

International Advertising Standardization: Policies and Practices

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Acknowledgements

I would like to thank Professor Kenneth Simmonds for undertaking the thankless task of supervision and for giving his time so generously,

Also, thanks to my wife, Maria, for all her help in preparing this thesis.

Abstract

This thesis investigates whether, and how, multinational companies standardize the advertising executions deployed in the various national markets in which they operate. The focus was on establishing how prevalent modified or partial forms of standardization are, relative to total adaptation or total standardization. A three stage research programme was designed which consisted of a questionnaire survey, company studies and telephone interviews. The sample for the questionnaire survey consisted of thirty-eight major advertising spending US and European multinationals. The study examined whether the sampled companies standardized a number of key executional elements for the advertising executions for one of their major brands in the EC markets. The study also investigated the extent to which these practices had changed over time; the motives behind their policies and the organizational processes used to develop and implement standardization.

Some 68% of the sampled companies were found to standardize the given executions to some extent. Less than 20% of all those practising standardization, however, were found to totally standardize each element in every market. For the remaining companies, many permutations were found regarding which elements were standardized; the extent to which they were standardized and how these practices varied by market. The data pointed therefore towards the widespread practise of modified forms of standardization.

Analysis of the longitudinal data revealed that the sampled companies were, against expectations, practising less executional standardization than they had been six years previously, thus indicating that the trend was not away from modified forms of standardization towards totally standardized executions, rather the reverse. In terms of the rationales behind the policies of those companies practising advertising standardization, it was found that the executives brought a wide ranging agenda to the decision making process and that organizational and process issues were more influential than had hitherto been established.

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Chapter One

Research Objectives and Summary of Results

Introduction

This thesis is about the international advertising practices of multinational companies and the extent to which they standardize the advertising executions deployed in the various national markets in which they operate. For a selected sample of major advertising spending multinationals we examined the advertising executions deployed for one major brand per company in the EC markets. The study focused on establishing if key executional elements such as the copy and visuals were standardized and whether there were variations by market, in terms of which elements were standardized and the extent to which they were standardized. Given such measurements we were able to determine whether the executions were totally standardized, or if modified or partial forms of standardization were practised. We also examined whether the extent to which they standardized the advertising executions, for the given brand, had changed over time; the reasons given by these companies for standardizing their advertising across the EC markets and the organizational processes employed to develop and implement standardized advertising.

The results from the study showed that a substantial majority of the sampled companies standardized some of these elements, to some extent, in most of the EC markets. In other words, the practise of some form of advertising standardization was widespread

and was not confined to a few atypical brands. As regards the extent of standardization practised by these companies, analysis showed that they could be segmented into four groups. These ranged from companies who only standardized the national advertising executions to a marginal extent, to those who totally standardized all the key executional elements in each EC market. The latter group, however, accounted for less than 20% of all those companies found to be practising some form of advertising standardization. In other words, most of the sampled companies who standardized their advertising executions practised some form of modified or partial standardization.

These findings are important because to date the assumption has been that multinational companies are essentially faced with an either/or choice, in terms of total adaptation or total standardization. As a consequence of this focus, the discussion relating to the benefits of standardization has primarily focused on the case for total standardization, and the case for modified forms of standardization has received only limited attention. An example of how the focus on total standardization has influenced the evaluation of standardization, is that many writers have argued that given differences in local market conditions and national culture, standardization (ie, total standardization) is a high risk policy which is only likely to be suitable for certain types of products, etc.

This study shows, however, that rather than considering that they were faced with an either/or choice, many of the sampled companies exhibited considerable flexibility in the way they operationalized standardization. It is apparent, therefore, that standardization is a more versatile policy than has hitherto been established, and is a policy option that can be considered by most multinational companies. The extensive

practise of modified forms of standardization also indicates that, either the multinationals consider that standardization can be adapted to accommodate differences in local market conditions, or that the risks of standardization have been exaggerated, particularly relative to the benefits.

The importance of modified forms of standardization was further highlighted by the longitudinal data, which against expectations showed that most of the sampled companies were practising standardization to a lesser extent than they had been six years previously. It was, therefore, apparent that there was no trend towards the practise of total forms of standardization and that modified forms of standardization were not viewed as a short term compromise policy.

As regards the reasons given for standardizing advertising across national boundaries, there were only limited indications that previously cited factors, such as economies of scale and international consumer convergence, were the key factors motivating the policies of these companies. Rather the data pointed towards the importance of more practical managerial concerns, such as the need to achieve international skills transfer and a desire to exploit successful national advertising executions in other markets. Finally, we show that those companies who standardized the executions throughout the EC markets employed a variety of organizational processes to implement standardization and that a process of central development was less dominant than anticipated.

The Standardization Debate

The importance of the issue of international advertising is illustrated by the fact that in 1989 total worldwide expenditure on advertising amounted to \$132 billion, and the author estimates that expenditure by multinational companies accounted for approximately 15% of this figure, or about \$20 billion. One company alone, NV Philips Gloeilampenfabrieken, spent over \$1 billion on advertising across the various national markets in which it operates. Given such levels of expenditure, multinational companies are likely to attach great importance to how they allocate and deploy their budgets in order to get maximum returns.

A number of published discussions make it clear that international standardization is one option which many companies consider when determining how best to deploy their resources. As to evaluations of the efficacy of international advertising standardization, rather than seeking to establish whether it can, or has, improved the advertising output of the concerned companies, in many instances critical evaluation has focused on investigating the principle of standardization. Such investigations have attempted to draw general conclusions regarding the efficacy of standardization, namely it is right or wrong.

