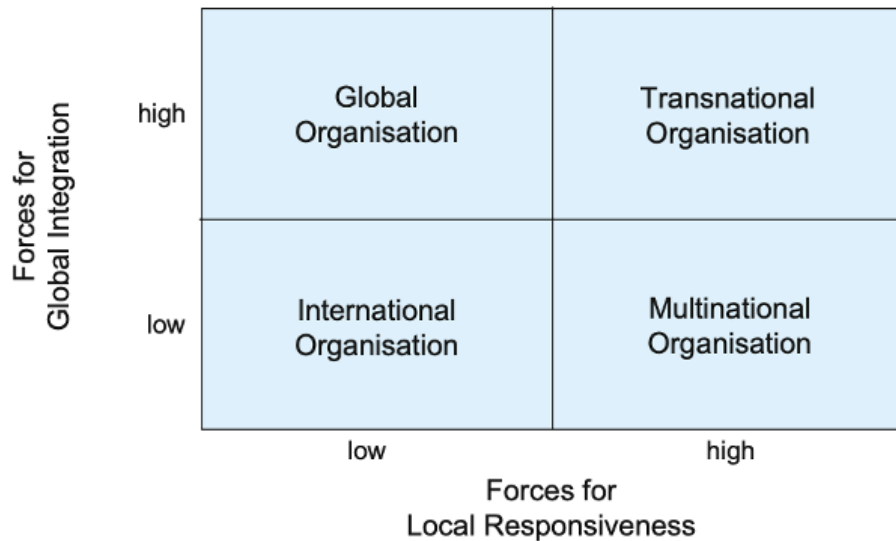
operations and thus highlight an increased need for globalization. According to Morschett et al. (2015), market drivers are based on the level of homogeneous customer needs between markets. If consumers share the same preferences, it is possible to sell standardized products which gives opportunities to transfer marketing strategies across different markets. Global competitors are described by Bartlett and Ghoshal (1989) which introduces the term global chess and suggests that only companies that use a strategy to manage their worldwide operations as interdependent units can implement a strategy that is replying to impedance in one market by reactions in another. Morschett et al. (2015) argues that customers' tastes and preferences are approaching each other as an effect of similar goods and brands being offered by MNCs worldwide. They further state that the level of globalization is measurable by either the ratio of cross border investment to total capital investment, the ratio of cross border trade to total worldwide production or by the share of sales of worldwide standardized products (Morschett et al., 2015).

In contrast to globalization and the drivers of global integration, there are influencing factors for local responsiveness and the dominant reason is the real differences in customer demand. According to Morschett et al. (2015) the most profound reasons that cause these differences in demand are cultural aspects, environmental conditions, income distributions and general competition. Considering these aspects MNCs may be forced to change or adapt their strategy to local market conditions (Morschett et al., 2015). Additional factors that affect local responsiveness are differences in country conditions, disparities in labor conditions, labor costs, skill levels and accessibility of suppliers which may be differentiated on local markets and require the use of adoption.

### ***2.1.1 The Initial Integration/Responsiveness Framework***

Since the initial framework by Prahalad and Doz (1987), the integration responsiveness framework has been applied and consequently evolved over the years. As the first model was only aiming to explain pressure for global integration and local responsiveness and only included three business types, the later by Bartlett and Ghoshal in 1989, came up with an overlapping typology that differentiated the four business environments global, multinational, international and including a transnational organization with connected strategies and structure.

Consequently, attempts have been made to classify and group industries into the matrix to show how certain sectors are responding to forces for integration and responsiveness.



**Figure 2:** The figure shows the framework, which is based on the axes of forces for global integration and for local responsiveness. The framework differentiates four international strategies.

**Source:** Prahalad and Doz (1987) and Morschett et al. (2015)

Morschett et al. (2015) argues that companies with a *global orientation* strive to achieve economies of scale and are common in industries where global integration forces are high and local responsiveness are low. These organizations are characterized by a high degree of centralized decision making, low product modification and most resources such as R&D and production are concentrated to the headquarter rather than to subsidiaries which instead operate as pipelines that sell products on local markets. Companies with a *multinational orientation* focus their strategy on national differences. As shown in the matrix it is the opposite of global organization and is featured by high local responsiveness and low global integration. Practically, it means that all operations are adapted to local markets and products, strategies, management, and strategies are modified to each country to concern governmental regulations, environmental conditions, local and cultural differences, and competition. According to Morschett et al. (2015), the primary focus of the subsidiaries is to receive resources in order to fulfill the local needs, and thus they are independent of the headquarters. Multinational organizations are highly decentralized, and the local adaptation often constitutes local production and R&D facilities. *The international strategic orientation* is argued to be short term and focuses mainly on transferring the parent companies' products, knowledge, and

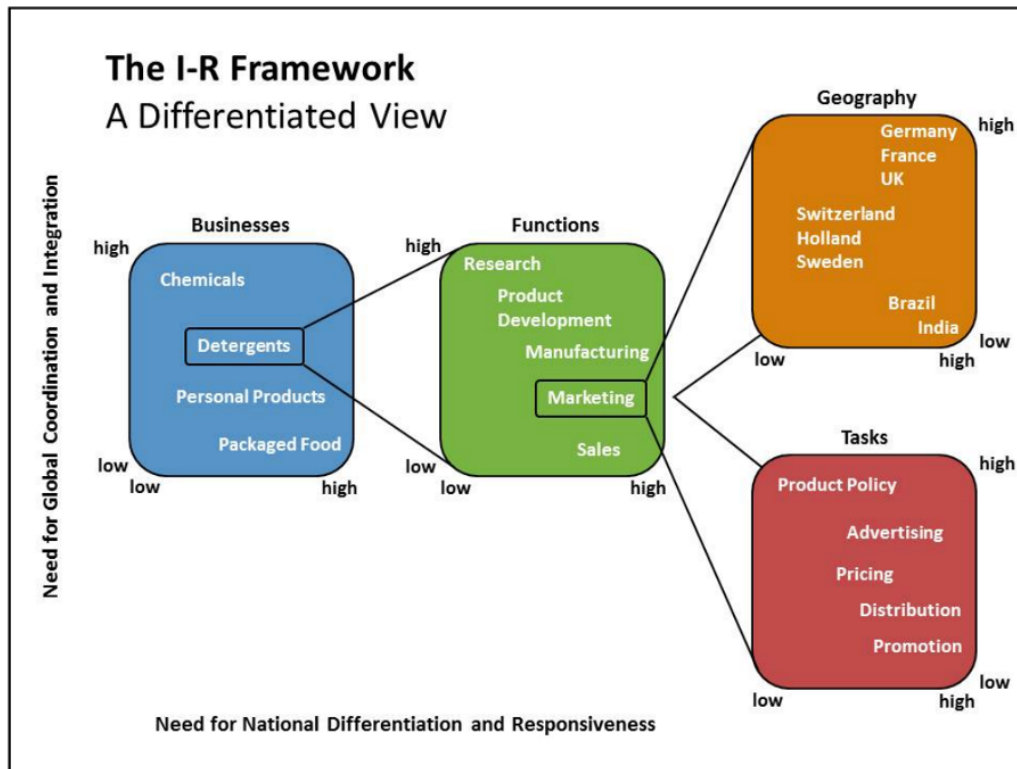
processes to foreign markets. Thus, MNCs with an international strategic orientation do not adapt to local markets or integrate their subsidiaries with the parent company. Since their main activity is to support the parent company with sales, the foreign subsidiary is dependent on resources from the home country and the company has a low level of product modification. Consequently, international organizations are characterized by a high level of global integration and centralized decision making and a low degree of local responsiveness. *Transnational organizations* try to emphasize and benefit from both a high level of global integration and local responsiveness. The transnational strategic orientation is built on an integrated network where resources and activities are scattered geographically but specialized and aims to facilitate both economies of scale and local flexibility. Hence, the strategy is neither centralized to the parent company nor decentralized to any country. According to (Morschett et al., 2015), the combination between a high level of local product modification and cross-border production leads to mutual and horizontal product flows and MNCs are constantly transferring products, people, capital, and knowledge between its subsidiaries (Morschett et al., 2015). Despite the popularity of the transnational strategy, the evidence regarding the conditions under which the strategy is appropriate is surprisingly low (Meyer and Su, 2014).

### ***2.1.2 Extended View of the Integration Responsiveness Framework***

Morschett et al., (2015) argue that the IR framework is sometimes used monotonously, and that management literature implies that if a company inherits a certain cell of the matrix, they should use a specific strategy for that. The IR framework is often used to describe internationalization strategies and organizational types rather than the external environment of MNCs. Moreover, assumptions are being made that those industries that are certain to be exposed to forces for global integration and local responsiveness need to develop strategies in line with the external environment. Therefore, an extensive model is made to detailly explain different levels of framework. The first level is the external environment which is described in the original framework where the level of integration and responsiveness depends on external forces and context situations. Through the global integration and local responsiveness dimensions it is possible to determine the industry environments and decide whether they belong to a multinational, international, global, or transnational environment. The second level is the MNCs strategic orientation which emphasizes how firms are approaching different

global, transnational, or multinational strategies to exhibit levels of integration and responsiveness. The third and final level is the strategy of the subsidiary which can be varied, and both integrated to the parent company or/and adaptable towards local markets. However, the MNCs strategic orientation does not determine what strategy the subsidiary follows. The global integration and local responsiveness forces differ between countries and industries and therefore the level of it could vary within an MNC. Hence, subsidiaries have different resources, value-added chains, local context, capabilities, and performances which are heterogeneous characteristics and will impact the overall strategy. Consequently, there are four overall factors that influence the strategy of the subsidiary – *influence of the industry, influence of the MNC strategy, influence of the specific host country and influence of the subsidiaries own characteristics* (Morschett et al., 2015).

Considering the fact that different business units and functions may be subjected to different global and local pressure, and particular tasks within certain functions have to be looked at differently, Bartlett and Ghoshal (1989) showed a differentiated view, by suggesting that the positioning of a business in the integration-responsiveness might also differentiate depending on the functions. As in the case for marketing, a firm might be able to standardize tasks such as the price or product policies but need to localize other aspects of marketing mix such as campaigns or partnerships. Consequently, a standardized marketing approach may be possible for some countries whereas others need adapted activities. The differentiated view allows one to look into certain operations, functions, and tasks of a business in certain geographical locations in order to examine if there is pressure or need for global integration or local responsiveness



**Figure 3:** The figure shows a differentiated view on the IR-framework where different functions are considered.

**Source:** Bartlett and Ghoshal (1989) and Dörrenbächer and Geppert (2016)

## 2.2 Globalization vs Localization

According to Vrontis and Vronti (2004), there are two overall marketing strategies that can be applied when a company decides to establish in the international market. These are either an adaptive or standardized marketing strategy. This is a decision that must be made within the company. However, it is difficult for companies to decide on an adaptive or standardized strategy, rather they have to choose the degree of adaptation and standardization respectively. In other words, these strategies coexist, but to varying degrees (Vrontis & Vronti, 2004). Globalization and localization are concepts that are closely associated with standardizing or adapting products and brands to the needs of customers in different parts of the world. Localization is the adaptation of a resource to fit the demands and expectations that depend on language, culture, and other aspects of a specific target market, while globalization is the adaptation of a particular resource to meet the demands of several cultures across national borders. Globalization is suitable for companies that want to immerse in a wider number of markets by setting an international standard. Globalization, however, means that the content is

less tailored to unique personal needs, their market, and their cultural environment. Conversely, localization allows the company to reach its specific target market in a customized manner. For international companies, this can pose a risk as the value is limited to a specific market (Vrontis, 1999). However, according to Robertson (1992), the local and the global perspective do not necessarily exclude each other, on the contrary, the local must be considered as an aspect of the global. Robertson (1992) proposes an increased use of the term *glocalization*, a word formed by globalization and location. Glocal marketing is thus about the balance between maintaining a unified brand communication and at the same time adapting it to local conditions.

### ***2.2.1 Standardization***

According to Kotler, et al (2016) there are cases where international companies use a completely standardized marketing mix. The strategy means that the company offers a product that is sold at the same price, through the same distribution channels with the support of the same promotional program in all markets. In other words, the company adapts its marketing strategy so that it works successfully in all markets. Those who support standardization believe that consumer needs, wishes and requirements do not differ between markets and countries. Among others, Levitt (1983) believes that the world is becoming increasingly homogeneous in terms of consumer needs. He believes that multinational companies have gone from tailoring products to offering global standardized products instead. Technology that has facilitated communication, information and transport are examples of incentives that have driven standardization. Several researchers such as Vrontis and Kitchen (2005) see advantages in Levitt's (1983) view of standardization. They argue that by using standardization, multinational companies can achieve lower costs and higher margins by taking advantage of economies of scale. Furthermore, they believe that standardization ensures the brand's identity as the company's values are communicated in the same way to the entire market. Other benefits of maintaining a standardized marketing strategy discussed by Nguyen (2016) are related to the consistency of the brand image and brand identity. Successful brands such as Coca-Cola use the same design, logo, taste, and colors which keep a unified global image all over the world. Moreover, it will minimize confusion among consumers and the strategy will be easier to monitor and evaluate. However, standardization can hamper success through over-designed products for certain countries, undermine the existing network channels and diminish the

creative spirits of the firm which together with less accurate marketing activities creates lower revenue (Nguyen, 2016).

Those who argue against standardization believe that there is a need to tailor the product to each country to meet the specific demand and needs of that particular country and market (Vrontis, 2003). According to Hill (1997), there are certain disadvantages of standardization. The product risks not being unique, which can lead to large multinational companies having difficulty competing with local companies that can offer customized products. In addition, cultural differences can mean that an advertising campaign works in one country but not in another. Likewise, laws can form barriers against standardized strategies. Furthermore, demographic variables, such as differences in income level, can have an impact.

### ***2.2.2 Adaptation***

According to Vrontis & Vronti, (2004) adaptation means that companies adapt their marketing strategies to different parts of the world with regard to cultural and regional differences in order to meet specific target markets. Several researchers, including Vronti (2003) and Yip (1989), believe that an adapted strategy is necessary to address the country's differences. They believe that there are many obvious differences between countries such as language, regulations, climate, economic development, and politics, which all affect the marketing of multinational companies in one way or another. According to Porter (1986) it is possible to distinguish three major differences. First, consumers in different countries differ in, for example, education level, income level and norms. Secondly, there are differences in the competitive environment in different countries. Finally, there are differences in the availability of marketing channels in different countries. One of the main arguments for an adaptation strategy is thus based on the fact that a company must adapt its offer to each country and its market. Yip (1989) believes that those who advocate for an adapted marketing strategy believe that despite increased globalization, differences between countries are inevitable. Advocates further implies that the marketing practice is subjected to the above-mentioned influences which all plays a significant role and needs to be considered when conducting the marketing strategy. A good example is McDonalds which partly changed their menu in Vietnam by adding a Vietnamese sandwich called Banh Mi to adapt to local needs. This case also shows that localized marketing strategies enable firms to address local competition by adjusting and differentiating a single product

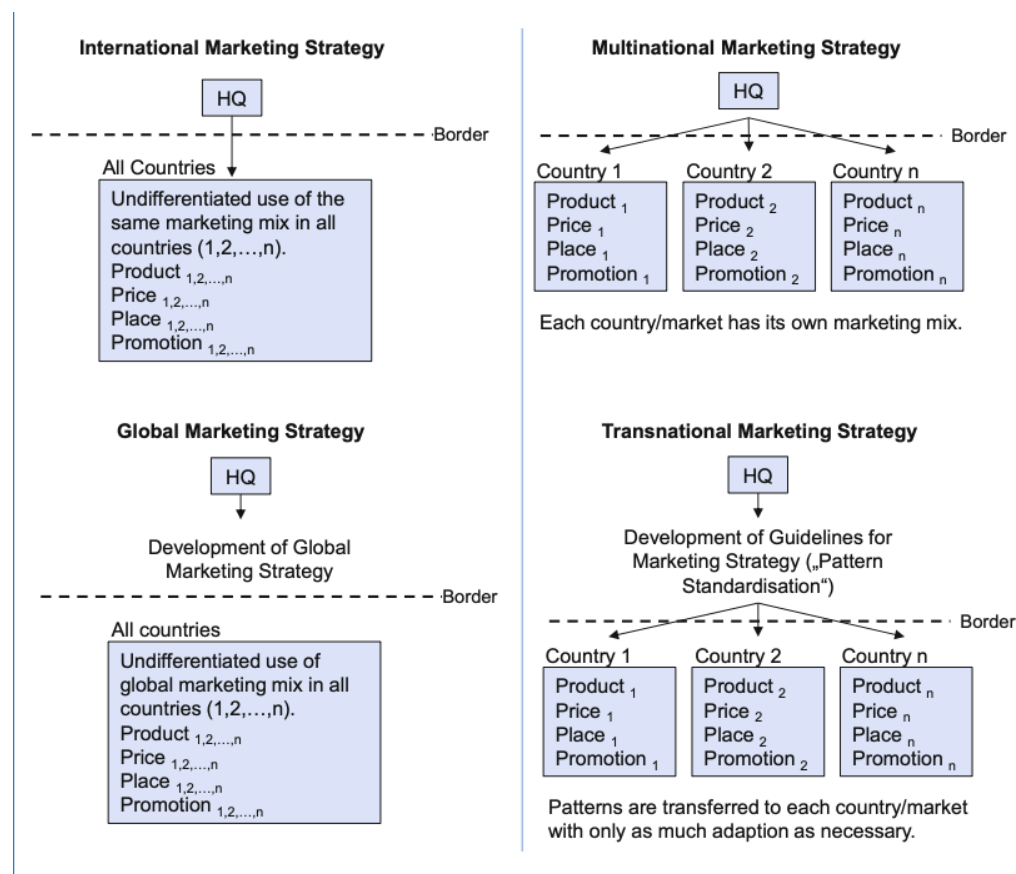
element within the marketing mix to a competitive environment (Nguyen, 2016). However, the obvious disadvantage, seen from a business perspective, is the increasing costs that come with a high degree of market adaptation. It is expensive to adapt the marketing for multinational companies operating in many countries across the globe. The increased costs arise mainly because more resources must be invested in designing a larger number of strategies while at the same time economies of scale are not achieved to the same extent (Fill, 1999). Additionally, a locally adopted strategy may limit the knowledge transfer between headquarters and subsidiaries which generally slows the development. Moreover, the entry cost in a new local market with manufacturing of new diversified products, different marketing activations and local know-how costs more time and money. It is also challenging to control, coordinate and monitor functional departments and product quality since market and product know-how may be most comprehensive at subsidiary level (Nguyen, 2016).