A notable example of this perspective have been investigations into the issue as to whether or not national culture affects consumer decision making. For instance, if it can be established that national culture still exerts a critical influence on consumers, then this demonstrates that standardization generally is not the optimal policy (Buzzell,

1968; Ricks, Arpen and Fu, 1974; Reichal, 1989). Conversely, if it can be established that consumers and markets have converged, this demonstrates that standardization is both viable and necessary (Elinder, 1965; Fatt, 1967; Levitt, 1983; Kirpalani, Laroche and Darmon, 1988).

Alternatively, it has been argued that the efficacy of standardization will depend on various contingency factors, such as what type of product is involved, or which national markets (Miracle, 1968; Kotler, 1986; Sheth, 1986; Porter, 1986). The existence of international consumer segments has also been presented as a key contingency factor. Indeed, it has been claimed that the whole standardization v customization debate is futile and is "resolved" by the segmentation issue, namely if it can be proved that such segments exist, then standardization should be practised, but otherwise not (Baalbaki and Malhotra, 1993).

In terms of evaluating the various opinions presented on the standardization question, Boddewyn et al (1986) have noted that little empirical data have actually been presented on which objective assessments can be based. There has also been a failure in many instances to define what policy or practise is actually being reviewed (Walters, 1986). Another significant problem has been the tendency of the discussion to polarize and to focus primarily on the options of either total adaptation or total standardization and that:

"the middle ground or compromise position in which the international consumer goods enterprises attempt to accommodate for market differences whilst capitalizing on the advantages of standardization remains virtually ignored."

(Peebles, Ryans and Vernon, 1977)

In a similar vein, some fifteen years later Sandler and Shani (1992) claimed that:

"The standardization question has seemingly moved from an all or nothing issue to one of the degree of standardization of the various advertising elements."

These claims regarding the existence of a "compromise" position are important because if it can be shown that modified forms of advertising standardization are indeed widely practised, this raises questions about current attempts to evaluate the benefits of standardization. For instance, attempts to generalize about the principle of standardization would be of limited value since the efficacy of standardization will depend on the form that it takes, and thus there could be no absolute answers. Likewise, the value of the contingency school of thought is open to question if it is found that standardization can take several forms and can be adapted to accommodate a variety of circumstances.

Peebles et al (1977) and Sandler and Shani (1992) did not, however, present any detailed evidence to establish that the practise of modified forms of international advertising standardization are in fact commonplace. As regards alternative confirmation of the existence of modified forms of advertising standardization, while many studies have reviewed the issue of whether multinational companies standardize their marketing practices across national markets, most of these studies have focused on several of the mix elements, with particular emphasis on the issue of product standardization (eg, Walters and Toyne, 1989).

Given the scope of these studies, in many instances only limited attention was paid to the specific issue of advertising standardization and much of the data that have been presented regarding advertising standardization are limited to generalizations about the companies policies, as opposed to detailed observations regarding their actual practices. The relevance of the data obtained from many of these studies have also been questioned on the grounds that:

"basic problems arise from differences in the operationalization of the standardization construct and in the character of the survey firms, products and range of overseas markets."

(Walters, 1986).

In light of such observations it was apparent that there was a need to analyze the international advertising practices of relevant multinational organizations and to establish what forms of standardization, if any, were practised by these companies. For instance, was the focus on total adaptation or total standardization correct or were *modified forms of standardization* widely practised?

Given Walters (1986) observations concerning the need for clarity in the operationalization of the standardization construct, it was important to be clear about what the study was intending to measure. From a strict semantic point of view it could be argued that the terms partial or modified standardization are meaningless and something is standardized or it is not. But this perspective ignores the fact that an advertisement consists of several specific elements, some of which may be standardized and some not. Alternatively, various national advertisements may contain certain copy

points or visual scenarios which are similar, but they are not identical. In both instances, provided it is made clear what is being standardized, and to what extent, then the terms partial or modified standardization are of descriptive value.

Research Objectives and Methodology

The central objective of this study was to investigate the international advertising practices of selected multinational companies, and to establish for these companies whether the advertising executions deployed in the various national markets in which they operated were standardized. Also, if they were standardized, to identify the forms this standardization took. In terms of analyzing their practices relating to standardization, rather than confining ourselves to general measurements, it was decided the focus would be on obtaining measurements across three dimensions:

1. Whether each of three key executional elements were standardized, namely the campaign or creative theme, the visuals and the copy.
2. To what extent were each of the above elements standardized, ie, was it total or partial?
3. Were the same elements standardized in each market and to the same extent?

Having obtained measurements regarding the practise of standardization across these dimensions, we would then be able to determine how many of the sampled companies practised modified standardization and the detailed forms these modifications took. Also, given this focus, we were making explicit what was being measured and avoiding ambiguity in terms of how we defined standardization. Future studies would then be able to investigate how representative the findings obtained from this study were.

Before proceeding further it is necessary to clarify the distinction between policy and practise. By policy we mean the general corporate intention or objective concerning advertising standardization, whereas by practice we refer to how these policies have actually been implemented in terms of what they actually do. The distinction is important in that a company might well have a stated policy or objective, but this policy might not necessarily be put into practise, or if it is put into practise, it is only done so to a limited extent. For instance, two companies might well have identical policies on standardization, eg, "we will standardize our advertising across national markets whenever circumstances permit", but their practices could bear little resemblance. Throughout this thesis we mainly focus on the actual practices of the companies, but where appropriate we also refer to their policies.

Further objectives of the research programme were to investigate and examine:

- The organizational processes used to develop and implement standardization.
- The reasons put forward by companies for standardizing advertising executions across national markets, namely the rationales behind their policies. What are the key components of these rationales and how do they vary from company to company?
- Whether policy on advertising standardization was related to factors such as product type and country of origin.

- The trends regarding standardization in terms of the extent to which it is practised. Are multinational companies generally moving towards the practise of greater levels of standardization, ie, towards one end of the spectrum described?