### **2.3 International Marketing Strategy**

Marketing and the urge for seeking new markets is one of the most frequent subjects for internationalization. International marketing is widely about identifying, measuring, and pursuing market opportunities abroad and international marketing strategies bring focus to the customer perspective. Cavusgil et. al. (1996) argues that the positioning of a firm and its products and services in markets abroad declares the marketing orientation and the usage of the marketing techniques. Hence, the integration/responsiveness framework is also used for explaining basic types of marketing strategies and can be classified into the following different strategies. *International marketing strategy, global marketing strategy, multinational marketing strategy and transnational marketing strategy.*

*The International marketing strategy* is the same for all markets and is distinguished by the marketing strategy in the home country without any sort of adaptation to local environments. The marketing mix is fully standardized and developed for the home market and further transferred to other markets. *The global marketing strategy* is also a standardized approach but considers the coordination of marketing activities across national borders to please global customer needs. Hence, the global marketing strategy aims to achieve global efficiency and economies of scale through the application of strategy into multiple markets at the same time.

The *multinational marketing strategy* devotes strong adaptation to different markets and focuses on the diversity of international marketing. Hence, the development of individual marketing programs and strategies are applied at the same time to different markets. Finally, the *Transnational marketing strategy* strives to achieve the combination between global efficiency and multinational diversity by thinking globally and acting locally. These classifications are based on decisions between the level of standardization and adaptation of the marketing strategy (Cavusgil et. al, 1996).



**Figure 4:** The figure shows the classification of different marketing strategies.

**Source:** Cavusgil et. al, (1996).

### 2.3.1 Standardization and Adaptation in Marketing

Levitt (1983) started the discussion in the light of globalization and raised the question of whether firms should standardize or adapt their marketing strategies. An approach of standardization and adoption brings both advantages and disadvantages but is important to balance since if standardization increases, adoption decreases and thus the benefits with it

(Hollensen, 2007). Standardization, adaptation and glocalization can each be efficient strategies under specific market conditions and the decision is more about to what extent to devote a certain strategy. MNEs are counseled to consider cultural differences and similarities and with the background of that deciding whether to standardize or adopt the strategy. But instead of considering the homogenization and heterogenization as opposite, it should rather be seen as two dimensions that can coexist. Hence, the view of cultural perspectives argues to go beyond the one dimensional, black, and white point of view of cultural difference and similarities (Visconti & Penaloza, 2020).

Venaik & Midgley (2019) further explains three perspectives through the marketing lens of MNEs which simplified explains the world as flat, curved, or spiky. In a flat world, consumers, and markets are homogenous which simplifies firms' strategy operations and reduces their costs. If the world is curved, the urge of adaptation to the local environment creates complexity in their marketing operations and will probably increase firms' costs. A sticky world, however, includes features of both flat and curved worlds which creates incentive for hybrid strategies where some elements of the marketing strategy are standardized and some adapted. An example from the mobile industry and Apple clarifies this assumption as they sell standardized units all over the world, while their competitor Samsung has a range of different models to suit consumer demands in various markets. Venaik & Midgley (2019) suggests that although firms choose different strategies within the same industry it does not make fundamental differences to their relative performance. In other words, there are multiple examples of firms that show superior performances in markets even though their strategies do not fit for the potential business environment (Venaik & Midgley, 2019). Forces of globalization are increasing cultural homogenization according to many scholars which argues that it is a favorable development for firms that are able to position their brands as symbols of the global consumer culture (Steenkamp, 2019).

Further perspectives of the marketing strategy context explain standardization and adoption on a deeper level. *The regional perspective* is included by full standardization and the same marketing strategy is applied to all markets. Contrariety to the multinational marketing strategy, separate marketing strategies are developed specifically to fit each market. These marketing strategies can even be specific enough to address certain regions which are homogeneous such as, the European market, North American market, and the Asian market etc. *The marketing process perspective* pertains to a standardized decision-making process on

multi regional or cross-country marketing planning and aims to standardize certain marketing related events such as product launches and marketing controlling activities. The aim with the marketing process perspective is to justify the general marketing process. *The marketing component mix perspective* relates to the degree of which the independent variables of the marketing mix are combined into an established approach. That is, a standardized approach signifies that all marketing components are standardized, a differentiated approach implies that all marketing elements adapt to local requirements and a mixed strategy that the elements are divided between standardized, differentiated and adapted. Key elements of the international marketing strategy consist of the international product strategy, the international pricing strategy, the international marketing communication, and the international distribution strategy, commonly known as the 4Ps referred to product, price, placement, and promotion (Morschett, et, al. 2015).

### ***2.3.2 International Product Strategy***

Mühlbacher et al. (2006) argues that the international product strategy is the core of the international marketing strategy and refers to activities and decisions regarding which products or product lines that should be offered in each country's market and whether customized new products should be developed or not. The authors further state that the key is that the product fulfills the customer needs in specific markets and that other elements cannot compensate for product inadequacy. The product strategy often comprises the first step for the following marketing mix decisions and Kotabe and Helsen (2008) suggest that there are generally four alternatives when approaching the international market. First alternative is to *extend* the sales of the home country product abroad. Second alternative is to *modify* the products for each market in line with local requirements. Third, is to *invent* and develop new products for the global market and fourth is to *incorporate* all relevant market differences into one customized global product.

A product is more than a tangible element and it's important to understand how cultural influences perceive the value of it. The value of the product is dependent on several factors including shape, colors, smell, texture, packaging, labeling, country of origin and symbols so customers don't apply solely on the form and functions. Cultural values give importance to these factors and thus a product is a summary of attributes and physical rewards to the end user.

Changes in physical attributes are rarely required for a product when addressing different cultures. Nevertheless, products have a collection of psychological features which is equally important for the end customer's demand. While some cultures' features like color, size, design etc. have nothing to do with its primary function, for other cultures it's the most important. Therefore, adjustment may be required in order to modify the psychological or physical aspects of the product to match the targeted market's culture. The larger differences between markets the higher degree of adaptation is needed. Consumer goods require adaptation to a larger extent and are more influenced by culture (Cătălin Mihail Barbu, 2011).

### ***2.3.3 The International Pricing Strategy***

The international pricing strategy is considered as one of the most complex issues in international marketing. Firms can address this issue differently and regards to the dimension of standardization and adoption the most used strategies are standard pricing and standard formula pricing which calculate the price through a standardized formula in all markets (Doole & Lowe, 2012) On the other side of the spectrum there are price adaptation strategies which normally are decided decentralized by the local subsidiary or partner and are appropriate to suit local conditions. However, such a strategy is challenging and may cause difficulties when developing a global strategic position (Morschett et, al. 2015)

### ***2.3.4 The International Marketing Communication***

The international marketing communication process is influenced by several factors that affect how firms communicate with their existing and potential customers in an international setting. Important variables such as language difference, economic differences, cultural differences, and competitive differences are highly relevant to consider when conducting a communication strategy. The tools in the international communication mix are not unique and consist of advertising, personal sales, promotions, PR, and direct marketing. In the consumer goods industry, the tool of advertising is considered the most important part of the communication mix (Hollensen, 2007). The international communication strategy should include communication modes and what tools that will be used and can either be standardized or differentiated for each country's market. Likewise, the pricing strategy, the international

communication strategy can be performed standardized with the same tools and methods. However, it is more common with differentiated approaches due to the international differences in culture, language, media use and media availability (Mühlbacher et al. 2006). Considerations regarding standardization or customization of communications messages depends highly on the firm's positioning in the host country. According to Kotabe and Helsen (2008) the most frequently used methods are standardized communication campaigns, locally adapted campaigns, or mixed campaigns, also called pattern standardization which aim to use the same content but adapt the performance to local environments by for instance changing the media, language, colors, or tonality. Kotabe and Helsen (2008) implies several benefits with using standardized campaigns such as the establishment of uniformed product and brand images in all markets, scale economies and reduction of campaign costs. Standardized campaigns are particularly important when addressing international customers and cross-national segments where the same media can be found. However, situations with strong language and cultural barriers can cause misinterpretations and mistakes when translating messages which does not make it favorable to use standardized campaigns. Another problematic situation with standardized communication messages is when the product or its elements such as the design, content or topic are culturally bounded (Hollensen, 2007). However, cultural and language barriers are strong incentives for adaptation of marketing communication due to eventualities of misinterpretations among customers or problems with translating standardized messages. Additional problems related to standardized marketing communication are if the use of the product, the communication topic, communication design or communication content is too culturally bounded. Further, if products are in different maturity stages in the product life cycle between markets different communication content may be required (Hollensen 2014).

### ***2.3.5 International Branding Strategies***

Market communication and product positioning are issues that are closely linked to the concept of international branding strategies. According to Kotabe and Helsen (2008), branding is about differentiating your brand and its offers to create global and local awareness. A common strategy for a firm is to present a global branding approach to establish one single brand for all markets, a so-called “universal brand”. However, from a standardization – differentiation point of view, branding strategies can also either be globalized (universal), localized (differentiated) or a mix between them. Although global brands have much more visibility and reach higher

brand equity than local brands, problems with balancing the local product offering with the global brand characteristics may arise. Moreover, if other dimensions of the marketing mix are adapted, localized branding strategies could be more accurate. For instance, if product designs are customized to local markets, it might be easier to relate it to different local brand names. Same goes for price differentiations which are easier to motivate with other brand names (Morschett et al. 2015).

### ***2.3.6 Digital Channels***

Digital channels involve the use of the Internet to conduct business. That is, to digitally enable commercial transactions between and within organizations and individuals. Digitally enabling includes all transactions that are made possible with the digital technology, usually this means transactions that take place via the Internet. There are several different types of online retail and many different ways to categorize these. B2C - Business to consumer is the type of online retail that is most discussed and that will be addressed in this essay. In B2C, Internet companies try to sell their products or services to consumers (Ström & Vendel 2015).

In recent times, social media has become a big part of most companies digital marketing strategies. Constantinides and Fountain (2008: 232) set up a definition that summarizes the concept in a good way:

*“Social media is a collection of open-source, interactive and user-controlled applications expanding the experience, knowledge, and market power of the users as participants in business and social processes. Social media applications support the creation of informal users' network facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing / refining of informational content.” - Constantinides and Fountain (2008: 232).*

The most common social media marketing platforms for business include Facebook, YouTube, Instagram, LinkedIn, Twitter and TikTok where companies can connect with their customers, build their brand, increase sales, and drive website traffic. Social media enables companies to monitor consumers' conversations in social media as well as other purchasing information. Social media also helps companies to engage customers in dialogues that are thereby enriched

by their perceptions and opinions and that gradually builds up to a mutual collective understanding and knowledge through the expanded social network (Agnihotri et al. 2012). Ström and Vendel (2015) point out that another major advantage that companies get when marketing via social media is the rapid spread of the published content that cannot be compared with traditional marketing. The development of the Internet over the past 20 years has given companies the opportunity to gather information about an individual and their interests. With the help of social media, companies can make use of this information by providing direct and personalized marketing. According to Vendel & Ström (2015) this is important as they claim that users of social media prefer personal marketing.

The rise of social media has opened up for a relatively new form of marketing that is commonly referred to as influencer marketing. Influencers are described as a person who uses their network of followers on social media to reach out with a specific message, market a product or a brand. They allow their followers to take part in their private life on channels such as Instagram (De Veirman, Cauberghe & Hudders, 2017). Influencers differ from "ordinary" celebrities in that they are considered available, credible, intimate, and actively interact with their followers, making their posts highly relatable to followers (Abidin, 2016). When brands use influencers as a marketing measure, influencer marketing arises (De Veirman, Cauberghe & Hubbers, 2017). Mårentsson (2013) claims that the value of a brand is strongly dependent on its future prospects. Thus, the long-term effects of marketing activities should be noted and not only those that can be measured in the short term. In this way, it can be argued for investments in the form of the use of influencers. If these are applied in a way so that market communication is perceived as credible, it works for long-term brand building.

The biggest difference between celebrities and influencers is that there is a greater geographical or social distance between the celebrities and their followers. Influencers can therefore interact with their followers in a different way due to their relatively close geographical proximity (Lin et al., 2018). When a company uses a celebrity in its marketing, it is usually referred to as celebrity endorsement. The use is based on a belief that celebrities attract the attention of consumers (Chung & Cho, 2017).

As global online consumers have the same demand as regular global consumers, preferences for local content that is adapted to local languages and cultural conditions are important for e-commerce and websites as well. Hence, Alhorr, et. al. (2010) argues that web differentiation

and local cultural customization of websites is desired and should be a crucial element of a firm's global strategy. As e-commerce and online shopping are growing, the studies on emerging web localization for explaining cultural differences on digital content that uses Hofstede's cultural values and other cultural typologies are also increasing.

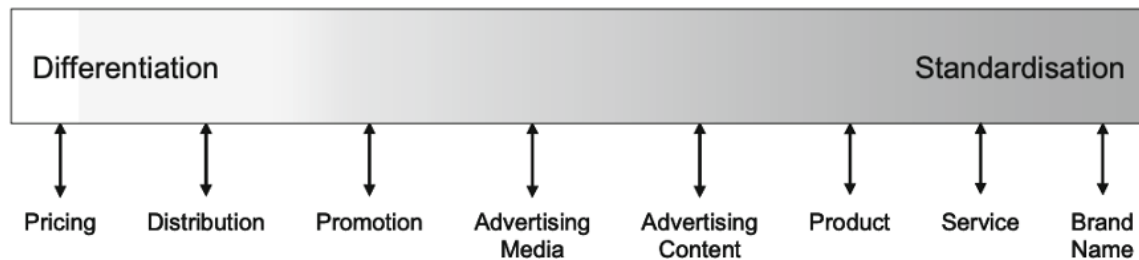
Online retail has been growing consistently and as a result, companies need to adapt to the digital environment. The increasing use of e-commerce has changed the way companies do business and how consumers behave. Therefore, companies face the challenge of being able to shape digital marketing strategies that are balanced between standardization and adaptation. Companies can no longer conceptualize the standardization and adaptation of their traditional business operations, but they must also engage this information in marketing strategies adapted to online retail (Bartlett & Ghoshal, 1989). Researchers have concluded that digital channels mend the localization process through the possibility of using language links to local foreign customers. It has also been possible to find positive connections between website language and cultural adaptation. Furthermore, the increased online retail was considered to create a new standardized marketing channel regardless of culture. However, studies confirm that consumers still need to feel some cultural affiliation even online (Schmid et al, 2011).

Most of the research to date on standardization versus adaptation in the digital market utilizes existing standard methods such as the 4P marketing mix and Levitt's (1983) view on standardization. However, researchers have criticized this approach, claiming that the digital world has contributed to more segmented and niche-dominated markets. Such markets are the result of a dynamic world to which standard models such as the 4P marketing mix fail to satisfy (Constantinides, 2006; Schmidt et al., 2011). Nevertheless, online retail is only expected to increase as globalization continues. Although there is a lack of quality research in terms of digital marketing, several researchers believe that the degree of standardization and adaptation of digital marketing strategies should be found somewhere between the two (Theodosiou et al., 2003; Lages, Jap & Griffith, 2008; Schilke et al., 2009).

### ***2.3.7 Marketing Mix***

The presented strategy elements form the basis for making key decisions in international marketing strategy and relates to standardization or adaptation to local environments.

Morschett et al. (2015), argues that most marketing strategies are not totally standardized or differentiated but rather a mix between them and the level of standardization – adaptation varies between the assorted elements of the marketing mix.



**Figure 5:** The presented figure shows the general standardization/differentiation level for different elements of the international marketing mix.

**Source:** Morschett et, al. (2015).

The efficiency of the marketing mix hinges on the interrelationship of the entire marketing mix elements including product strategies, branding strategies, pricing strategies and communication strategies. Morschett et al. (2015) therefore implies that it is important that the decisions regarding one element of the international marketing mix is taken with the consideration of another element and should not be taken separately.

Vrontis (2003) also believes that a company's marketing strategy should not be exclusively standardized or adaptive. He claims, with the support of the four Ps, that one strategy does not exclude the other. A company can adjust the marketing mix variables to best reach their target audience. According to the survey conducted by Vrontis (2003), the variable product is standardized to the greatest extent and the variable price is most adapted for other markets and countries. Furthermore, the survey contributed with results showing that companies standardize the marketing mix variables to a large extent. Factors such as market culture, competitors, laws, economic differences, social aspects, and differences in consumer perceptions affect a company's choice of adaptation the most. The results also show that companies that are established on several continents have greater reason to use a more adapted marketing strategy. Conversely, the study shows that a standardized strategy is preferable if economies of scale and image are considered important (Vrontis, 2003).

## **2.4 Cultural Factors**

There are a number of external factors that influence a multinational company's decision on which marketing strategy to apply (Vronti & Vrontis, 2004). This study will focus on cultural factors since many researchers have long recognized culture as an important factor shaping consumer behavior. Below is a brief introduction to the concept of culture. Then, two researchers are presented who have done comparative culture studies to increase the understanding of the culture's variation between countries and the significance of this variation. These two studies have been chosen as they complement each other and thus provide a broader perspective of the problem area.

### ***2.4.1 Culture***

Culture is a recurring factor in the marketing literature, which according to several researchers influences consumers' behavior (Giddens, 1998; Goldberg, 2005; Ringquist 1999). It is therefore important for multinational companies to pay attention to cultural differences in order for a marketing strategy to be set up accordingly. Culture is a difficult concept to define, as evidenced by its many different variations that can be found in the literature. Language, nationality, education, profession, religion, norms, values, family, gender, and class are some factors that characterize a culture. However, the factors that are dominant differ between individuals. Further, some of the factors are easier to grasp than others. For example, language and religion are factors that can be determined, while norms and values are more difficult to study. Culture is thus a broad and complex phenomenon (Frenander 2014).

### ***2.4.2 Edward T. Hall's Context Dimensions***

According to Hall's context dimension theory, different cultures have different ways of communicating. Some communicate explicitly (low-context culture) while others communicate implicitly (high-context culture). Hall's theory of high and low contextual cultures speaks of the use of certain unspoken and hidden rules that are crucial for understanding events and communication between individuals. At the same time, the

complexity of culture depends on the abundance of contextual information necessary to understand the social situation. The contextual relationship thus differs between cultures and countries (Hall, 1976).

According to Hall (1976), individuals in a country with a high-context culture tend to be more deeply involved in each other and to form a social hierarchy through more intimate relationships compared to low-context countries where individuals are more individualized. Hall also believes that in messages that have a high context, the information is often found either in the physical situation in which the communication takes place or that the information is internalized in the person who communicates the message regardless of speech or writing. When it comes to low context, Hall believes that the information and purpose of communication is often presented clearly in the language itself. In these cultures, one also expects to receive an explanation if something is unclear. Hall explains that most of the information in a message from an individual with a low context is expected to be in the message itself in a clear way. This is something that does not happen at all to the same extent in high context cultures. In countries with low context, communication is characterized as direct, linear communication with constant use of words. Countries with a high context, in turn, tend to communicate their will in a more indirect way and communication often has an underlying meaning. In high-context cultures, individuals are inclined to rely on their history, their social status, their relationships but also other things such as religion (Hall, 1976).

However, Hall's model for high and low context in countries has been criticized. Cardon (2008) believes that Hall did not provide a sufficiently detailed explanation for the method or analysis he used to create his model. Cardon (2008) also believes that the theory is a continuum that describes two extremes, either a very high context or a very low context in countries where an intermediate position is lacking.

### ***2.4.3 Geert Hofstede's Cultural Dimensions***

The word culture can thus be used in many contexts, which makes it a very versatile expression. However, the Dutch professor Geert Hofstede has conducted one of the most comprehensive studies of how values are affected by culture. Hofstede developed a model based on data regarding the valuations of employees of the multinational company IBM. After carefully

analyzing this data Hofstede developed a model based on the national culture consisting of different dimensions, which can be compared with the dimensions of other cultures. Hofstede's cultural dimension theory identifies five different dimensions that describe national cultural values. These cultural dimensions have been widely used when researchers looked at how cultures affect people in different contexts. Each country has been assigned an index (a value between 1 and 100) on each dimension which makes it easy to compare two or more countries with each other (Hofstede et al, 2011). Below is a summary of the five dimensions:

*Power distance:* This dimension expresses the degree to which less influential people in a society accept and expect power to be unevenly distributed. It is about how a society deals with inequality between people. A country with a high-power distance accepts a hierarchical order, while a country with a low power distance has an aspiration to equalize the distribution of power. In low power distance cultures consumers are often more responsive to price changes and to the opinion of others (Hofstede et al, 2011).

*Uncertainty Avoidance:* According to Hofstede et al, (2011), this dimension is about the degree to which the members of a society feel uncomfortable with insecurity and ambiguity. Countries with a high index on this dimension strongly adhere to rules and do not like unconventional behaviors and ideas and thus strive to reduce uncertainty about a purchase. Countries with a low index, on the other hand, have a more relaxed attitude where principles and rules are not as important. This indicates that high uncertainty avoidance consumers are less likely to purchase products that are not highly rated by others and/or are more expensive.

*Individualism versus Collectivism:* Individualism means that there are weak ties between the individuals in a society, the individuals are only expected to take care of themselves and their immediate family. In collectivist societies, the individual rather wants to feel a sense of belonging within a group and the group's interests take precedence over their own. A country's index of this dimension reflects whether people's self-image is defined in terms of "I" or "we". Consumers in a collectivist society are more likely to be more responsive to the opinion of others and less responsive to price changes (Hofstede et al, 2011).

*Masculinity versus Femininity:* A high index of this dimension means that a country is described as masculine. In a masculine society, achievement, heroism, self-confidence, and material reward for success are important. A low value reflects a feminine society where it is

important to take care of the weak, be modest, and value a high quality of life. Masculinity is associated with "egocentric goals", while femininity is associated with "social goals". Lower price sensitivity is expected in masculine cultures, whereas in feminine societies the opinion of others matters to a higher degree (Hofstede et al, 2011).

*Long-term versus Short-term Orientation:* Hofstede et al, 2011 states that in a country with a short-term focus, the people in it show a great respect for traditions, a relatively small tendency to save for the future and the focus is on achieving quick results. Countries with a long-term focus show an ability to adapt traditions to changing conditions, a strong tendency to save and invest and there is perseverance to achieve results.

One area where Hofstede's dimensions have been used extensively is in cross-cultural studies on international marketing (Shavitt et al, 2011). Studies have shown that these dimensions have had an impact on how marketing is practiced in different cultures and have also shown differences in how people perceive a certain type of advertising. However, Ghauri and Cateora (2010) highlight that Hofstede's study has been criticized and questioned. The question is whether data collected during the 1970s is still relevant, and whether the behavior of people has changed given how much the world has changed since the 1970s when the study was conducted. Steenkamp (2001) and Hollensen (2011) also emphasize that Hofstede's dimensions can be misleading because the respondents worked in the same industry and company. IBM employees represent only a small group of people in the country. Criticism has also been highlighted by Javidan et al (2006) who argue that the survey questions in the IBM study only focused on what was important to each person rather than for the society.

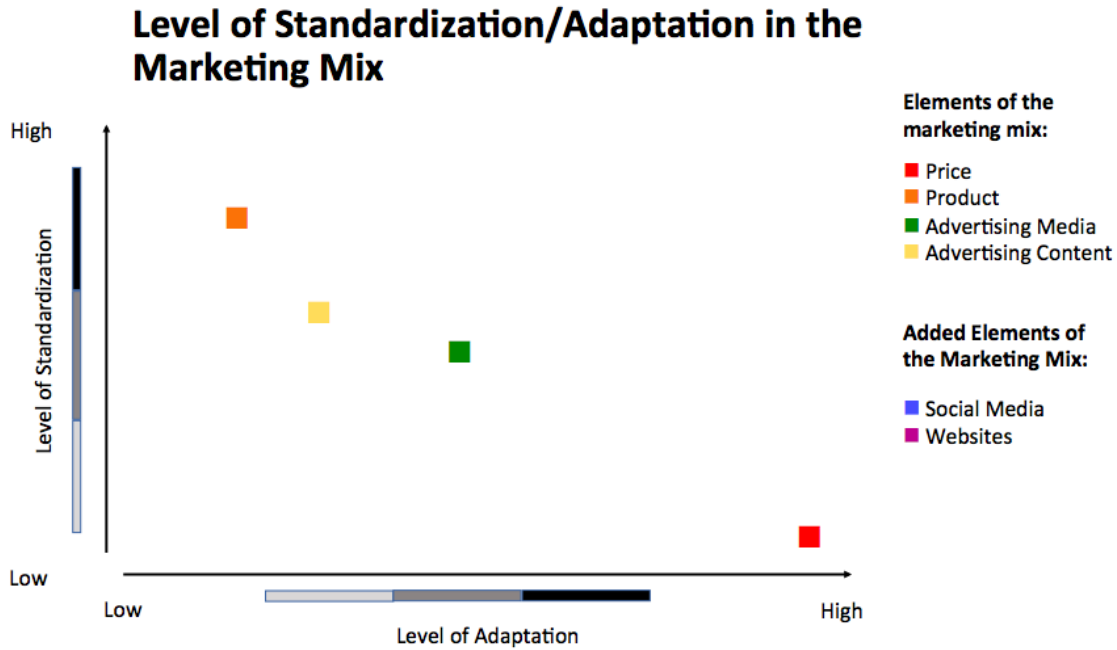
## **2.5 Integrated Theoretical Framework**

By investigating the existing literature, it is obvious that the original IR framework is too stiff to examine how certain aspects such as marketing tasks of a firm are influenced by certain external factors such as culture. We are proceeding from the IR framework with a differentiated view developed by Prahalad and Doz (1987) which shows how different aspects and functions of a firm have different needs or pressures for global integration and local responsiveness.

We believe that cultural influences play a greater role in the level of responsiveness and adaptation than previously emphasized, especially in a marketing context due to its significance related to consumer preferences. In our thesis we will investigate how culture influences standardization/adaptation of the marketing mix. However, cultural aspects do not currently have an impact on the placement of the variables in the graph (Figure 6) as there is a lack of extensive research in this area. After the analysis of the upcoming results, we will be able to determine how cultural aspects influence the degree of standardization/adaptation of elements in the marketing mix.

Based on our literature review, we have made the assessment that the current frameworks cannot fully explain our research area due to the rigidity of the previous models. The existing broad frameworks have so far not been applied in an appropriate way to investigate whether digital marketing and e-commerce is adapted to local forces. The largest contribution of this study will thus be to bring together two research areas. This involves including Hall's context dimensions and the external environment derived from previous research based on Hofstede's four cultural dimensions together with the already existing IR framework literature and its impact on strategic marketing decisions for multinational enterprises (MNE).

Based on the model by Prahalad and Doz (1986) and later developed by Bartlett and Ghoshal (1989), (see figure 2), we therefore suggest a modified presentation of the integration responsiveness framework regarding marketing functions and the marketing mix. We have chosen some of the respective variables to be arranged in an order based on Morschett et al. (2015) general view of standardization/differentiation (figure 5) for different elements of the international marketing mix. Their figure suggests that product is placed at the top left as the most standardized variable, followed by advertising content and advertising media. Finally, price is placed as the variable that is most adapted. Previous models lack a basis for online elements such as social media and website exposure. Thus, these elements will be added in the marketing mix and be investigated in our thesis. The framework is a starting point for our study, but variables may therefore change depending on the outcome of the investigation.



**Figure 6:** Modified presentation of previous models and our added elements of the marketing mix (Social media, Websites). Cultural influence on these elements is further investigated in this thesis.

**Source:** (Prahalad and Doz, 1987; Bartlett and Ghoshal, 1989; Morschett, et al. 2015),

### 3. METHODOLOGY

*This chapter describes and clarifies different methods, how they are used and their limitations. With the chapter, we intend to describe to the reader our way of approaching the study and the reasons for the choices made (3.1). Then, primary, and secondary data are discussed (3.2) followed by a description of how the information was collected (3.3). Validity and reliability are also discussed (3.4) followed by an explanation of how we interpret and analyze the result (3.5). Lastly, the concept of transferability is discussed (3.6).*

#### 3.1 Qualitative Research Method

In principle, there are two research methods to choose from when collecting data, quantitative and qualitative research methods (Bryman and Bell, 2015). In this study, a qualitative approach has been used to fulfill the purpose and answer the question at issue. Qualitative methods are

usually done through observations, in-depth interviews or by reviewing documents relevant to the subject. As mentioned in chapter 1 this study aims to answer: “*How cultural differences influence the degree of standardization/adaptation of elements in the marketing mix?*” as well as “*How is standardization/adaptation of the marketing mix distinguished between a digital and traditional marketing context?*”. According to Bryman and Bell (2015), *how* questions are best suited to be answered through a qualitative research strategy. Furthermore, it has been argued that the use of a qualitative method in data collection contributes to a better analysis and understanding of respondents' behavior, than the quantitative method (Bryman and Bell, 2015). The reason why a qualitative research strategy was chosen was because the purpose of the thesis is to gather in-depth information about several MNCs global brand management strategy in Europe to provide insight into the research problem.

### **3.2 Primary and Secondary Data**

The information collection can take place via primary and secondary data and the information sources can supplement each other to a large extent. Primary sources are data that are collected by researchers for the first time and secondary sources are data that have already been processed and have previously been collected by someone. Its preferable to combine primary and secondary data. An appropriate method for collecting primary data is interviews and examples of secondary data are books, journals, and scientific articles (Bryman and Bell, 2015).

In this study, both primary and secondary data are used in order to fulfill the purpose of the study. Primary data is the information that is collected in order to answer the research question and is collected for the first time from the original source. Secondary data is the information that has already been compiled by someone else, but for a different purpose than that for our thesis. The interviews conducted are considered primary data as we receive direct information from the respondents. The secondary data collected for this study comes from literature and other electronic sources and scientific articles that we consider relevant to the study (Bryman and Bell, 2015).

The reason why we have chosen to use both primary and secondary data is to gain a deeper and broader understanding of the research phenomenon and the problem area (Saunders, Lewis &

Thornhill, 2007). Bryman and Bell (2015) believe that primary data is important as it helps to create an understanding of what is being investigated. However, the advantage of using secondary data is that it enables complementary analyzes.

### **3.3 Collection of Information**

As previously described, this study has a qualitative approach, which is based on 12 interviews conducted with employees at selected companies within the sportswear industry as well as two complementary interviews with experts in the field. Below is a description of how the selection of interviewees went, what type of interview was used and how the actual implementation went.

#### ***3.3.1 Selection***

The respondents for this study were selected through a goal-directed sample, i.e., the sample was not selected on a random basis, but the authors selected participants that reflect the purpose of the study. In order to meet the information criterion, the researchers had in mind that the interview respondents who were selected would know a lot about the topic in question (Bryman and Bell, 2015). All interviewees will be kept anonymous, in the study we therefore use aliases where the interviewees are referred to as Respondent 1- Respondent 14. However, the position and company will be accounted for, this with the respondents' permission.

Initially, we managed to contact Adidas Nordic's headquarter in Stockholm, the Adidas office in Amsterdam and finally Adidas Benelux. This was made partly in order to get an additional perspective from Adidas' side, and partly to obtain a better picture of how the subsidiaries conduct their operations in relation to the main headquarter in Germany. Interviews with Respondent 1, Snr Brand Communications & PR Manager, Respondent 2, Nordic Brand Communication Manager at Adidas Nordics, Respondent 3, European Key Account Manager, Respondent 4, Manager Digital Planning at Adidas Europe and Respondent 5, Senior Manager Brand Communications at Adidas Benelux were successfully booked and later implemented.