A review of current published material on advertising standardization then narrowed these questions down to a set of five hypotheses on which the research was to be focused. These hypotheses were not established theories extracted from the literature that could be tested by the data we collected, since no such theories are as yet available (Walters, 1986; Jain, 1989). Rather these hypotheses represented summaries of the data currently available on each of the topics that we wished to examine and acted as focal points for our investigation. In other words, these hypotheses were propositional in nature and were to be investigated, rather than tested.

Hypothesis 1

"Most multinational companies will either totally adapt their national advertising executions or totally standardize them."

Hypothesis 2

"Most companies standardizing their advertising will adopt a process of central development, with the campaign in question originating from corporate headquarters."

Hypothesis 3

"Policy on international advertising standardization will not be related to:

- (a) the product market(s) in which the company operates;**
- (b) the country of origin of the company;**
- (c) the overall extent of centralization exerted;**
- (d) the extent to which the company standardizes other major mix elements on an international basis besides advertising."**

Hypothesis 4

"Where companies both favour the principle of international advertising standardization and are moving towards standardization in practice, there is no one dominant consideration which has forced this policy; rather, one should expect to find a wide variety of factors influencing policy-making."

Hypothesis 5

"Those multinationals who do practise advertising standardization will, over time, increase the extent of standardization that they practise."

The Research Programme

A research programme was then designed to investigate these five hypotheses. The research programme consisted of three stages:

Stage I

This stage consisted of a questionnaire survey of a sample of major multinational advertisers and was designed to obtain data to investigate Hypotheses 1-4, but particularly Hypotheses 1 and 3. That is, to investigate how widespread the practise of advertising standardization was and for those who did practise standardization, to distinguish between those who practised total standardization and those who practised modified forms of standardization. Also, to examine whether standardization policies were related to variables such as product type and nationality.

For Stage I, a questionnaire survey was considered to be the optimal method for collecting the necessary data, because it enabled us to reach a larger sample than alternative methods would have permitted. Some thirty-eight companies were in the final sample and, for the most part, they were companies which produced a wide range of brands in a great number of national markets. (The sample will be described latter in greater detail). On the subject of whether or not these companies practised standardization, two key conditions were imposed in the questionnaire:

1. Respondents were asked to describe their company's practices regarding advertising standardization for just one brand. Respondents could choose either their company's most important brand in sales terms, or the brand which received the most advertising support.
2. Respondents were asked to describe their company's practices, regarding whether the national advertising executions were standardized for the given brand, in the EC markets only.

These two conditions applied to all three stages in the research programme and ensured that the respondents were not asked to advance unmeasurable generalizations regarding their company's policies and practices. In other words, they did not have to try to summarize their company's practices over both a multiple of brands and a multiple of markets. Other studies had also determined that such restrictions were necessary in order to obtain data of real descriptive value (Boddewyn et al, 1986; Ryans and Ratz, 1989; Hill and James, 1991).

In collecting data on only one brand, it was acknowledged that the research ran the risk that the policies and practices followed on this brand in the EC markets, might have been atypical of the companies surveyed and that this would limit our ability to draw general conclusions from the data. In Stages II and III, however, we examined how typical the practices followed on the given brand in the EC markets were of the companies practices on other brands and in other markets.

Stage II

This stage involved detailed company studies with a number of the companies who had indicated in Stage I that they standardized (to some extent) the advertising executions for the brand in question in the EC markets. These studies focused on analyzing the actual practices of the companies, namely which of the key executional elements were standardized; the extent to which these elements were standardized and the pattern of standardization in terms of how these practices varied across the national markets. Thus for those companies practising modified forms of international advertising standardization, these measurements would enable us to identify how their practices varied from those companies practising total standardization.

Stage II also focused on investigating Hypotheses 2 and 4. As regards Hypothesis 2, in addition to investigating the organizational processes used to develop and implement standardization, data were collected on the degree of centralizing control exerted by company headquarters and factors such as whether the national marketing directors reported to headquarters on a line basis and if strategy and/or advertising copy had to be approved by head office.

Hypothesis 4 related to the rationales behind the policies of those companies practising some form of advertising standardization and this was seen as an important objective given the shortage of data that have been presented concerning these rationales.

Company studies were selected for Stage II because the objectives stated above necessitated a research format that would allow the relevant issues to be investigated in considerable depth. In particular, given the nature and complexity of these issues it was considered important to be able to obtain qualitative data. Such data would provide us with deeper insights into the practices of the sampled companies and the motives behind these practices, in terms of providing context for, and elaboration of, the categorical measurements.

Stage III

Stage III consisted of a telephone survey targeted at all of the companies who had taken part in Stage I, except for three companies who standardized neither the strategy, nor the execution, for the brand in question in the EC markets. Stage III was conducted six years after the completion of Stage II. The principal objectives of Stage III were:

- To obtain data on the detailed advertising practices of the multinationals from a wider sample than had been possible in Stage II given the research format employed. Such data would increase the representativeness of our findings.
- To investigate the extent to which the practices of the sampled companies had changed over time. The collection of longitudinal data was considered necessary because there is no reason to suppose that policies on advertising standardization, just like policies on other major issues, will not be adjusted to changing circumstances or evolve with experience.

Data comparable to those obtained in Stage II were sought relating to the extent to which the three key executional elements were standardized and the pattern of standardization, ie, whether the same elements were standardized to the same extent in all the EC markets. In terms of the longitudinal measurements, we sought to establish the degree to which there had been a trend towards the practise of more or less standardization of the advertising executions deployed in the EC markets. In order to gain as much continuity as possible, regarding the individual respondent's perspectives on standardization, we attempted with each company to contact the executive who had originally answered the questionnaire in Stage I, or the executive who was now filling the original respondent's position.

The Research Sample

The central objective of the recruitment criteria were to ensure that recruitment was restricted to companies for whom the international advertising standardization decision was relevant and important. In essence, this meant ensuring that the companies were genuine multinationals in terms of size and the importance of sales in national markets outside of the market in which the company was domiciled, but also that the company was seriously involved in international advertising co-ordination decisions and advertising played a critical role in determining the sales performance of the companies products. The latter consideration essentially meant that the sample should consist only of companies who manufactured consumer products. Similar conclusions regarding the optimal composition of samples to investigate the international advertising practices of the multinationals had also been reached by Weichmann and Sorenson (1975) and Dunn (1976). Several prior studies had, however, been dominated by manufacturers of industrial products (Walters, 1986).

Three specific criteria were adopted to ensure that the sample would only consist of companies whose policies and practices would be indicative and representative of the relevant multinationals:

1. the company must have had a total turnover in fiscal year 1985 of at least £1 billion;

2. also in fiscal 1985, the company must have spent at least £2 million on advertising in the UK across all their brands, and;
3. at least 20% of total sales must have come from national markets other than that of the country where the holding company was domiciled.

A fourth criteria was then set on the basis that, in the literature, several suggestions had been made to the effect that the nationality of the parent company could be a variable affecting policy (eg. Ward, 1973; Hulbert, Brandt and Richers, 1980; Kirpalani, Laroche and Darmon, 1988). In order, therefore, to limit national bias, it was decided to restrict the composition of the sample to firms of American and European origin.

Sixty-nine companies met these criteria and questionnaires were sent to all of them. Forty-three questionnaires were returned, but only thirty-eight contained data of an acceptable standard. In 1983, these thirty-eight companies collectively recorded sales of £198 billion; their total international advertising spend in this year was estimated to be £6 billion. This represents an impressive percentage of total world advertising, and provides confirmation that the research programme did indeed survey relevant and representative companies.

In Stage II, the objective was to obtain a balanced sub-sample of the Stage I sample, according to nationality, product type and policy on advertising standardization. Given the last criterion in particular, selection of the Stage II sample was delayed until the

data from Stage I had been analyzed. The nature of the research placed limits on the sample size for this stage, and eight companies were selected. Data were obtained from interviews with the appropriate executive(s) at the selected companies and with relevant documentation as additional support.

For Stage III it was decided to target all thirty-five companies who had reported in Stage I that they standardized the execution (to some extent) for the given brand in the EC, or who standardized the strategy, but not the execution. This provided us with the largest possible sample in order to ascertain how representative our findings in Stage II had been and to investigate the trends regarding the extent of standardization practised. Of the thirty-five companies in the target sample, nineteen agreed to participate. Five of these were companies who had also participated in Stage II.

Findings

Hypothesis 1

"Most multinational companies will either totally adapt their national advertising executions or totally standardize them."

In Stage I of the research programme, 31% of the sampled companies were found to totally adapt the advertising executions for the given brand in the EC markets and 8% were found to totally standardize these executions. When the practices of those companies who standardized these executions to some extent, were examined in detail in Stages II and III, apart from those companies for whom the executions were totally standardized, it was found that they could be segmented into three groups:

1. Companies for whom the extent of standardization practised was very limited and in most instances was confined to a standardized presentation of the corporate and/or brand logo.
2. Companies where there was at least partial standardization of some, or all, of the key executional elements. In these companies, however, while the extent of standardization practised was not marginal, in most instances the actual executions differed more than they had in common.
3. Companies where most, and sometimes all, of the key executional elements were extensively standardized in the majority of the EC markets. For many companies in this group, however, a number of national markets (up to four)

had developed advertising executions which could differ substantially from those deployed elsewhere. Apart from these exceptions, the extent of executional standardization practised was substantial and there was more uniformity in the executions deployed, than there was diversity.

Thus in terms of positioning the sampled companies on the standardization spectrum, it was apparent that companies in the first group were close to the total adaptation end of the spectrum and several companies in the third group were close to the total standardization end. These findings are important because, whilst the data from Stage I indicates that there is no support for Hypothesis I, the data from Stages II and III suggest that this conclusion must be qualified. For instance, if different definitional criteria were adopted, companies in the first group might well be classified as companies who do not practise advertising standardization and this would increase support for Hypothesis 1. These definitional issues are developed in more detail in Chapter 5.

Whatever definitional criteria are adopted, however, the data show that a substantial number of the sampled companies did practise some form of modified standardization, with some executional elements being standardized to some extent in some markets. These data, therefore, confirmed that the focus on total adaptation or total standardization is misplaced (Peebles, Ryans and Vernon, 1977) and indicate that standardization is a flexible and adaptive policy.

Hypothesis 2

"Companies standardizing their advertising will usually adopt a process of central development, with the campaign in question originating from corporate headquarters."

Of the twenty-six companies who favoured the principle of advertising standardization and practised it to some extent, eleven reported that they achieved standardization via a process of central development, seven via a lead market system and eight via a process of cross-fertilization. There was thus no support for Hypothesis 2.

Hypothesis 3

"Policy on international advertising standardization will not be related to:

- (a) the product market(s) in which the company operates;**
- (b) the country of origin of the company;**
- (c) the overall extent of centralization exerted;**
- (d) the extent to which the company standardizes other major mix elements on an international basis besides advertising."**

The data provided no evidence of a relationship between policy on advertising standardization on the one hand and product category, nationality, or the degree of central control exerted by head office on the other, confirming points (a), (b), and (c) above. However, evidence was found of a strong relationship between policy on advertising standardization and the extent of name, product and packaging standardization practised, thus not supporting point (d), above.

Hypothesis 4

"Where companies both favour the principle of international advertising standardization and are moving towards standardization in practice, there is no one dominant consideration which has forced this policy; rather, one should expect to find a wide variety of factors influencing policy-making."

Data obtained from both Stages I and II provided substantial support for the hypothesis.