In parallel, contact was sought with the remaining dominant sportswear brands on the market. Of these, we managed to book and conduct interviews with Respondent 6, Senior Brand Manager Sport style at PUMA Nordics, Respondent 7, Head Of Marketing Under Armour Nordics at MnO International AB, Respondent 8, Sales and Management Consult at Hummel Sweden, Respondent 9, Senior Brand Marketing Manager and Marketing Dept. Coordinator, Converse, Athens, Greece, Respondent 10, Marketing Manager, London Sport Performance & Lifestyle at Nike UK, Respondent 11, VP Marketing at Peak Performance Stockholm and finally Respondent 12, Nordic Marketing Manager at New Balance Stockholm. The intention of this selection is to, in accordance with the qualitative and exploratory approach that characterizes this thesis, provide as broad and comprehensive a picture as possible, where employees from various major global companies within the sportswear industry with relevant positions from different parts of Europe are represented.

The primary data was also collected through qualitative interviews with experts in the field, who could contribute to a deeper understanding and give us additional knowledge within the subject. Respondent 13, PhD student with a focus on marketing, University of Gothenburg School of Business, Economics and Law agreed to participate in the study. Respondent 13 studies nostalgic consumption, which broadly includes how consumers create and engage with the past through consumption. He is particularly interested in issues regarding globalization and marketing and the overlap between marketing and culture. An interview with Respondent 14, Professor in Business Administration with a focus on marketing, University of Gothenburg School of Business, Economics and Law, was later appointed. The purpose of this selection of experts is to provide a broad and comprehensive picture, where experts with different areas of knowledge relevant to our study are represented. The experts' contributions further contribute to broadened empirical material as they add another perspective independent of the company studied.

The number of necessary interviews depends on the purpose of the study. However, according to Bryman and Bell, 2015, it is a matter of interviewing as many people as needed in order to gather the information that is sought. The assessment was made after all interviews conducted that there was sufficient information to fulfill the purpose of this study in a relevant way. This assessment is based on the fact that a recurring pattern could be found in the interviewee's answers. Thus, the assumption was made that further interviews would not add as much information, which Kvale (1997) describes as the empirical collection has achieved a so-called

saturation. However, it should be borne in mind that such a saturation does not necessarily constitute complete proof that new information could not, after all, emerge on further examination, as it is impossible to know if one has not studied everyone in a population. It is also worth mentioning that the selection can be considered unevenly distributed as we have more respondents from Adidas in comparison with the other companies reviewed. The reason for this is that the idea from the beginning was to perform a single case study on Adidas only. However, at a later stage, the decision was made to involve more companies within the industry in order to get a broader picture of the reality of the problem.

### ***3.3.2 Type of Interview***

The interviews for this study have been of a qualitative nature, which according to Bryman and Bell (2015) means a low degree of standardization. This means that the questions are asked in such a way that the respondents are given the opportunity to answer the questions in their own words. In this study, we have chosen to conduct qualitative semi-structured interviews. To support a semi-structured interview, researchers use a so-called interview guide, which we also did. This means that prepared formulated interview questions have been used, and all questions are asked to all candidates, in the same order. However, it is important to point out that we chose to have one interview guide (Appendix 1) intended for those employed at the various case companies and another interview guide (Appendix 2) for selected experts. According to Bryman and Bell (2015) this means that when the questions are asked, they do not have to be in the same order as they are written in the interview guide (see Appendix 1 & 2). In general, however, the interviewer should strive to ask the questions in the order in which they are written and in the way they are formulated (Bryman and Bell, 2015). It was also possible to ask follow-up questions when it became necessary or when something unexpectedly interesting arose in the interview. All respondents thus receive the same main questions, which means that everyone is treated equally, at the same time as the interview is to some extent shaped on the basis of the respondent's answers.

This type of interview form has been chosen as we believe that this form of interview encourages the interviewee to better develop their reasoning so that we can take part in valuable knowledge within our research area. By using semi-structured questions in our interviews, we followed the main questions but gave ourselves the opportunity to ask independent follow-up

questions based on the situation and the respondent's answers. In this way, the possibility was given to discover and identify certain information and characteristics of our research area, which is not possible if the response options are formulated for the respondents in advance.

There is criticism directed at semi-structured interviews which addresses the overall empirical contribution and can lead to generalized results. It is also challenging to have a sufficient number of respondents in terms of receiving exact results, it is then better to use a quantitative method that with the help of surveys can collect a larger amount of data. The smaller number of respondents is because semi-structured interviews require more time, first because it is harder to get respondents to participate and second because adaptation to the respondents' schedule must be considered. Finally, the interview itself is extensive and takes a long time which will result in a smaller amount of data collected (Bryman and Bell, 2015).

### ***3.3.3 Implementation***

Given the purpose and research question of this study, we considered that open-ended questions were best suited. This method makes it easier to make the interview more of an interactive conversation with greater opportunities to ask follow-up questions as well as read the respondents' reactions. Bryman and Bell (2015) believe that it is important that researchers can talk to the respondent at the same level to facilitate the conversation, which includes being able to handle irony, gestures, and body language. By having more of a conversational character in the interview, we have been able to counteract misunderstandings that could arise due to possible differences in, for example, language use.

The interviews began with a repetitive presentation of the investigation and its purpose. This in order for the respondent to feel comfortable. The first question was of a more structured nature where what Bryman and Bell (2015) refer to as background variables was covered. This aimed to make the respondent even more comfortable at the same time as the intention was to receive relevant information about the respondent's position and background. Since the interviews were open and some interviewees had more to say than others, the time for the interviews therefore also varied between approximately 40 minutes up to one hour. However, great relevance was attached to following what Kvaales (1997) advises, that is, let people speak to the point and let it be quiet so that the respondent has time to think.

In our case, the respondents were not only in different cities but also in different countries, making it complicated to have all interviews on site. Gathering or finding all respondents in the same place was impossible as the purpose is to collect data from multinational companies and their strategy at a global and local level. Thus, all interviews were conducted digitally. A negative aspect of digital interviews is that it can be difficult to connect with the interviewees and also miss out on certain types of information such as gestures and other types of body language. However, we do not think this has negatively influenced our interviews since we conducted the interviews via Teams where visual support was available. In addition, the main reason for the interviews was to gain information and not to analyze the respondents. According to Bryman and Bell (2015), there are two ways to register the interview answers, either by making audio recordings or by taking notes. We mainly used audio recording in order to avoid potential misunderstandings. All respondents were asked for permission in advance. We also kept notes during the interview in case of technical issues. Both authors were present at all interviews, and both have been prepared to ask follow-up questions.

### **3.4 Validity and Reliability**

The concepts of validity and reliability are rooted in the quantitative research method. In a qualitative method there is possible to replace validity with credibility to better describe the trustworthiness in the study. The internal credibility can be seen as the designation to which the subject to be studied actually has been studied. The external credibility is the extent to which the study can be generalized to other substances (Bryman and Bell, 2015). Denscombe (2004) writes that *validity* is about the extent to which research data and the methods for obtaining data are considered accurate and correct. Thurén (2004) clarifies the concept by explaining validity as having examined what is to be examined and nothing else. We have tried to influence the validity of this thesis by limiting our literature review to scientific articles and literature by renowned authors and researchers within the subject. According to Denscombe (2004), a possible validation method is a critical review of sources and the information provided. It must be questioned whether the right people have been interviewed and whether they have provided accurate information. The question here is, of course, how fair an image people who work at the company actually give. There is a probability that must be considered

that they give an angled favorable picture of the company. It is not possible to know for sure whether the people interviewed in this essay have been the most suitable. However, the informants we have used are employees of the company we investigated and therefore these should have great insight into the company's marketing strategies. The authors have taken the information from the respondents with a critical approach. Furthermore, a processing of secondary data was carried out before the interviews, review of various scientific articles, theories, and other literature, which has led to an increase in our knowledge within the subject. This results in an increase in our validity. Something that could negatively affect the validity of our thesis is that some references in illustrated theory are relatively outdated, however, not irrelevant.

Thurén (2004) explains *reliability* as the degree of credibility, which in essence means that the measurements are performed correctly. The basic idea of reliability is thus to ensure that a repetition of the study should show the same results. According to Denscombe (2004), reliability is affected by a number of factors. First, he mentions unreliable registration. However, during the interviews, we used notes and audio recordings to document the answers from the interviewees. It can therefore with high probability be stated that the registration has been reliable. The fact that the respondents have also been given the opportunity to control their answers afterwards has also reduced the risk of misunderstandings. Furthermore, Denscombe (2004) describes that the researcher can have an effect on the interviewee, depending on for example, tone of voice, body language, appearance and/or behavior, which in turn can have an effect on the result. This is called the interviewer effect. To avoid interview effects, we have tried to act as objectively as possible during all interviews. However, Denscombe (2004) points out that the interview effect is difficult to measure, and it is thus hard to determine to what extent the researchers may have influenced the results. Lastly, Denscombe (2004) addresses the so-called context effect, which means that the location where the interview takes place can create specific results. The interviews took place in a, for the respondents, natural location in order to avoid artificial answers and reduce the context effect. A natural environment is a place where the interviewee spends a lot of time and feels comfortable in, for example, the home or workplace. Of course, one must consider that these places can also contain disturbances. Something that could have affected the reliability negatively is because we were forced to conduct most of our interviews digitally due to the Covid-19 situation instead of meeting in person. This means that we may have missed out on information that could have been conveyed through body language.

There are difficulties with reliability in qualitative research because the surroundings are social and the contexts are in constant change, making the study impossible to reproduce in exactly the same social environment. In qualitative research, the focus should be on internal credibility, which according to Merriam and Tisdell (2009) can be achieved through openness and transparency throughout the study. Information evaluation is important regardless of the method and basically means that all data collected must be credible. A credible source should be relevant to the research question and free from systematic errors (Bryman and Bell, 2015). Primary data can contain both subjective and angled information from the respondents. The credibility of collected secondary data can be ensured through the use of credible databases and relevant keywords. Internet sources could also be relevant and often provide up to date information but should be handled carefully in order to uphold desired reliability.

### **3.5 Interpretation and Analysis of the Result**

Lundahl & Skärvad (1999) write that interpretation is the fundamental activity in the implementation of a qualitative study. Repstad (1999) writes that interpretation of the information is a well-thought-out value in relation to the addressed issues in the study and in relation to the theories that place the results in a larger context. He further writes that interpretation means taking a stand on analyzed results in order to gain an in-depth understanding of what has been studied. This is usually done by linking concrete results to more general theories. To create such a holistic understanding, the work with the primary data was started by listening to the recorded interviews and summarizing them one by one. Then we wrote together, reformulated, and shortened the information to create a clearer picture. For our literature study, we started by studying the selected theories to create an overall picture of the subject. Then we selected relevant parts from the different theories and presented the information in a clear and distinct way.

### **3.6 Transferability**

The concept of *generalizability* means the degree to which the results of a study can be transferred to other phenomena. According to Denscombe (2004), however, the two concepts of generalizability and *transferability* should be kept separate when generalizability is discussed. Generalizability refers to research that can both be measured and controlled, which means that the concept is better suited to quantitative research. According to Denscombe (2004), the term transferability is better suited to qualitative research as this is a more intuitive process where the relevance of other phenomena is more imagined than actually demonstrated. Denscombe (2004) believes that transferability is based on the fact that the results of the research can be related and applied to other situations by both the researcher and the reader. As stated earlier, the purpose of this thesis is to identify and illustrate whether and, if so, in what way cultural differences affect the degree of local adaptation of online and offline marketing and brand communication. The ambition is to increase the understanding of this phenomenon and could thus be related to many other companies outside the sportswear industry as well as in a global context. To study how a specific industry considers cultural variations when approaching their customers at local levels can provide inspiration, seem recognizable, and contribute to reflection for studies on other similar phenomena.

## 4. RESULT

*In this chapter, the empirical material will be presented. The empirical section contains summaries of all interviews conducted.*

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### 4.1 Interviewees

Below is a list of selected interviewees, their position, and companies.

Name	Position, company
Respondent 1	Snr Brand Communications & PR Manager – Adidas Nordics

<b>Respondent 2</b>	Nordic Brand Communication Manager – Adidas Nordics
<b>Respondent 3</b>	European Key Account Manager – Adidas Europe
<b>Respondent 4</b>	Manager Digital Planning – Adidas Europe
<b>Respondent 5</b>	Senior Manager Brand Communications – Adidas Benelux
<b>Respondent 6</b>	Senior Brand Manager Sport style – PUMA Nordics
<b>Respondent 7</b>	Head Of Marketing – Under Armour Nordics at MnO International AB
<b>Respondent 8</b>	Sales and Management Consult – Hummel Sweden
<b>Respondent 9</b>	Senior Brand Marketing Manager – Converse Greece
<b>Respondent 10</b>	Marketing Manager – Nike UK
<b>Respondent 11</b>	VP Marketing – Peak Performance Sweden
<b>Respondent 12</b>	Nordic Marketing Manager – New Balance Sweden
<b>Respondent 13</b>	PhD student with a focus on marketing, University of Gothenburg School of Business, Economics and Law
<b>Respondent 14</b>	Professor in Business Administration with a focus on marketing, University of Gothenburg School of Business, Economics and Law

*Figure 7: List of interviewees.*

*Source: Own processing of interview material.*

## 4.2 Introduction to Result

Below is a summary of the main variables discussed during the interviews. A presentation of each variable will take place with regard to the concepts of standardization vs adaptation.

#### **4.2.1 Price**

According to Respondent 1 the price variations of Adidas products are the same all over the world due to the challenges of making local adjustments. The team that decides on the pricing strategy and forecasts the price level is placed in Germany. It is a whole apparatus around pricing which determines when to be raised and the local subsidiaries have no mandate in those decisions. This is confirmed by Respondent 3 which says that the price of Adidas products is 100% standardized in almost all markets.

*“Adidas has found a price level that reflects the brand and its homogeneousness in all markets”. - Respondent 1*

Respondent 3 describes that marketing is a way of being visible, rather than necessarily selling products, because if the product is really good it will sell itself anyway. That is why Adidas spends a lot of resources on marketing to make sure the concept is right. To be able to afford marketing, they therefore need to maintain a certain price level and margin on the product and take advantage of economies of scale, in order to then be able to reinvest in marketing. According to Respondent 3, the company has high demands on the quality of the product and the requirements are the same no matter which country it applies to. This means that the price level is the same in emerging markets as well, although the income level in these countries is significantly lower. Instead, the offer there is very basic because sales are so low, but the price level still remains the same. This differs from Nike's pricing strategy. According to Respondent 10, Nike uses a value-based pricing strategy, which means that customers themselves place a value on the products and they are willing to pay as much as they think the products are worth. This means that Nike adapts its marketing efforts to each region, which includes the use of different pricing strategies that result in different pricing between the regions.

*“The prices vary between markets due to local market needs. The willingness-to-pay differs and to fit local market needs they adjust the price accordingly. However, Nike is to a greater*

*extent aimed at regions with steady economic growth and high disposable income, which is mainly North America, China, and Western Europe". - Respondent 10.*

New Balance uses a similar pricing strategy. According to Respondent 12, New Balance has a very clear product segmentation and distribution policy which affects how they approach and sell to the markets. This means that New Balance are offering different prices to different market segments, which is done according to Respondent 12 because the brand does not believe that "one size fits all" and it is driven by the fact that price sensitivity can vary so much from market to market due to several factors, for example income level. This is in contrast to Peaks' pricing strategy, which according to Respondent 11 applies a totally homogeneous pricing strategy in all countries where they operate. This is because Peak has a global consumer who, thanks to increased digitization, has removed all boundaries.

According to Respondent 6, Puma has no strategic pricing where they price distinguish products according to markets, instead it is very standardized. This applies both in physical stores and online including Puma's own channels as well as retailers. Retailers, however, have their own mandate to carry out realizations on their channels of Puma's products, which does not happen to the same extent on Puma's own channels. The same global pricing strategy goes for Under Armour because the product accessibility is global and according to Respondent 7 it is not effective if consumers can purchase a product much cheaper than in the home country because Under Armour adapts the pricing. According to Respondent 8, Hummel decides on one EU price and one Danish price based on the cost of each product which is then settled as a guiding point for all other markets. Hence, the only differences are the currency conversion rate in order to counteract border trade.