In Stage I a wide range of factors were cited as being of significance and in terms of how the rationales varied from company to company, there were wide variations in the factor cited as being the single most important consideration influencing policy.

In the company studies we found that the rationales of the companies which favour and practise standardization never consisted solely of detailed economic analysis, based on historical sales data and consumer research, of the relative merits or expected sales impact of national (ie, adapted) versus international (ie, standardized) advertising. In fact, such analysis was frequently lacking at all. The absence of such analysis would appear to be primarily dictated by the fact that it is difficult to "scientifically" establish that any one advertising campaign has achieved, or will achieve, greater sales than any alternative campaign. Sophisticated marketing research techniques are used, but few executives would deny that some element of subjectivity is present in campaign selection. This applies equally to the decision as to whether a series of locally developed campaigns are preferable to a standardized international campaign. In the absence of concrete data, marketing executives are likely to bring a wide-ranging agenda to the decision-making process.

It is thus a mistake to seek to understand the rationale behind international advertising standardization strictly in terms of the specific pros and cons of standardization and econometric analysis of whether it "works" or not. One must also consider factors ranging from the company's broad international strategic objectives, to whether senior marketing executives would prefer a more centralized system of international marketing co-ordination and they see international advertising standardization as a means of achieving such centralization (Keegan, 1977; Onkvisit and Shaw, 1987).

For many companies the desire to achieve greater centralization may be a reflection of the concern over the marketing skills possessed by the national subsidiaries and a need, therefore, to implement a process of skills transfer. Such considerations may well be satisfied by modified standardization in the sense that total standardization is not required to achieve these objectives.

In terms of explaining the number of companies found to be practising advertising standardization in the EC markets, there were also indications that several companies had been influenced by the "dynamic" effect. Namely, as more and more companies begin to practise advertising standardization, this enhances the perceived credibility of standardization and increases the pressure on those companies not standardizing to do so and thus imitate their peers.

Hypothesis 5

"Those multinationals who do practise advertising standardization will, over time, increase the extent of standardization that they practise."

In Stage III, 47% of the sampled companies indicated that their advertising was less standardized than it had been at the time of Stage I, while only 20% said that their advertising was more standardized. Accordingly there is no support for Hypothesis 5. However, it should be noted that there are regional differences, with more European than American companies increasing levels of standardization. These data indicate, therefore, that there is no trend away from the practise of modified forms of standardization towards the practise of total standardization.

Implications for Practitioners

This study has established that there are many forms of standardization in terms of which executional elements are standardized and the extent to which these elements are standardized. The implications of these findings for practitioners are considerable. They show that multinational companies are not faced with an either/or choice, namely either total adaptation or total standardization. Rather it is apparent that standardization is a flexible and adaptive policy that can be customized to accommodate a wide range of situations.

As for any conclusions regarding whether or not companies should standardize their international advertising, these findings suggest that to attempt to evaluate the standardization option in terms of right and wrong is of limited value. This is because any conclusion must depend on which form of standardization is being evaluated, ie, with so many different forms of standardization, there can be no absolute answers. However, the number of sampled companies found to be practising some form of standardization indicates that standardization is not just a niche policy appropriate for a few select brands. Accordingly, rather than focusing almost exclusively on the "whether" decision, more attention should be paid to "how" issues.

This is critical because in the final analysis, it is the quality of the standardized campaign that will determine whether or not standardization is the optimal policy. Therefore, there should be more focus on practical managerial issues relating to the development and implementation of standardized campaigns. In particular, the relative

merits of central development, cross-fertilization and lead market systems should be assessed in detail.

Thesis Outline

Chapter Two reviews prior studies which have examined the policies and practices of multinational companies concerning whether they standardize the advertising executions deployed in the national markets in which they operate and their motives for doing so. We analyze the data presented by these studies and the methodologies employed.

Chapter Three reviews the literature relating to the arguments presented in favour of, and against, the practise of international advertising standardization, and consider what general conclusions are possible. The literature relating to the influence of organizational and process issues on the policies of the multinationals is also reviewed.

Chapter Four presents the background and derivation of the hypotheses which were investigated in this research, together with the methodology adopted.

Chapters Five and Six review the data obtained from all stages of the research programme and presents conclusions regarding the investigation of the hypotheses.

Chapter Seven summarizes the research results, discusses the implications of these findings and presents recommendations for future research.

Chapter Two

Multinational Advertising Behaviour

Introduction

In this chapter we review published studies that present data on the actual behaviour of the multinationals regarding international advertising standardization and what factors have motivated their policies. Five main conclusions emerged from this review:

1. Twelve published studies have been traced which present data on the policies and practices of the multinationals regarding whether or not they standardized the advertising executions deployed in the various national markets in which they operate. In several instances, these studies focused on examining the extent to which other elements of the marketing mix, besides advertising, were standardized.

2. In all, but three instances, the respondents were asked to summarize their companies practices over all their brands and across all the national markets in which their companies operated. Also, few authors have attempted to define standardization and in many instances it is not clear what was being measured. Accordingly, we have only limited information on the specific forms of standardization practised by the multinationals. Similar reservations regarding

the methodologies employed by these studies and the failure to define standardization, have been expressed by Walters (1986).

3. Two methodological innovations introduced to provide more descriptive data concerning the detailed practices of the multinationals were, to restrict the focus of the studies to the companies practices in selected markets only (Boddewyn et al, 1986); and focusing on the practices of the sampled companies for just one of their brands (Ryans and Ratz, 1989; Hill and James, 1991).
4. Most of the studies reviewed indicate that advertising standardization is only practised by a minority of multinationals and that in fact more standardization had been practised in the 1960's (Ward, 1973; Dunn, 1976; Boddewyn et al, 1986).
5. As regards the motives of the sampled companies for practising advertising standardization, it was apparent that these companies were influenced by a wide range of considerations. These included economies of scale; a desire to build an international image for the brand; the need to exploit good ideas and the opportunities it offered for improved central control. Difference in local market conditions and culture were seen as the main barrier to practising more standardization.

Ryans et al (1969, 1970 and 1977)

This study was reported in Ryans and Donnelly, ("Standardized Global Advertising - A Call As Yet Unanswered", Journal of Marketing, April 1969, pages 56-60). The objectives of this survey were twofold:

1. to establish how extensively US multinationals standardized the campaigns of their various subsidiaries; and
2. to investigate how broadly sympathetic the key executives of these organizations were to the principle of standardization.

Questionnaires were sent to all 175 durable goods manufacturers in the "Fortune 500", and after excluding those companies not actually engaged in multi-market advertising, the authors were left with a final sample of seventy companies. In order to establish the degree of advertising standardization practised by the sample, they asked the respondents to indicate whether standardization practices occurred in 10 percentile ranges of product situations within their firms. The figures obtained were as follows:

Estimated frequency of use %	Respondents' numbers	Respondents' %
Never Use	7	10.0
1 - 10	24	34.3
11 - 20	12	17.1
21 - 30	10	14.3
31 - 50	5	7.1
51 - 75	4	5.7
76 - 99	6	8.6
100	2	2.9

The authors expressed surprise that only 17% of companies in the sample used standardized advertising more than 50% of the time. When asked whether cultural considerations were the main factor influencing their behaviour, the respondents stated that culture was not the only, or even the main, barrier to standardization, and that most were generally wary of standardization.

In a follow-up article, Donnelly presented other data obtained from the same study ("Attitudes Towards Culture and Approach to International Advertising", *Journal of Marketing*, July 1970, pages 60-63). Donnelly correlated respondents ratings of the importance of cultural variables with the degree of autonomy given to the subsidiaries in making major advertising-related decisions and with the approach used for preparation and placement of non-domestic advertisements.

Donnelly measured the degree of autonomy by dividing the sample into two groups. Respondents were deemed to be "centralized" if over 50% of the major decisions

relating to advertising (for example, media selection, scheduling, budgets and creativity) were not delegated to the subsidiary, and "de-centralized" if more than 50% of the above decisions were so delegated. On this basis, 37% of the sample were categorised as centralized and 63% as de-centralized. Donnelly found that those companies which were de-centralized considered cultural differences to be more important than centralized companies.

A second study was published by Wills and Ryans in 1977. ("An Analysis of Headquarters Executive Involvement in International Advertising", European Journal of Marketing, 11 August 1977, pages 577-584). In this study, the practices of twenty-eight US multinationals were investigated across four major areas of advertising activity: objective setting, budgets, creative strategy, and media selection. The sample consisted of all companies in the "Fortune 500" who were near enough to the authors Kent State University campus to be visited and interviewed.

The hypothesis investigated in the study was that corporate headquarters would be more likely to interfere in decisions relating to objective setting and budgets, than in decisions concerning media and creative issues. This hypothesis was confirmed by the research. Creative decisions were seen as being more sensitive to cultural differences and hence requiring local decisions, but in some instances headquarters did play a role by keeping a library of all the past campaigns devised by their various subsidiaries and ensuring that subsidiaries checked proposed new campaigns with the library. This practice ensured that the wheel was not constantly being re-invented, and emphasized headquarters commitment to advice and co-ordination, as opposed to control.

Dunn (1976)

The third study to be reported on is by Dunn ("Effect of National Identity on Multinational Promotion Strategy in Europe", Journal of Marketing, October 1976, pages 50-57).

In this study, Dunn focused on how executives of US-based multinationals made decisions on the transfer of promotional activity in Europe. The research was divided into two stages.

The key objective of the first stage was to determine which environmental variables most influenced companies thinking and behaviour. The sample for his research consisted of seventy-one executives from thirty-five leading firms, but no other information was provided as to the identity of these firms in terms of size, or product category. The respondents were asked to rate and rank the relative importance of 194 possible variables. Environmental variables such as GNP, per capita income, educational levels and assorted attitudinal questions were included. The respondents were then asked if the thirty-one most important variables (as ranked by the respondents) were of equal importance when considering plans for less developed markets as opposed to developed markets.

Dunn then supplemented his data with interviews with seventy-eight key decision-making executives from thirty major companies. The respondents for the interviews were not the same individuals who had completed the questionnaires in the first stage,

and the interviews were semi-structured. Approximately half of the interviews took place in the US and the rest were distributed evenly throughout key European markets. Most of the companies selected were manufacturers of packaged goods, because it was considered that advertising was of greater importance to them than to other manufacturers, hence their views were of greater interest.

Dunn's main conclusions from both stages of the research programme were as follows:

- There was less standardization of advertising in the mid 1970's than there had been in the 1960's. Much of this "decline" could be attributed to the increasing autonomy of subsidiaries, which in turn was a consequence of the increasing quality and sophistication of European executives.
- The impact of government regulations concerning advertising messages was having a significant effect on advertising standardization.
- Nearly two-thirds of the respondents thought that nationalism was of increasing influence throughout the European markets and that advertising and promotional messages would need to adjust to accommodate this factor.
- Executives from corporate headquarters and the subsidiaries disagreed on the degree of influence exerted by nationalism.

Killough (1978)

The fourth study was published by Killough in 1978 ("Improved Pay-offs From Transnational Advertising", Harvard Business Review, July/August 1978, pages 102-110). Killough's stated objective was to establish what factors determined success, or failure, in international advertising and to argue that greater success could be achieved through systematic planning.

Killough reviewed recent advertising for 120 product lines or services from an assortment of companies. He did not specify which national markets were reviewed, nor how many different national markets, or companies were included. 60% of the products surveyed were consumer goods, 25% were industrial and 15% were services. In addition, Killough interviewed sixty-five senior executives from both multinational companies and their advertising agencies. No further breakdown of the interview sample was provided.