According to Respondent 9, Converse uses a cost-based pricing strategy in combination with a competitive pricing strategy. With a cost-based pricing strategy, the company looks at the cost of manufacturing and supplying the product and then adds a certain margin to the price to generate a certain profit, for Converse it is estimated at 45%. According to Respondent 9 this applies all over the world, which means that the price level is about the same in every market, which is a way of being able to utilize economies of scale. With a competitive pricing strategy, the company instead considers observed or expected price levels of competitors when pricing their products.

*” The competition-based pricing policy makes Converse stand out from the competition because with this the company has one of the lowest shoe prices and thus available to more consumers”. - Respondent 9*

Respondent 9 also says that Converse offers discounts to a greater extent than its competitors to make its product prices more affordable. According to Respondent 9, Converse targets several income groups, these are non-income earners, usually students and middle- and high-income earners, in order to be able to penetrate as many markets as possible. This means that Converse does not really take any further consideration of cultural factors when pricing their products, but rather demographic factors such as income. This is in contrast to Nike which also applies a premium-based pricing strategy, intends to maintain an artificially high price for the products in order to encourage favorable perceptions among buyers, based solely on the price. Therefore, according to Respondent 10 Nike generally has higher prices than the prices of the competitors. However, Respondent 10 believes that even though Nike products are more expensive, the premium-based pricing strategy works well because most customers are willing to pay for the quality of the product and they think the investment is worth it.

#### **4.2.2 Product**

The product line at Adidas is standardized at least in the European market, but some elements of customization are possible for local subsidiaries. In the Nordic for instance, Adidas have a lot of direct contact with team sales, where they partner up with smaller organizations such as football teams in division 4, to sell match kits. Respondent 1 argues that this strategy is more focused in the Nordic region compared to the rest of Europe. Respondent 1 states that the fashion differences in Europe makes consumers demand different products in certain countries. In Sweden, Adidas may sell more clean basic shoes while in the UK the consumers are more attracted to a futuristic technical shoe and according to Respondent 1 and Adidas are then able to activate more on those that work in the respective market. The global product line is the same and the big global material will be activated on the focus products but there is room in the budget for larger local activation on those products that are big sellers in respective countries.

*“If a product is making a weak sale to our largest retailers, it may not land so well in the Nordics. The same on the contrary and then we have the opportunity to activate the product more locally through campaigns”. - Respondent 1*

Footlocker is today Adidas' largest account, which according to Respondent 3 means that they tailor everything for Footlocker, even products. For example, they create a lot of exclusive products and colorways that nobody else in the brand sells, that is exclusively for Footlocker. Respondent 3 also explains that there are different focus products depending on the retailer. Zalando and ASOS for instance, are very focused on women and trends, which means that a higher proportion of products intended for women are concentrated there, while for Footlocker it is the opposite as it is an account that is more male dominated.

According to Respondent 3, Adidas products are standardized to about 80%, which means that different markets have the freedom to create key specific collections up to 20%. However, this happens very rarely and for the most part every country gets the same collections worldwide. It happens that one or two collections are specific to either Europe, the US or Asia, but not so much to local subsidiaries on a country specific level. However, according to Respondent 3 the increased focus on localizing is something that has evolved over the past years due to customers becoming increasingly demanding. Respondent 3 describes that it is a completely different climate today with consumer cultures that make it very difficult for companies to make mistakes of any kind which forces companies to adapt. The increased interest in adaptation has led to more tailored collections also in Europe, but mainly towards Adidas key markets.

*“All new product launches, marketing campaigns and guidelines start from the global headquarters in Herzogenaurach, Germany and then those guidelines are trickled down to the European markets, and then further down to the key markets which makes products a bit more tailored towards their specific market”. - Respondent 3*

Respondent 3 further explains that certain markets are problematic because of cultural factors such as the case with the Netherlands where the general market does not demand the brand no matter how much Adidas invests in it. According to Respondent 3, people in Netherlands and the big cities Amsterdam and Rotterdam are very hipster and have a higher demand for trendy local brands which is hard to counteract for a global brand. Adidas also has segments that only fall into exclusive fashion, which retailers such as Footlocker and JD Sports will never have

access to, and these high fashion products do work in the Netherlands. Respondent 3 describes that there is a similar situation in London. It is a very cultural city where Adidas as a brand must do something meaningful for people to buy it, for example talk to the customers about sustainability. The only markets that are a bit more stable are the Nordics and Germany which are markets that Respondent 3 describes as very homogenous where people have a very basic style.

Respondent 10 describes that Nike applies a complete global strategy internationally where the headquarter has complete control over all subsidiaries in all countries where they operate. Respondent 10 explains that this is because Nike wants to guarantee consistency in product development and range. This means that all subsidiaries worldwide sell the same standardized Nike products both online and in physical stores. Puma works in a similar way. and according to Respondent 6, Puma is a global brand with a global launch strategy. This means that each internal market receives directives from Puma's headquarters in Germany, which they must comply with when, for example, launching a new product. According to respondent 6, it's a relatively new strategy and previously, local markets had the mandate to design their own campaign material and decide which products to launch on their specific market. Respondent 6 believes that this was problematic as the products from Puma within a certain product category were not completely the same throughout the whole market. Respondent 6 however believes that there is nothing wrong with that because local trends and local deviations will always differ between different markets.

*“But, in such a digital and social media-adapted world as we live in today, the local product adaption does not play a major role, especially not for the younger consumer who follows everything from global football stars and media from all over the world”. - Respondent 6*

According to Respondent 6, a too adapted strategy contributed to very mixed messages for the end consumer. This makes it confusing and difficult for the consumer to navigate, but there is also a risk that consumers do not understand where Puma is aiming as a brand. According to Respondent 6, the current goal for Puma is to have a strong and unified collection internationally and to have a slightly more cohesive communication to the market. According to Respondent 6, this means that some markets sometimes drive volume while others drive brand recognition. Here you can see similarities with Peaks' product strategy, which according to Respondent 11 also applies a global strategy internationally in order to guarantee a consistent

range to all consumers. This is done according to Respondent 11 to increase brand recognition. By developing a seamless look for the brand across all channels it will make consumers feel more comfortable with the brand and as a result make them more likely to purchase from you again. However, Respondent 11 says the product range might vary due to seasonal relevance but rather small differences in general.

Although increased requirements from the Puma headquarter regarding the purchase of certain types of colors and styles that must be common to all markets have been introduced, every local market still has the freedom to buy additional products for their particular market. There are thus smaller differences in terms of product offerings to end consumers today than there were before, but Respondent 6 thinks that there is still a little too big a difference in what is offered between different markets. This is different from Nike's strategy that does not consider the needs of local markets when it comes to product offerings. The headquarters' significant control and the company's global strategy thus negate individual subsidiaries from working independently. However, according to Respondent 10, the company's main strength is to have standardized products worldwide because customers can easily identify Nike products regardless of market. This is seen as a competitive advantage over other global companies in the same industry such as Adidas and Puma.

According to Respondent 9, Converse is best known for its Chuck Taylor All Star and One Star styles, which are sold worldwide. However, Respondent 9 points out that Converse is a brand that celebrates individuality and encourages uniqueness, which has led to a wide range of shoes and clothes with the aim of fitting each customer's personality. The company has therefore created special product lines with different benefits for people who belong to different groups in society, for example, artists, skateboarders, and teenagers. However, according to Respondent 9, the product range itself looks the same worldwide. This is consistent with what Respondent 13 describes regarding functional benefits. When focusing on the functional benefits a brand could change how the shoes are made or change other benefits of the shoes in certain markets corresponding to the product-related attributes in order to target a specific group of people. This also agrees with what Respondent 10 describes. As mentioned earlier, Nike is to a greater extent aimed at regions with steady economic growth and high disposable income. Here Respondent 10 describes that Nike applies adapted strategies in order to target customers in these regions. This may, for example, be about offering high-tech products.

According to Respondent 2, Adidas was much more localized 10-15 years ago and offered local products and campaigns for each market. This is confirmed by Respondent 4 who describes that all subsidiaries and market specific websites have access to the same product range.

*“The only difference is about consumer trends. This means that with the help of market analyzes, a hypothesis can be made that, for example, a low-income country has a lower demand for the top-level products because the investment that people have to do to get these types of products is often not worth it.” - Respondent 4*

However, Respondent 4 points out that this is only a hypothesis for trying to understand consumer trends so when it comes to opportunities to purchase products there are no filters between countries. He believes that this is one of the benefits of having a centralized approach to e-commerce because it means that countries do not have to purchase stock in advance in consideration to their consumer trends. It is unified across Europe and therefore they can offer a seamless level of access to products across all markets in Europe. According to Respondent 2 it is usually a system that works but problems may arise when a product does not sell in a specific market. Although certain products do not work in the Nordic market due to the high technicality for instance, it is still hard for Adidas subsidiaries to push back the product if it is a part of a large global product launch.

This is different from how Under Armour works. They have a funnel structure of the product assortment where they for instance have 15000 products globally, then the European market gets 10000 and the Nordic market 5000 of that global assortment. According to Respondent 7, the product range is adapted to different countries in terms of seasons which clearly differ between continents so the Swedish running shoe may be different compared to the Spanish running shoe due to weather conditions in the Nordic region. Nevertheless, the total assortment is not completely adapted to certain markets but rather prioritized, which means that MNO and Under Armour Nordic sort of handpicks from the European assortment. This is similar to Hummel's strategy which according to Respondent 8 determines on a subsidiary level what product line they will focus on, in order to adapt it to the respective market demand. Hence, Hummel does not have a specific direction to sell certain key products for all markets, it is rather about following the market demand of each market.

*“In restaurant terms, Hummel HQ provides a buffet of product articles and then Hummel Sweden modifies that to a la carte menu”. - Respondent 8*

Even though the headquarters are pushing for certain products, subsidiaries do not have to respond to that pressure which means they for instance can choose to build a strong market on their basic products and mid-range segment before they start pushing a hyped innovation shoe.

### **4.3.3 Advertising Content**

According to Respondent 1 the image of Adidas was quite fragmented 10-15 years ago because they were much more focused on local adoption. Today, Adidas prefers to have the same brand image throughout the whole world and then the most effective way is to use the same material in all markets so that the brand is equally interpreted among customers. According to Respondent 3 this applies mainly to the large brand campaigns where they have generic toolkits, so these campaigns are able to be showcased in all markets. The issue with that is according to Respondent 1 that some campaigns may feel outdated in some parts of the world. According to Respondent 8, the same applies for Hummel, where larger activities are more generic, for instance their sponsorship of Champions League Handball, which is a centralized program that is made for global broadcasting.

*“The believing culture in Europe does not require much religious context compared to Adidas in the emerging markets where they must have a much more complex design because the religious approach in the matter of what can be shown and not be shown on pictures in different countries is widely diverse there”. - Respondent 4*

According to Respondent 2, there are always cultural differences between markets and although the Nordic countries are quite similar, there are big differences between European countries such as Greece, France, Italy, and Spain. Adidas works with a quite universal communication so most messages can engage the global consumer such as “Impossible Is Nothing”. However, Respondent 4 believes that the biggest challenge is from a translation perspective since there are many complex languages that cannot summarize the tagline or message as short as the English language might do. Respondent 4 says that in some cases the concept is impossible to translate directly from English and therefore they pitch for keeping

the message in English. That could be the case with markets where the cultural understanding of English is strong. However, according to Respondent 2 most content is standardized and almost all market communication in the Nordic countries is placed in English. However, in France they translate the global taglines into French because they are lacking the English language level as we have in the Nordic countries. Otherwise, the localized marketing elements are more subjected to collaborations with influencers, local firms, and athletes and not to content, fonts and colors which stays global. By this Adidas tries to put a global concept in a local context. According to Respondent 10, Nike applies a local marketing strategy when it comes to the advertising content of their products. These could be catchy slogans and taglines aimed at one specific target group in one country. Respondent 10 gives an example of a very successful national marketing campaign where Nike used the slogan "Nothing Beats a Londoner", which was only aimed at young Londoners. According to Respondent 10, the local flavor to Nike's national campaigns takes place both towards the physical and digital consumer. However, like Adidas most messages remain in English and are rarely translated into different languages, with certain exceptions such as France.

#### ***4.2.4 Advertising Media***

Respondent 5 points out that the main purpose is to get full reach to your targeted audience so rather than standardizing everything and losing your local relevance, it is more efficient to standardize some parts in the marketing. For instance, Netherlands and Belgium are totally different markets where the Dutch are more technically advanced where the Belgian people are more traditional also in terms of media usage. Respondent 1 explains that Adidas Nordic has the role of placing a campaign in the most efficient way so that it reaches the target group locally and then local knowledge is needed. In other words, to create local relevance they need to be present locally.

Respondent 3 believes that the reason why Adidas tailors their advertising media strategy to a much greater degree than other variables is due to the importance of feeling relatable as a consumer. Respondent 1 explains this further and states that it is clear that the global campaign material sometimes does not fit all markets.

*“In the Nordic countries, it is proven that the female consumer likes to train alone, is very sporty and places high requirements on their technical equipment. The Nordic female consumer is a little more grit and recognizes themselves in a message where exercising alone is tough. However, the global campaign material is communication towards women who train in groups which illustrates how great and wonderful it is”. - Respondent 1*

Therefore, Adidas may be missing some parts in the global material which they have to cover by performing local activations into other channels that are not chosen globally to reach the Nordic consumer.

Respondent 14 explains that it is important to take local conditions into account because it is important for consumers to feel a local connection to the products they buy. Hence, Respondent 14 implies that in theory it can be a great idea to try to localize to a greater degree, but also points out that it is important to assess the actual credibility of the action. According to Respondent 2, most of Adidas marketing budget in each country goes to media purchases. They have a media agency which is used globally to help Adidas activate their global material in media and outdoor commercials making sure that the visuals fit the country needs. Hummel works in a similar way. According to Respondent 8, Hummel has a centralized marketing function which produces campaigns and material which together with the respective subsidiary creates local adjustments.

Respondent 5 describes that there are cultural differences between cities like Amsterdam, Utrecht, Antwerp, and Brussels where both language, wealth and media consumption is different. It means that for instance, some social platforms are relevant in Belgium which are not relevant in the Netherlands and vice versa. Respondent 3 describes how partnerships in different countries are chosen and explains that there is at least one influencer manager in every country that picks out which influencer Adidas is going to work with, which means that the selection takes place at a local level. According to Respondent 6, opportunities for local adaptations remain to a relatively high degree. For example, should a campaign include local ambassadors, it is up to each market to come up with proposals that they believe work for their local market. At Converse, it works in the same way. According to Respondent 9, local ambassadors either appear in local campaigns or via influencer marketing where Converse products are promoted on various social media channels selected at a local level. Influencer marketing is not used to the same extent at Hummel. Instead, the brand is a large actor when

sponsoring local tournaments such as Partille Cup which works as a ground for communicating fair play and their overall brand vision which is about changing the world through sports. Hummel works primarily with retailers who push their products to third-party external partners. But with major partnerships such as professional football clubs the dialogue is managed directly with Hummel Sweden and not through retailers.

Under Armor and New Balance are perhaps the brands that differ most from the others. Under Armour is a sports brand with a sports heritage from the US. In the Nordic market there are approx. 20 million users spread over five markets which means smaller budgets which thus creates a bottleneck in the search for athletes in the region.

*“It is unnecessary in 95% of the cases to find an expensive athlete that is relevant for all five Nordic markets when we have Tom Brady, Anthony Joshua, and Trent Alexander Arnold as global front figures”. - Respondent 7*

Under Armour sponsors around 30-40 local influencers in the Nordic countries but the bottleneck is that many of the influencers have the majority of their followers in other countries which is not relevant for an Under Armour distributor such as MNO which is trying to push sales volume locally rather than building brand. Due to these circumstances, it is challenging for brand distributors to choose partnerships that are effective. Influencer partnerships have become less important in the Nordic region because their main objective is to amplify the global brand rather than pushing volumes. Clear similarities can be seen with New Balance which according to Respondent 12, has no local partnerships in the Nordic area today. Instead, it has some major athlete partnerships in key markets that are fronted globally such as Raheem Sterling (UK), Roma FC (Italy) and Porto (Portugal) that basically the whole world can associate with. According to Respondent 12, New Balance focuses primarily on talents in sports over local influencers.

Respondent 3 describes those differences in advertising media also consist of using different influencers or using different media partners, but where the content remains the same. Respondent 3 believes that Adidas is in a kind of middle ground and does not believe that there are plans to completely go local. Especially in recent times, the brand has chosen to use local influencers since influencer marketing is today considered an extremely influential marketing strategy. However, Adidas does not display local ambassadors on its own Adidas channels, but

rather uses various well-known local ambassadors who market Adidas products on their own channels. According to Respondent 11, Peak also collaborates with local ambassadors such as celebrities and influencers. They have a set strategy and policies for whom they work with to ensure that they are true representatives of the brand and their values. Peak, unlike Adidas, also leverages local ambassadors on their global Instagram account to ensure a good representation of their brand and consumers as well as being represented through influencer marketing.