Killough's main conclusions were:

- The key objective of the respondents was to achieve good planning and the actual advertising execution was of somewhat secondary importance.
- The central problem identified was how to centralize planning and strategy development while at the same time allowing the subsidiaries executional autonomy. This was based on the belief that while buying proposals and copy

strategies could be transferred, actual executions were more difficult to transfer. The majority of the respondents did not believe that advertising ideas travel well across national/cultural boundaries, and they associated standardized international advertising with the 1945-1960 period when the US export mentality was dominant.

- Cultural factors were perceived to be the primary barrier to standardization, an example being the dominance of a tea culture in the UK as opposed to a coffee culture in France.

- In terms of why standardization was practised, five key considerations emerged:
 - 1) A common advertising approach helps support basic business decisions.
 - 2) Good ideas are rare.
 - 3) Reduced production costs.
 - 4) Standardization offers improved central control.
 - 5) It stimulates subsidiaries to think harder.

Boddewyn et al (1986)

The fifth study to be discussed is that of Boddewyn et al (J Boddewyn, R Seuhl, J Picard, "Standardization in International Marketing: Is Ted Levitt in Fact Right?", Business Horizons, 1986, 29 (November - December), pages 69-75). Boddewyn's initial premise was that the discussion as to the pros and cons of pursuing a policy of international marketing standardization had been restricted by the lack of specific data on the relevant issues.

The study was a replication of one first conducted by Terpstra in 1963 and then by Boddewyn himself in 1973 (unpublished), and all three studies focused on the marketing practices of US multinationals in the EC markets. Terpstra's original study consisted of twenty-five interviews with US companies while the Boddewyn studies relied on mailed questionnaires, but Boddewyn sought to ask the same questions as were asked in the Terpstra study. The sample for the 1986 study consisted of seventy-one companies of whom eight were manufacturers of consumer non-durable products, twelve of consumer durables and fifty-one of industrial products. Of the seventy-one companies, sixty had taken part in the 1973 study.

Boddewyn claimed that these studies provided a longitudinal view of the evolution of the marketing practices of US companies operating in Europe. However, given the differences between Terpstra's earlier study and Boddewyn's study in terms of both the sample sizes and research methodology employed, this claim must be regarded with

caution. Commenting on the decision to restrict the scope of the survey to EC markets, Boddewyn stated:

"This is not the whole world for sure. But if the EC, which has been developing a 'common market' for goods, firms and consumers since 1958, is not fertile ground for market homogenization and marketing standardization, what part of the world is?"

To measure the degree of advertising and branding standardization practised, the respondents were asked to rate their own company's behaviour on a one to seven scale, with one representing total standardization, seven representing total adaptation, and the intermediate numbers representing varying levels of standardization. Boddewyn does not, however, define these intermediate levels of standardization and what is being measured is not specified.

The mean results were:

Degree of Standardization

Total = 1 Nil = 7

	Consumer Non-Durables		Consumer Durables		Industrial Products	
	1973	1983	1973	1983	1973	1983
Advertising	3.9	3.9	4.2	4.8	3.6	3.8
Branding	5.5	4.2	5.0	4.8	3.7	3.5

In another table Boddewyn compared the percentage of respondents opting for either very substantial levels of standardization of advertising, or very substantial levels of adaptation (that is, with scores towards one or other extreme on the scale).

Very Substantial Standardization of Advertising

(in all ten EC markets)

Consumer Non-Durables (est)			Consumer Durables (est)			Industrial Products (est)		
1973	1983	1988	1973	1983	1988	1973	1983	1988
17%	25%	25%	33%	13%	25%	31%	20%	20%

Very Substantial Adaptation of Advertising

Consumer Non-Durables (est)			Consumer Durables (est)			Industrial Products (est)		
1973	1983	1988	1973	1983	1988	1973	1983	1988
58%	67%	58%	17%	50%	38%	31%	31%	41%

Boddewyn's main hypothesis was that the extent to which the marketing elements would be standardized would vary by product category or type. For example, he anticipated that consumer non-durables (CNDs) would be less likely to be standardized because they were more "sensitive" to differences in national tastes and habits, whereas one would have expected more marketing standardization for consumer durables (CDs) because products such as radios and cameras were assumed to be less culture prone. Boddewyn claimed that this hypothesis was partially substantiated, with the finding that the overall level of standardization practised was higher for CD manufacturers than for CNDs.

A key finding from Boddewyn's study were the mean figures obtained for the degree of advertising standardization and for those substantially standardizing or adapting, the latter being particularly important. That in 1983 65% of manufacturers of CNDs and 50% of manufacturers of CDs practised substantial adaptation of advertising, as opposed to 25% and 13% who practised substantial standardization, suggests that the actual practise of advertising standardization by the multinationals is limited.

Kirpalani, Laroche and Darmon (1988)

The sixth study to be reviewed is by Kirpalani, Laroche and Darmon ("The Role of Headquarters Control by Multinationals in International Advertising Decisions", International Journal of Advertising, 1988, 7, pages 323-333). The primary objective of this study was to investigate the role of corporate headquarters in international advertising decisions. The sample consisted of 119 multinationals chosen primarily on the basis of turnover. In terms of nationality, the sample consisted of forty-nine Canadian multinationals, fifteen American, eight Japanese and forty-four European. 64% of the sample were manufacturers of industrial products, 24% of consumer-non-durables and 12% of consumer durables.