What sets Nike apart from the others is that the brand has chosen to drastically reduce its wholesale operation in recent years. This is a reduction from approximately 30,000 retailers in 2017 to 40 well-chosen retailers by 2020. According to Respondent 10, this was a strategic choice as it provides more direct contacts with Nike's consumers by investing in their own channels. According to Respondent 7, Under Armour has a similar view. The brand is open to sell more directly to consumers which necessarily is not about driving volumes but rather building the brand. Respondent 7 says that it is hard to show the entire product assortment through retailers which obviously is easier through their own channels. The same goes for Hummel, which according to Respondent 8 has changed their strategy and driven towards a larger degree of owned subsidiaries instead of agents and distributors in order to better control the brand.

*“It is effective with external agents to drive sales volume, but it is hard to own the sales process and pick up how the brand and products are interpreted”. - Respondent 8*

Moreover, Respondent 11 considers that the best approach is to have a combination of both own stores and e-com channels as well as trusted retail partners, especially specialists that authenticate the brand locally to ensure that the brand is available in credible consumer environments. According to Respondent 11, Peak knows that the consumer journey today looks different for all consumers, they research in one point, potentially try and touch in another and buy in a third. Especially for key markets they try to ensure a good balance and presence in order to serve their consumers in the best way possible.

While Nike applies a quite straightforward direct to consumer strategy and Adidas is somewhere in between, Converse and Puma have a large focus on their retailers. According to Respondent 9, Converse has a number of exclusive stores in major cities, but the brand's main sales channel is through retailers, both physical and digital. Respondent 9 says that Converse

uses a so-called multi-channel method to make the products available to as many consumers as possible. Regarding Puma's exposure at retailers both online and in physical stores, Respondent 6 believes that Puma has a different strategy in comparison with, for example, Nike, which uses direct to customer strategy. Puma has instead placed a very large focus on local relevance, which means they focus on ensuring strong local relevance in all of their markets around the world. Puma wants to be the sports brand that has the best local relevance to retailers. They want to create good relationships with their retailers by not cutting back on supply and being able to offer each retailer the products they need for their local market. Respondent 6 believes that Puma thinks it is important to be visible through retailers in the local markets.

For retailers Adidas have guidelines for how to express and design the product communication so it is coherent with Adidas strategy. According to Respondent 4, in some cases, where Adidas runs the global campaign material with large retailers such as Zalando, they must modify the content, so it is adapted to the retailer. Retailers sometimes have more freedom to activate Adidas products locally than Adidas themselves. Regarding external sales channels such as Zalando and Footlocker, Respondent 13 believes that they are standardizing to a higher degree than the actual brand owner due to retailers being more of a sales channel than the brand itself and thus focus on pushing volumes.

#### ***4.2.5 Social Media***

According to Respondent 1, 6-7 years ago, each country had their own Instagram channels, but today Adidas has removed all local digital channels and are completely standardized. Respondent 5 believes that this was done due to the fact that Adidas did not communicate as one brand because everyone was doing their own Facebook ads, and Instagram ads. Instead, Adidas have large global channels with over 30 million followers and the strategy aims at Adidas should look exactly the same all over the world, and not differ between markets such as Sweden, Denmark, and UK for instance. Hence, in digital channels such as Instagram and Facebook Adidas basically run the same content. This is in line with how both Puma and Under Armour operate their social channels as well. Although Puma currently does not have local social media channels either, Respondent 6 says that in the future Puma will work closer to the headquarters to create materials that are intended to be available on Instagram and TikTok designed by the local markets. In the case of Under Armour, Respondent 7 describes that the

European office manages all the online and digital content for Under Armour including social media and the official website for all countries. However, media purchase and influencer partnerships are managed locally but there is no organic spread or own social media channels for each country.

Converse works in a slightly different way when it comes to their social media. Converse's official Facebook page shows how Converse strategically, in interaction with consumers, creates stories, dreams and fantasies, deserves more space in consumers' everyday lives and thereby strengthens the bonds between both consumers and the company and consumers. In this way, Respondent 9 believes that Converse succeeds in creating a common gathering place for its consumers where Converse becomes a lifestyle rather than a brand. Converse has also noticed that each generation prefers different social media platforms. Therefore, the Converse brand is evident on several social media platforms including Facebook, Instagram, and YouTube. According to Respondent 9, these platforms provide the brand with ad targeting technology to reach different age groups. According to Respondent 9, this means that Converse has equivalent communication of its brand worldwide. She describes that the focus is rather on reaching as wide an audience as possible where age has been considered as an important factor rather than other cultural aspects that may differ at a local level.

#### ***4.2.6 Websites***

According to Respondent 4, the communication on Adidas.com is very standardized with a unified approach across all countries within market Europe. The website is managed from one single team for the whole market. This means that everything that is presented on the website must be streamlined and fit the needs of all countries within Europe, which essentially means that each specific market cannot be creative towards Adidas.com and there is therefore basically no localized material on the website. For this to work, a generic face is used that fits all market needs. According to Respondent 5 Adidas has too many products to localize everything. Both Respondent 4 and Respondent 5 point out that the only thing that Adidas in some cases tailor is the copy, which means that the consumer will see the same website, but in their own language. However, according to Respondent 5 there is more and more room for specific local nuances, such as a locally adapted page for the Dutch website including the local football team AJAX. It is a locally relevant story and commercially very relevant, and as a

result Adidas has an AJAX landing page instead of a generic running shoe. It is basically the same page but with a local text and local copy, which is temporary during the campaign phase.

From a market and efficiency perspective e-commerce is the way to go. It is the most efficient way of managing the company resources. Having a localized, personalized, specific way of setting the products is only going to cost more against the margin for the return of the investment. According to Respondent 4, sales will not increase just by tailoring the message or the product for each of the specific countries. The company gets away with a much better margin with a standardized approach. He explains that this is because there has been a generation shift where a centralized approach is now expected in a different way than before.

Similar strategies are used by Under Armour, Hummel, and Converse. Respondent 7 describes that the European office manages all the online and digital content for Under Armour including social media and the official website for all countries. However, there are differences between the European website URLs and the North American URLs which means that the American site may be fronted with Tom Brady and the European sites with Alexander Arnold. Respondent 8 describes a similar approach. Hummels website is centrally managed and is standardized with the exception of certain language options. Instead, they change and push the design language towards the external accounts such as local retailers. Hummel gives their retailers access to a huge pool of photos and thus guides them to use Hummels design language on their sites when exposing their products. Respondent 14 contributes with an explanation for why we see such a high standardization digitally. He believes that there is a global consumer culture, primarily around online shopping on various digital platforms, which may differ slightly from traditional physical store shopping.

*“We as consumers have learned what a typical website should look like”. - Respondent 14*

Respondent 14 talks about hygiene factors, which are necessary features that simply must exist on a website. Therefore, when looking at different e-commerce platforms, they look almost the same everywhere. Respondent 14 assumes that this is the reason why there is a standardization around e-commerce that is quite global. However, Respondent 14 believes that some type of local adaptation is made towards the digital consumer, but to a much lesser extent than towards the physical consumer. He finds it strange that we do not see more local adaptations online since it is technically very easy to see from where consumers browse from. Respondent 13

draws a similar conclusion. He discusses so called symbolic benefits that are the more extrinsic advantages of product consumption. They usually correspond to non-product-related attributes.

*“There is a cultural terrain that any brand needs to be able to navigate and that is where it becomes really interesting with the online side of it as well”. - Respondent 13*

Often these websites are very standardized for broad market segments. This makes it difficult for companies to localize down on a particular level and try to resonate to a particular national or local culture, which might seem odd because they could do that based on IT addresses and therefore have more targeted websites that could bring these symbolic benefits to the table. Respondent 13 believes that it is more common to see companies localize towards the physical consumer, but that it is not as common with the digital consumer. However, whether it is important to localize websites as well, Respondent 13 believes it depends on the product, but that it is always important to understand the consumer in their own context. By only applying one marketing strategy and then assuming that it will be applicable in any given context will not work according to respondent 13 which describes that advertisements cling to our cultural imaginations and prior narratives and prior cultural references. These references and stories are what we see daily used in traditional marketing and assuming we can use the same all over the world rarely works and that is why we see advertising change depending on countries. Why websites do not change depending on cultural context is something that Respondent 13 questions.

According to Respondent 6, no one is responsible for Puma's own digital channels (puma.com) at a local level, which is similar to the above-described strategies. However, Respondent 6 says that in the future Puma will work more with the headquarters to create locally adapted materials that are intended to be available on Puma's website. It means that Swedish customers should be able to see Swedish ambassadors and likewise French ambassadors on puma.fr. Today, consumers see the same pictures on Puma's website, regardless of which country they browse from. According to Respondent 6, this is important for each local market, but it is also important when presenting a proposal for collaborations with various potential ambassadors that it can be guaranteed that they will actually be visible. According to Respondent 6, the new strategy aims to show different front products, on puma.se and puma.fr, respectively, because, for example, the football season starts much earlier in southern Europe than in the north.

*“The hope is to become more locally adaptable on the digital channels in terms of the seasons and the cultural context”. - Respondent 6*

On Peaks websites, it is already possible to see different products fronted depending on which country the consumer is browsing from. For example, when Swedes are skiing in the North of Sweden, Germans are gearing up for spring adventures. Therefore, Peak cannot try to advertise skiwear to Germans late into the spring season, but it still makes sense for the Swedish consumer. Respondent 11 believes that it is very important with this type of localization in order to ensure that consumers can relate to the brand and its products.

Another company that started to go in that direction is Nike. On Nike's own website, the language and location of each person who enters the website is considered, which according to Respondent 10 has to do with the company wanting to make the user experience more personal. The website within Europe does not consider cultural aspects but looks the same across all countries in Europe. However, Respondent 10 points out that cultural aspects are considered outside Europe, for example, the Thai version of Nike's website focuses on yoga-related products, while the Brazilian version is full of strong color combinations and clothes with floral patterns. The reason, according to Respondent 10 is due to greater similarities in terms of cultural, seasonality, appearance, and training preferences in Europe.

Respondent 10 says that sales via their own channels provide a completely different customer experience in comparison with sales via retailers. Having sales through Nike's own channels provides an opportunity to offer a more vigorous and effective customer experience, something that is not possible in the same way via someone else's channel. Respondent 14 believes that there are likely to be cultural differences that make certain aspects such as the brand's range or communication differ on a local level. In the end, Respondent 14 believes that websites are about creating a user experience and a brand experience that is as good as possible.

Factors for why adaptation is not happening is according to Respondent 13 probably money, however he does not think it is the dominant factor but likely one element. However, Respondent 14 concludes by saying that so far it is relatively hypothetical, but in the future, he believes that we will see more local adaptation strategies also on digital platforms. Today, almost all websites have basically the same features. Respondent 14 believes that the next step in the evolution is considering local conditions to an increasing degree in order to stand out

from the crowd. But if the brand wants a global positioning, the company should have a unified website worldwide towards all consumers regardless of local or cultural context. It simply depends on how companies want to be interpreted.

## **5. ANALYSIS**

*In this chapter, the empirical material will be analyzed with support of the theoretical framework presented in chapter 2. The analysis is the foundation for the next concluding chapter.*

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### **5.1 Introduction to Analysis**

Considering the fact that different business units and functions may be subjected to different global and local pressure, particular tasks within certain functions have to be looked at differently (Prahalad and Doz, 1987). Our analysis is therefore based on elements of the marketing mix due to the need to explain these separately.

#### **5.1.1 Price**

From the theory presented in this essay, it appears that the international pricing strategy is considered as one of the most complex issues in international marketing. This seems to be confirmed by the fact that there are different opinions between researchers in the field. Regarding the dimension of standardization and adaptation Doole and Lowe (2012) believes that the most used strategies are standard pricing and standard formula pricing which calculate the price through a standardized formula in all markets. Based on the empirical background on which this thesis is based, it can be stated that all companies except Nike and New Balance are in accordance with Doole and Lowe's (2012) view of a standardized pricing strategy. It appears that all companies with the exception of Nike and New Balance have a centralized price setting that is determined on a global level. From this it can be concluded that these companies apply

an international marketing strategy when discussing the variable price, which is supported by Cavusgil et al. (1996) reasoning about the positioning of a firm. He describes that such a strategy is fully standardized and developed for the home market and further transferred to other markets without any sort of adaptation to local environments. Furthermore, it can be argued that these companies have a high degree of global orientation. Morschett et al. (2015) describe that these organizations are characterized by a high degree of centralized decision making where global integration forces are high. Morschett et al. (2015) claims that these companies strive to achieve economies of scale, which is confirmed by both Adidas and Converse.

At the other end of the spectrum, there are price adjustment strategies that are normally decided decentralized by the local subsidiary or partner and that are appropriate to suit local conditions (Morschett et al. 2015). This is in accordance with a survey conducted by Vrontis (2003) where it appears that the variable price is most adapted for other markets and countries. This can be questioned as Nike and New Balance are the only companies in this study that uses an adaptive pricing strategy of any sort. Based on the empirical background, Nike and New Balance can be stated to have a so-called value-based pricing strategy meaning they base their pricing on how much the customer believes a product is worth. Nike and New Balance consider differences in willingness-to-pay and to fit local market needs they adjust the price accordingly. This can be related to several theoretical statements. Both Porter (1986) and Vrontis (2003) point out the importance of considering demographic variables where, above all, economic differences in the form of income level are mentioned as an important factor affecting a company's choice of adaptation. Furthermore, Vrontis (2003) demonstrates in his study that companies that are established on several continents have greater reason to use a more adapted marketing strategy, which also strengthens Nike and New Balance's choice of pricing strategy as MNEs operating all over the world. From this it can be concluded that Nike and New Balance, unlike the others, have a high degree of multinational orientation when it comes to the variable price. According to Morschett et al. (2015) this type of organization focuses on national differences and is featured by high local responsiveness.

A summary of this section seems to confirm the mentioned complexity of international pricing strategies. There are evidentially divided opinions both among researchers within the field, but also between the reviewed companies.

When Hofstede's Cultural Dimensions is examined, it does not become much clearer why opinions and strategies differ. When the theory is associated with the results, it can be concluded that price sensitivity differs between cultures. All companies seem to agree on this, even though it has not been implemented by the majority of them. This is also confirmed by Hofstede (2011), who in his study has concluded that price sensitivity differs depending on culture. Still, Nike and New Balance are the only companies in the study that have considered the potential benefits of localizing prices at country level. Does this imply that the world economy has become a global village of similar consumer sensitivities where standardized pricing strategies are justified? Our results seem to indicate so. This is also confirmed by Levitt's (1983) belief that the world is becoming increasingly homogeneous in terms of consumer needs where technology is mentioned as a contributing factor to the increased standardization. This seems to be true, at least if you look at Peak, defending their totally homogeneous pricing strategy with increased digitization. Furthermore, it is possible to distinguish a pattern where companies with a standardized pricing strategy want to maintain brand consistency. Brand consistency can be linked to research by Vrontis and Kitchen (2005) who also see advantages in Levitt's (1983) view of standardization. According to their theory, this is important in the sense that standardization ensures the brand's identity as the company's values are communicated in the same way to the entire market.

### ***5.1.2 Product***

The international product strategy is one of the key elements from a market point of view. The decisions regarding the product assortment of each market form the basis for the brand and marketing communication so questions related to product customization is something that all firms have to consider. Based on the empirical findings the reviewed companies have a similar standardized product strategy approach. The largest firms in sportswear Nike, Puma and Adidas have a similar structure meaning that each internal market receives directives from their headquarters, which they must comply with when, for example, launching a new product. Although their approach has recently been driven to be more standardized, both Puma and Adidas had a more localized product strategy in the past where local markets had the mandate to design their own campaign material and decide which products to launch on their specific market. Nike has taken standardization even further and wants to guarantee consistency in product development and range which means that all subsidiaries worldwide sell the same

standardized Nike products both online and in physical stores. The company's main strength is to have standardized products worldwide because customers can easily identify Nike products regardless of market.

These firms are of course trying to achieve higher margins by lowering costs on marketing, production, and distribution but the incentives that have driven standardization are not connected to the products themselves but rather the brand identity. However, the products are one element of the brand image and therefore these dimensions are closely related. Vrontis and Kitchen (2005) believe that standardization ensures the brand's identity as the company's values are communicated in the same way to all markets which will make it easier to monitor and evaluate and will thus minimize confusion among buyers and the strategy. Besides that, by standardizing, the chances are high that the quality will be better since it is possible to invest more resources as the product has a larger market share (Vrontis and Kitchen, 2005). However, according to the theory, standardization may create difficulties competing with local firms that offer customized and localized products (Nguyen, 2016). Cultural differences vary depending on the market and the value of a product is highly influenced by factors that are culturally connected such as shape, color, texture, packaging, and labeling (Cătălin Mihail Barbu, 2011). This is the case for Adidas in the Netherlands which can't sell their basic products no matter how much they invest in activations and marketing due to cultural differences. There is a similar situation in London and these markets are mostly reachable through exclusive fashion which retailers will never have access to. Instead, the demand for local brands is high especially in the Netherlands which according to respondent 3 are more hipster and carries for the localness. The preferences from the larger Dutch cities are clearly culturally connected and according to Cătălin Mihail Barbu (2011) a product' country of origin is an important aspect for consumers psychologically. It can both form a hallmark of quality but also a way of relating to the local environment through both a sense of sustainability but also a patriotic pride. One of our experts also agrees with the theory and believes that it's important to ascend to the locality of markets because consumers often want to feel a local connection to the products they buy. Accordingly, it is equally important to assess the actual credibility of their local actions.

Nike's product standardization strategy is seen as a competitive advantage over other global companies in the same industry such as Adidas and Puma. Besides giving Nike a position as the largest global competitor, it also gives them economies of scale in production, reduction of

R&D and marketing costs due to totally standardized product strategy they have (Cătălin, 2011). International firms generally have four product strategies which they can approach to local markets. In the European market Adidas and Puma mainly sell the same products as in the home market but sometimes they also modify elements of products for key markets and large retailers (Cătălin, 2011). The current product customization level for Puma and Adidas in Europe are mainly related to customizing their product range towards large retailers such as Footlocker. However, the localization towards a retailer account applies to the retailer and not specifically to a local market which thus places the localization dilemma on the retailer. Therefore, the product may not be adapted towards the end consumer after all because of the retailer's strategy to sell globally.

Puma's and Peak share the goal to have a strong and unified collection globally which means that the company has a slightly more cohesive communication and accepts the fact that some markets drive volume while others drive brand recognition. They both believe that an adapted product strategy gives the end consumer a very mixed message which makes it confusing and difficult for the consumer to navigate, and also a risk that consumers do not understand where they are aiming as brands. The key for the product strategy is that the customer needs in each market are fulfilled and according to Mühlbacher et al., (2006) it's not possible to compensate for product inadequacy with other elements. Changes in physical attributes are rarely required for a product when addressing different cultures. However, products have a collection of psychological features which are equally important for the end customer's demand such as colors, size, fonts, shape, and design which may have to be adjusted (Mühlbacher et al., 2006).

Under Armour doesn't adapt its assortment to specific markets but rather prioritizes, meaning that subsidiaries and sales distributors sort of handpick their product range from the global assortment depending on seasonality, geographical or cultural differences that influence the market demand. Same goes for Hummel that doesn't have a key product range for all markets, it is rather about following the market demands of the respective market. Even though Hummel headquarters are pushing for certain products, the subsidiaries do not have to respond to that pressure. For Under Armour and Hummel, the products are not produced explicitly for one market, the adaptation rather lies in their autonomous decision mandate to choose what products that should be focused on. It's also where Under Armour and Hummel are differentiating compared to Nike, Adidas and Puma which primarily has to follow product guidelines from the headquarters to a larger extent.

Global firms have to consider cultural differences and similarities but instead of seeing homogenization and heterogenization as opposite, the theory suggests that it can be viewed as two dimensions that coexist (Visconti & Penaloza, 2020). Hence, a so-called hybrid strategy is proposed by Venaik & Midgley (2019) where some elements of the marketing strategy are standardized and some adapted and is illustrated by Samsung and Apple which goes the opposite way when managing the dilemma of integration responsiveness. Another example is McDonalds which offers customized options along with their standard menu in Turkey to adapt to local preferences. According to Cătălin Mihail Barbu, (2011) food and consumer goods are more influenced by culture and require adaptation to a larger extent. However, Venaik & Midgley (2019) further argues that performance is not necessarily related to product strategy.

### ***5.1.3 Advertising Content***

In the consumer goods industry, the tool of advertising is considered the most important part of the communication mix (Hollensen, 2007). The theory shows that several factors are important to acknowledge when communicating in an international context and suggest that language, economic and cultural differences determine how a firm should communicate to local markets. The respondents from Adidas have a unified perception that it's more effective to have a uniformed brand expression and consistency in their communicative approach. However, the uniformed brand approach may be problematic according to respondent 1 which believes that some content may be outdated and not relevant in some parts of the world, while it might feel innovative and inspiring in others. Hollensen (2014) argues for the same thing and believes that companies should be careful about using a uniformed communication content between markets if products are in different maturity stages in the product life cycle. Hummel partly shares this view by emphasizing maturity differences in different market areas by for instance building communication related to brand awareness in those markets that are not mature and driving sales communication in those that are mature. Mühlbacher et al. (2006) also states that considerations regarding adaptation of communications content depends highly on the firm's positioning in the host country which further seem to be emphasized by Hummel.

Adidas used to be more fragmented especially from a consumer point of view and therefore they have recently changed their communicative approach to an increasing degree of

standardization in order to give a unified brand image to counteract misinterpretations with other brands. According to respondents from both Adidas and Hummel it's most effective to use generic marketing material, especially for the large campaigns so it's being interpreted consistently. Both Adidas and Hummel have a global media agency in which they purchase their media exposure of their global material that make sure that the visuals fit the country's needs. Hummel has an even more centralized marketing function than Adidas which produces campaigns and materials; however, the Hummel subsidiaries have a larger mandate to do local adjustments to the material. Morschett et al., (2015) argues that if consumers between markets share the same preferences, a firm can transfer their marketing communication strategies across markets. However, according to our respondents the consumers within Europe are different and is exemplified by Respondent 5, who believes some consumers are more technically advanced while others are more traditional. According to Mühlbacher et al. (2006) it is more common with differentiated communication approaches when there are international differences in culture, language, media use and media availability. On the other hand, Hollensen (2007) argues that difficulties may arise when standardizing communication related to products or elements that to some extents are culturally bound. Although there are examples of issues related to the heterogeneous consumer culture, action towards a greater degree of standardization is in progress for several of the respondent firms. However, it doesn't seem that there is total consensus between the respondents regarding the degree of consumer and cultural disparity in Europe. For instance, respondent 4 believes that the culture in Europe does not require much religious considerations while respondent 2 argues for the vast cultural differences between cities in Europe and enlightens the disparity in language, wealth, income and media consumption and the consequences it gives for marketing communication.

Another level of adapting communication is related to language translation. For Adidas, most content in Europe is placed in English with the exceptions of countries where the language level is poor, such as France. Hence, there may be problems when it's not possible to translate the taglines or the campaign material as short as the original or with the same edge. To counteract this, Adidas has a centralized team which manages translations and adaptation of messages. Hollensen (2007) argues there are certain risks of having a standardized communication method, especially where strong cultural and linguistic differences can result in misinterpretations.

#### ***5.1.4 Advertising Media***

The adaptation related to Adidas communication is primarily about placing the global campaign content/material and adapting it to local context in terms of media channels and media exposure to most effectively reach the target group. Those consumers that Adidas are missing to reach in their campaign material, they cover up for by local activations in terms of partnerships etc. The localized marketing communications are subjected to collaborations with influencers, local firms, and athletes and not to content, fonts and colors which stays global. This can be interpreted as Robertsons (1992) concept of glocal marketing communication which is about maintaining a unified brand communication and at the same time adapting it to local conditions. Although Adidas are aware that the content of the material is primarily not adapted and thus not fit all markets, they are prioritizing the unified brand awareness that they get from consumers and by this Adidas tries to put a global concept in a local context by using different types of exposure. At the same time Adidas as well as the other companies have global guidelines for their media exposure, which means that a certain part of their media budget must be used for e.g., TV advertising, outdoor commercials, etc. Kotabe and Helsen (2008) suggest that the most frequent communication method is pattern standardization which both Adidas and Puma are working with and aims to adapt the global content into local environments by modifying media channels, language, and tonality. They also argue about the benefits with pattern standardization that also is enlightened by Adidas, such as the uniformed product and brand image in all markets and the following decrease of marketing costs. Kotabe and Helsen (2008) share the same arguments as Morschett et al., (2015) and especially suggest this method if the international customers share the same media usage. According to our respondent firms, the media usages differ between countries in Europe and therefore it is important to keep the possibilities to adapt their market communication to different media channels. Hollensen (2007) also pinpoints that if standardization increases, adaptation decreases and thus it's important to balance the level of standardization/adaptation to maintain the benefits with it. Hence, several of the companies use marketing communication in line with a transnational marketing approach which emphasizes both standardization and the adaptation that is needed (Morschett et al., 2015).

All our respondents use a large share of partnerships in their marketing communication strategy. Adidas mostly has a global campaign material that is standardized but distributed on

multiple local channels including internal ambassadors and external influencers since influencer marketing has become extremely influential. Both Adidas and Peak display local ambassadors that market their products on their own channels, but unlike Adidas, Peak leverages local ambassadors on their global Instagram account to ensure a good representation of their brand and that their local consumers are being well represented in the brand.

Nike, Puma, and Converse have a similar strategy to Adidas with local partnerships which means that it is up to each market to come up with proposals that they believe work for their local market. It can be illustrated through the production of a local campaign with a local narrative aiming to get local ambassadors to spread it through their own channels. Besides that, their campaigns will be exposed physically through billboards and in other outdoor media surfaces. Hummel on the other hand doesn't use influencer marketing at the same level as the other firms. Instead, they are focusing on sponsorships and collaborations with teams and both local and global tournaments which they are communicating through. Under Armor and New Balance are perhaps the brands that differ most from the others. Although (Abidin, 2016) argues that influencers differ from celebrities and are considered more relatable, credible, and intimate, Under Armour's Nordic distributor MNO, think it's unnecessary to emphasize expensive collaborations with athletes and profiles that are relevant for the Nordic markets when they have large celebrities as global front figures. However, Under Armour's distributor MNO still sponsors 30-40 local influencers in the Nordics but they are doubtful about the effects because they believe that the main objective with influencers is to amplify the global brand rather than pushing volumes. New Balance has a similar strategy with a few local partnerships and instead focuses on major athlete partnerships in their key markets that are fronted globally. Mårentsson (2013) is stating that the effects of influencer marketing should be regarded as long-term rather than measured in a short period of time. Hence, a key aspect of influencers is the interaction with their followers and can thus be used to increase credibility in a firm's market communication as well as leading to long-term brand building (Mårentsson, 2013). According to (Chung & Cho, 2017) communicating through celebrities is primarily connected to attracting the attention of consumers and not pushing sales. Local influencers are closer to their followers due to the geographical and social distance and can therefore be used to push volumes to a larger extent (Lin et al., 2018).

### ***5.1.5 Social Media***

Using social media to reach out to their customers, Ström & Vendel (2015) believes, is a good strategy for companies in today's digital society. Traditionally, it has been difficult for companies to market themselves to desired segments, nor has it been considered profitable to segment mass markets. The development of the internet over the past 20 years has created new opportunities for individualized marketing as the price of valuable information has been reduced. With the help of social media, the opportunity for segmentation and individual adaptation has become even greater. However, even though all companies use social media as part of their global marketing strategy, it can be considered that they are not exploiting the possibilities to its full potential. As for Puma, Adidas and Under Armour, it appears that there is no type of local social media channel, but all content in social media is centralized. However, at Puma, work is being done to improve the resources in social media where the brand will work more with headquarters to create materials that are intended to be available on various social media channels designed by the local markets. Puma thus seems to be a company working towards a customized social media strategy. This is in contrast to Adidas which has gone in the opposite direction, from the fact that each country had their own social media channels 6-7 years ago to today having no local social media channels at all.

According to Ström and Vendel (2015) social media has a higher virality than traditional media as all users are potential marketers. This is one of the strengths of social media over traditional media and something that companies should try to leverage by creating viral components in their marketing. This may be one of the reasons why so many companies choose to have standardized content on their social media channels. The fact that an image, video, or piece of information can be circulated rapidly and widely from one internet user to another entails a risk of spreading mixed messages as digitalization blurs the physical borders between countries. Respondents at Adidas and Puma believe that this is the case. It is described that Adidas did not communicate as a unified brand when each country had its own social media channels. The new strategy is that Adidas should look exactly the same all over the world, and not differ between markets, making it more logical to remove all local social media channels. Puma has a similar reasoning. They claim that local adaptation does not play a major role in the digital and social media adapted world we live in today, especially not for the younger consumer who follows everything from global football stars, shops, and media from all over the world.

According to Agnihotri et al. (2012), getting feedback and knowledge from consumers is relatively easy when using social media and is considered to be another great advantage over traditional media. One way to find out what consumers want is to create a social network that affects the company. It can give consumers the opportunity to interact with each other and the company. When marketing in social media, it is the dialogue that is the important part. By listening and learning from what consumers say, companies can more easily understand their needs and demands. The information needed can be obtained by, for example, reading what consumers write on social media. This is something that Converse has taken advantage of by creating a common gathering place for its consumers on social media. It is stated that social media has significantly improved the marketing work and without it, it would not have been possible for Converse to have such close contact with the company's customers as they have today. Thanks to the social media channels, Converse can now get a direct response on whether consumers like what has been posted. At the same time, it has been possible for the company to niche towards a particular target group in a completely different way than before. It is stated that directing towards specific target groups is one of the biggest advantages of social media.

To summarize this section, it can be clarified that none of the reviewed companies yet consider cultural differences in their social media marketing. Although Converse uses social media to a greater extent than the others through increased integration with customers, there are no signs that cultural differences are considered. It turns out that Puma is the only company in the study that is actually moving towards a more localized social media strategy, while the rest want to keep a unified approach.

### ***5.1.6 Websites***

With the digital development, it has become natural that companies also adopt the new technology and use digital channels in their marketing. In the past, marketing was a one-way communication. For example, companies sent out catalogs to their customers and provided feedback by telephone. With digital development, marketing has also changed. Alhorr, et. al. (2010) believe that this development has changed the dissemination of information from being in the past a one-way communication from company to customer, to today being a two-way communication where the information goes in several different directions. Naturally, this

means that the increasing use of e-commerce has changed the way companies do business and how consumers behave. Therefore Alhorr, et. al. (2010) argues that web differentiation and local cultural customization of websites is desired and should be a crucial element of a firm's global strategy since today global online consumers have the same demand as regular global consumers. All companies point out that they too have noticed this development. However, even though researchers have argued that companies no longer can conceptualize the standardization and adaptation of their traditional business operations, but they must also engage this information in marketing strategies adapted to online retail (Bartlett & Ghoshal, 1989), our results indicate that this is not always the case.

In fact, it is described by the respondents that the communication on Adidas, Under Armor, Converse, Hummel, and Puma's own websites is very controlled and totally centralized with little or no possibility to communicate their own material at a local level. It can thus be concluded that the reviewed companies use digital marketing as part of their global marketing strategy, but that at least some of them go against the theoretical statement regarding the importance of adapting the digital material to a local context.

When we ask the question why website localization takes place to such a low degree, the respondents at Adidas explain that a localized, personalized, and specific way of setting the products is only going to cost more against the margin for the return of the investment. So, it seems to be a question of profitability. This agrees well with one of our expert statements which claims that money is a factor in why adaptation is not happening. It also appears that local Adidas subsidiaries had greater opportunities to produce their own digital material 6-7 years ago, which is explained by a generation shift where a centralized approach is now expected in a different way than before. This is confirmed by one of our experts who describes that consumer today have learned what a typical website should look like and that this is the reason why different e-commerce platforms look almost the same everywhere.

However, it is possible to see some type of website localization. Respondents at Adidas, Under Armor and Hummel describe that the language on the website is adapted to the specific URL code. It is confirmed by research that it is possible to find positive connections between website language and cultural adaptation (Schmid et al., 2011). In addition to this, on Adidas and Under Armors websites you can also distinguish a certain type of local adaptation in terms of front figures. It is explained that some campaigns are only locally relevant, but at the same time have

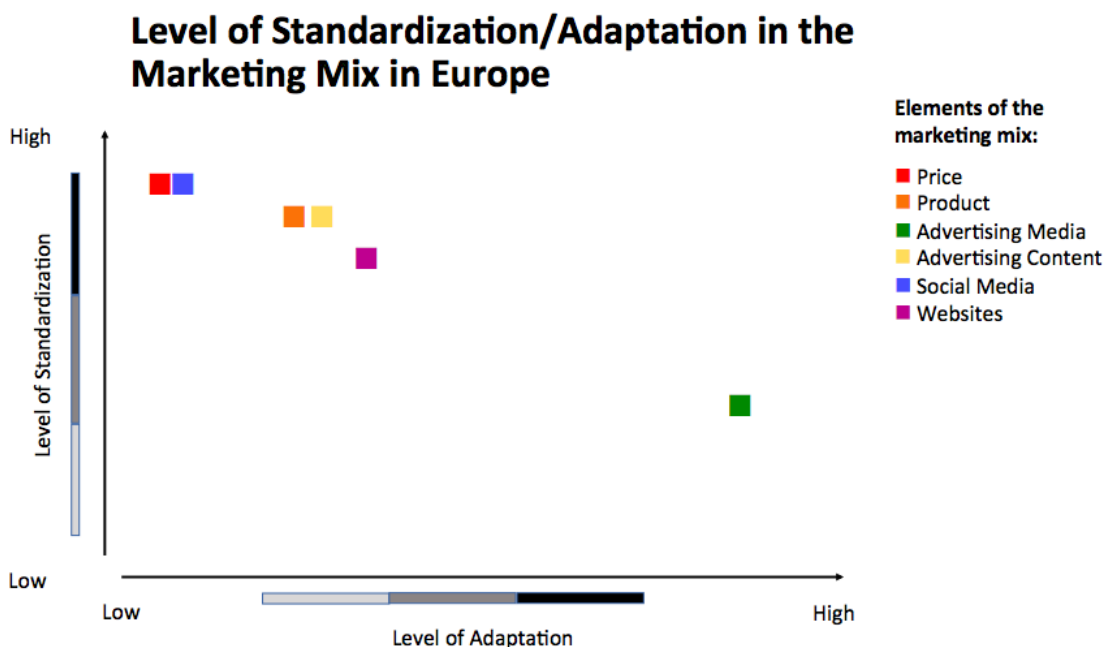
a great commercial value. This usually applies to collaborations with local football teams and other similar clubs. This can be explained by a study conducted by Schmid et al., (2011) which emphasizes that consumers need to feel some cultural affiliation even online. Here, the criticism that Cardon (2008) directed at Hall's Context Dimensions theory may become relevant as he considers that the theory is a continuum that describes two extremes, either a very high context or a very low context in countries where an intermediate position is lacking.

It is thus possible to distinguish criticism among researchers against a standardized approach online that claims that the digital world has contributed to more segmented and niche-dominated markets to which standard models fail to satisfy. Nike and Peak seem to be the only two companies in this study that follow this direction to some extent. Both on Peak and Nike's website the language and location of each person who enters the website is considered. On Peak's website, this mainly means that products vary due to seasonal relevance. Even Though Nike has a unified website within Europe, Nike is aware of Hall's theory on cultural differences and applies them consciously between continents and, thus, proves them to be relevant and useful for the development of successful international marketing.

Puma however is somewhere in between. They seem to have understood the value of locating material online but have not yet implemented it. So far, there is only a desire to become more locally adaptable on their website in terms of seasonal relevance and cultural context. Our experts seem to think that this is the right way to go as they express that the next step in evolution is likely to consider local conditions to an increasing degree in order to stand out from the crowd. However, the experts interviewed also make it clear that brands that want a global positioning are right to have a unified website worldwide towards all consumers regardless of local or cultural context, which may contribute to the explanation why the majority of the companies in this study have chosen that approach. The question that still remains is why adaptation in such cases takes place offline towards the physical consumer, but not at all to the same extent online towards the digital one.

## **5.2 The Role and Significance of Our Theoretical Framework**

We have previously concluded, by investigating the existing literature, that the original IR framework is too stiff to examine how certain aspects such as marketing tasks of a firm are influenced by certain external factors such as culture. Considering this, a decision was made to proceed from the IR framework with a differentiated view developed by Bartlett and Ghoshal (1989) which shows how different aspects and functions of a firm have different needs or pressures for global integration and local responsiveness. From this, a new integrated theoretical framework was presented including the external environment derived from previous research based on Hofstede's four cultural dimensions and Hall's context dimensions together with the already existing IR framework where selected variables from the marketing mix were investigated. Given that digital development has led marketing researchers to question whether the traditional 4P model can still be applied today (Constantinides 2006), the decision was made to add the variables website exposure and social media to the mix. These variables were then placed in an order based on Morschett et al. (2015) general view of standardization/differentiation for different elements of the international marketing mix presented. Together with existing literature and extensive results from the interviews conducted, our contribution can now be presented.



**Figure 8:** The figure shows our integrated framework based on results from interview respondents in the sportswear industry in Europe.

**Source:** Results from interviews

From our interviews it is possible to draw conclusions that our result in some cases differ from the theory, but also from the extent to which we initially believed culture would affect the variables in the marketing mix. From our results it can be concluded that culture in many respects plays no or very little role on the elements of the marketing mix in the sportswear industry. Based on this a decision was made not to name the graph "*cultural impact on firms marketing mix in Europe*" which was the initial idea. Since our results rather suggest that other factors such as global brand awareness and brand uniformity as well as organizational, structural, and cost-effective aspects often play a larger role than the cultural ones, we considered that it would be misleading to have that type of heading. Instead, we chose to have the same heading as in the initial figure (see figure 6) but add the limitation to Europe.

The plot results in the graphics and the relationship between them is based on our results, where the placement of the variables does not depend on cultural aspects only. However, it is important to point out that the scale and exact placement is our subjective assessment and is primarily intended to clearly illustrate the order in relation to standardization and adaptation as well as to the respective variable. It is also important to emphasize that the placement of the various variables in the graph is set in a way that shows what the clear majority stands for in a particular issue. This means that certain deviating values are not taken into consideration in the graph but will be discussed further below.

Price is the variable that differs the most from Morschett et. al., (2015) standardization-differentiation scale and is now placed in the complete opposite direction as the most standardized variable. Based on our results, it can be concluded that the reason for this is mainly that the increased digital globalization has made the availability of products from all corners of the world accessible to everyone. Hence, it's possible for consumers to order a product from another country if it is cheaper there, so to counteract so-called border trade, companies choose to standardize their pricing with regard to currency conversion. Thus, they do not consider income differences and cultural discrepancies regarding the value of their products, but rather believe that the advantages outweigh the disadvantages that come with standardization. However, Nike and New Balance differ both from their competitors and are thus coherent with the theoretical statement developed by Morschett et. al., (2015) regarding the variable price. They consider the fact that price sensitivity can vary between markets and adjust the price accordingly. The choice made by Nike to drastically reduce its wholesale operation to get more

direct contacts with their consumers may have enabled an adaptive pricing strategy as they gain a deeper understanding of their customers and their perceived value of the product.

The other variable that is as standardized as price is social media. As previous research lacks a basis for digital elements such as social media, this variable has been added to our integrated framework after completed interviews. The results show that all firms have global or regional social media channels, which makes it hard to adapt their content to a specific market, thus the provided content on each firm's Instagram and Facebook, etc. are global content. A strategic decision to maintain brand consistency rather than consider cultural differences has been made by all companies when it comes to social media. Kotabe and Helsen (2008) describe that it is common for companies to present a global branding approach to establish one single brand for all markets, which they refer to as a "universal brand". Something that all reviewed companies apply. Kotabe and Helsen (2008) provide an explanation for this that relates well to our results. They describe that if other variables in the marketing mix are standardized, global branding strategies are more accurate.

Furthermore, advertising content is largely standardized due to the fact that it is mainly the headquarter that produces and creates the global campaign material. Although there are exceptions and minor local content that is carried out, the majority of the material is globally or regionally produced and used for all countries in Europe. This is explained by the fact that the understanding of the English language in Europe is relatively high, which means that it is not always necessary to translate different slogans and taglines, even though this is done in some cases. In addition, the believing culture within Europe does not require much religious context, which means that consideration of what can and cannot be shown in different campaigns does not differ significantly between countries. The result is that the same campaigns can be used all across Europe. Furthermore, a generic face is often used that will most likely fit the needs of all markets in Europe. These aspects rather differ between continents where the differences are significantly greater. Our results thus indicate that the reviewed companies see advantages in Levitt's (1983) view of standardization. Levitt (1983) believes that consumer needs and preferences do not differ between markets and countries. This is confirmed by our results, at least among the countries in Europe where the market is considered relatively homogeneous. This goes against Hall's (1976) theoretical statement as he claims that different cultures have different ways of communicating indicating that the contextual relationship differs between cultures and countries. As a result, the placement of advertising

content is relatively standardized within Europe and is therefore placed in approximately the same position as in the Morschett et. al., (2015) standardization-differentiation scale.

The companies' product range is also relatively standardized, but with different nuances of adaptation to different markets. Hence, the variable product is approximately located in the same place as in the Morschett et. al., (2015) standardization-differentiation scale. Some companies have access to the entire global product range, but choose which products are to be sold in the specific market at subsidiary level. Others are required to sell a wide range of global product offerings regardless of demand. Seasonal adjustment does not apply to Europe to the same extent, nor is it considered in the same way, although there are exceptions here as well. The main reason for this is the desire to maintain brand consistency and recognition through all markets. There is a consensus among the companies that an adapted product strategy gives the end consumer a very mixed message that only leads to confusion. In a digitalized world where borders are easily blurred, cultural factors are more difficult to consider. Cultural differences are considered to some extent, and it is stated that local subsidiaries in some cases have the opportunity to purchase additional products in addition to the basic range that are considered suitable for the local market only. However, the degree of standardization remains high, which explains the variable's placement in the graph.

From our results it can be concluded that websites are adapted to a relatively low degree, but that there are certain aspects that are adapted to a local context, which is explained by the fact that the variable is placed slightly more against the horizontal axis than the previously mentioned. The variable website is not something that Morschett et. al., (2015) have considered in their theoretical framework, which means that it can now, after completed interviews, be added to our integrated framework. However, it is possible to see similarities between the results and theories developed by Schmid et. al., (2011) which state that online channels mend the localization process through the possibility of using language links to local foreign customers. Based on the results, it can be concluded that websites are primarily located to the extent that there are certain language options. However, further local website adaptation can be found in the results that have not been investigated in theory before. This is about additional local nuances, such as locally adapted landing pages with a specific campaign that is only considered relevant in one country or that seasonal relevance is considered, which naturally differs between countries. There is thus room for local adaptation on websites to a greater

degree than the previously mentioned variables, but the level of standardization is still considered relatively high, which explains the placement of the variable in the graph.

Finally, advertising media is considered to be the most adaptive variable. Although the reviewed firms use roughly the similar type of media such as outdoor advertising, influencers, sponsorships, TV commercials, event, direct advertisement etc. all firms' subsidiaries have at least some mandates to decide how to prioritize their activities and exposure. Thus, companies at the subsidiary level have the opportunity to manage their media infrastructure themselves and largely select the media that they think is best suited to reach their market and the target group they miss with the global material. It is also this adaptation they are referring to when they say that they act locally in a global context. Hence, we added this variable at the right to illustrate that advertisement media is largely adapted to each market, but a little higher up towards the vertical standardization axis since there are certain global guidelines of media exposure that creates a small pressure for standardization. This indicates that advertising media is adapted to a greater degree if compared to Morschett et. al., (2015) standardization-differentiation scale. From the results, it is also possible to see that cultural differences are considered to a certain extent. It appears that specific advertising of certain products is pushed more in some countries while in other countries not at all, which is based on cultural differences in the form of, for example, style.

## **6. CONCLUSION AND FUTURE RESEARCH**

*This last chapter presents the conclusions drawn from the analysis. The conclusions are presented and aim to answer our established question at issue. These also provide suggestions for future research.*

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### **6.1 Conclusion**

This research aimed to identify how cultural differences influence the degree of standardization/adaptation of elements in the marketing mix. Based on the qualitative analysis

of firms in the sportswear industry it can be concluded that cultural differences within the borders of Europe's have a relatively low impact on adaptation in the various marketing elements for MNEs. However, it is clear that firms are aware of how the cultural differences within Europe affect consumer preferences, but still largely choose not to take this into account in their marketing. Instead, our thesis implies that these sportswear firms try to influence cultural differences and customer preferences by working with brand inspiration through world-famous artists or athletes and setting new global trends, to influence and promote a global consumer culture. The results also indicate that the adaptation and standardization of companies' marketing varies between the firms and the different elements of the mix. Analyzing a company by simply considering a general pressure for standardization or adaptation is thus not grounded in practice. Hence, in accordance with the theory and the results, the thesis clearly shows the importance of being able to analyze each function of a firm and its pressure for standardization/adaptation separately in relation to a certain market.

Moreover, the thesis aimed to analyze how standardization /adaptation of the marketing mix is distinguished between a digital and traditional marketing context. The results clearly show how these firms operate their digital channels such as websites and social media in comparison with their traditional marketing such as advertisement, commercials, sponsors, event, and outdoor exposure. The digital channels have a consistent standardization, and the digital marketing team is often centralized at or adjacent to the headquarters. This means that the subsidiaries to a large extent neither have the opportunity nor the mandate to change the digital and global content that is produced by the digital team. Hence, our thesis has contributed to the fact that digital and traditional marketing are both largely standardized, but that traditional marketing still contains elements of adaptation for MNEs in the sportswear industry in Europe. The thesis moreover responds to the second research questions by indicating that marketing elements digitally such as websites and social media are not adapted to cultural differences but rather standardized in both expression and content. Since the theory is clear that online and offline consumers are the same, there is thus room for further adaptation on digital elements such as on specific country websites. The results also provide small indications of why these firms do not emphasize adaptation in the majority of the marketing elements and show that advantages for standardization such as cost benefits, structural and organizational benefits, scale effects and brand uniformity seem to outweigh advantages of adaptation. However, more research is required on the subject to deeply investigate the performance related to the respective choices regarding adaptation and standardization of marketing. and by then, practical recommendations

can be made to a greater extent. Hence, it would be interesting to incorporate some type of performance variable such as revenue in a certain market and further look at the correlation between performance and standardization vs adaptation for instance. Developing the thesis by conducting a quantitative approach could thus be appropriate in order to provide real practical implications for practitioners.

## **6.2 Future Research**

The concept of standardization vs adaptation is an interesting and important area in international marketing theory. The progress of digitalization has changed and is likely to continue to change the conditions for companies operating in the global market. It is therefore important that research within the field is done continuously. Some specific research areas that we think are important are presented below.

An interesting approach to further research would be to measure the actual profitability of a particular market strategy. The study can be developed to measure how cost-effective and necessary an adaptation measure of a certain variable in the marketing mix is for a specific market. Our thesis can thus form the basis for a further study where the figures are put in greater focus. Measure efficiency and profitability in key- and absolute figures, thus finding out what level of adaptation is necessary for each variable.

Another approach for further research is to investigate in greater depth how standardized a message can actually become. Our results clearly point to a high degree of digital standardization, but is there a certain limit or has digital development created a new standardized marketing channel regardless of culture?

Further, the results show that there are clear differences regarding standardization/adaptation of the marketing mix in a digital versus traditional marketing context. However, our study does not answer the question of which approach is more successful. Our study can thus form the basis for further research towards answering the question of which strategy, standardized, or adapted, is most profitable.

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## APPENDIX 1

### Interview Guide Reviewed Companies

1. Shortly, Tell us about you. What is your position in the company, how long have you been working there?
2. How is the relationship between HQ, subsidiary, and external sales accounts such as Zalando, footlocker, Intersport? Who manages the marketing of each country? online/offline?
3. How do you market/communicate the brand in each country, does the company adapt or standardize the marketing, what elements are standardized, what is and adapted and why?
  - Do you wish that you had more mandate to do local marketing activities?
4. Are there any differences in how you localize your content and communication online vs offline? What? Why?
5. Is it important with local adoption in an online environment such as on your own website, social media channels or in your most important external retail accounts? Why? Why not?
6. In what way does the brand consider cultural factors when communicating to your offline/online consumers and through your online retail accounts?
7. Are there any price or product differences depending on the market/country? Why, why not?

8. How do you select your partnerships, and do you have specific local partnerships that are exposed digitally? Why/ Why not?
9. Do you think that it is more effective to reach your local markets through your external retail accounts? Why? Why not?
10. What challenges do you see with adaptation respectively standardization in general and for you as a brand?

## **APPENDIX 2**

### **Interview Guide Experts**

1. Tell us about yourself. What are your research areas?
2. How do local cultures affect adaptation from a marketing perspective?
3. How important do you think it is for brands to adapt their marketing based on local cultures online/offline?
4. What factors do you think influence and put the most pressure on local adaptation of online channels?
5. What do you see as the benefits of a standardized and customized marketing strategy online/offline?
6. How much influence do you think external retail channels such as Zalando have over marketing of how brands are designed on their online platforms?
7. What would you say are the challenges in having a standardized and local marketing strategy?

8. How do you think global brand awareness affects the global integration and local responsiveness of marketing in an MNE?