To measure the extent of advertising standardization practised by the sampled companies, the respondents were asked to indicate whether the advertising campaigns deployed in their overseas markets were the same as at home (ie, standardized), adapted, or locally developed. The findings were broken down by the nationality of the responding companies:

	Same Campaign	Adapted	Locally Developed
Canada	40.5	38.1	21.4
US	8.5	41.7	50.0
Japan	0.0	85.7	14.3
Europe	17.9	46.2	35.9

Ryans and Ratz (1989)

The seventh study to be reviewed is by Ryans and Ratz ("Advertising Standardization: A Re-Examination", 1989, unpublished paper). In this study, the objective was to measure the degree to which a wide range of key advertising variables were standardized internationally. These variables were the target markets, product positioning, campaign objectives, campaign theme, creative execution-visuals, creative execution-copy and various media factors. In this survey it is possible to see for the first time that some elements of advertising can be standardized while others are not.

The research was based on a mailed questionnaire survey. Questionnaires were sent to 110 US companies whose names had been taken from the International Advertising Managers Association mailing list. Thirty-four companies returned completed questionnaires. Of these, twenty were manufacturers of industrial products and fourteen manufacturers of consumer products. The sample was diverse in terms of size and extent of international experience.

Respondents were asked to restrict their replies to the policies pursued on their largest brand, in terms of sales value, across all the international markets in which the product was promoted. Questions were phrased as in the following example:

"Please indicate the approximate percentage of the firm's foreign markets in which the same basic advertising approach is used".

In other words, respondents were asked to indicate whether for the given product, the variable in question was standardized in 0 - 19% of their markets, 20 - 39%, 40 - 59%, etc.

The average standardization scores for the key variables were:

Advertising Element	Percentage of markets in which element was standardized
Campaign Theme	62%
Product Positioning	59%
Campaign Objectives	56%
Target Markets	56%
Creative Execution - Visuals	55%
Creative Execution - Copy	49%

Ryans and Ratz found that generally the strategy-related variables such as product positioning were more frequently standardized than the executional variables such as visuals and copy. They also found that the industrial manufacturers were more standardized across all but one of the elements than their consumer counterparts.

Other Studies

Five other studies present data relating to whether multinational companies standardize the advertising executions deployed in the national markets in which they operate and the motives behind their policies, but in less detail than in those studies reviewed so far. These are Ward (1973); Weichmann and Sorenson (1975); Riesenbeck and Freeling (1991); Hill and James (1991) and Sandler and Shani (1992).

Ward (1973) studied the marketing practices of fifty-three US subsidiaries of European firms, via a mailed questionnaire survey and interviews. Little detail was presented on the advertising practices of the firms surveyed, but Ward reported that 43% of the sample stated that standardized advertising had been used more in the past and 71% said that differences in local (ie, US) market conditions necessitated adaptation of their domestic advertising.

Weichmann and Sorenson (1975) studied the extent to which twenty-seven US and European multinationals, all of whom were manufacturers of consumer products, standardized their marketing practices across national markets. They found high levels of advertising standardization, with 75% of the sample using standardized advertising messages at least some of the time. In this survey standardization seemed primarily to consist of adapting the US prototype advertisement to fit foreign markets. No other details on practices were provided.

Riesenbeck and Freeling (1991) focused on the global practices of thirty-one multinationals. They used a one to five scale (one = low, five = high) to measure the levels of standardization practised for several marketing elements. As regards advertising specifically, they found that the average score for standardization across the sample was 3.5. They also reported that the practise of total standardization was rare. No other data on the specific practices of the sampled companies were presented.

Hill and James (1991) studied the extent of product and promotional transfers in 120 subsidiaries of fifteen multinationals. On the subject of advertising, fewer than 50% of the subsidiaries claimed that they were the recipients of promotional transfers from headquarters. The executives at headquarters of the companies surveyed claimed to be wary of enforcing advertising standardization because they considered that advertising was too affected by local culture. For those companies which did pursue standardization, the primary motive was that standardization was helping them to achieve an international image.

The study by Sandler and Shani (1992) focused on the extent of brand name standardization by the multinationals, but they also presented data on advertising standardization. Their sample consisted of 133 Canadian firms with sales over \$10 m. They found that advertising standardization was practised by 18% of the sample, but what was standardized was not defined.

Chapter Three

The Rationale for International Advertising Standardization and Analysis of the Influence of Organizational and Process Issues

Introduction

One of the objectives of this study was to investigate the reasons why multinational companies do, or do not, standardize their national advertising executions. In this context, therefore, we review relevant published statements on the potential benefits and drawbacks of standardized international advertising. We also review the literature relating to whether the policies and practices of the multinationals concerning advertising standardization have been influenced by organizational and process considerations. The literature relating specifically to the hypotheses are presented in the next chapter.

The chapter is divided into two sections. In Section One the general case that has been made for (and against) advertising standardization is presented in the context of establishing whether standardization is a viable or optimal policy. In Section Two, we review the extent to which organizational and process issues have been specifically cited as influencing the policies and practices of the multinationals regarding advertising standardization.

The key conclusions to emerge from the review of these literature were:

1. Given the data presented it is difficult to make a definite research-based statement about the strength of the rationale for, or against, pursuing a policy of international advertising standardization. The difficulty lies in establishing the respective influence of complex factors such as national culture and it is likely that general conclusions are not possible. Rather the efficacy of the policy will depend on contingency factors such as the quality of the actual local or international advertisement itself.
2. It would appear, however, that a stronger case can be made against advertising standardization than for it and that standardization is only likely to be the optimal policy in exceptional circumstances.
3. The above conclusion must be qualified, however, by the fact that in most instances the form of standardization being assessed was not defined. For example, does the given analysis refer to the case for total standardization, modified standardization, or both? Such differentiation would appear to be essential given the fact that the benefits (and problems) will vary according to the form of standardization practised (Peebles, Ryans and Vernon, 1977).

4. Whilst there were indications that organizational and process issues do influence the policies and practices of the multinationals regarding advertising standardization, again no categorical conclusions are possible on the strength of the data presented in the literature.

Section One: The Case for Advertising Standardization

1. Benefits of Advertising Standardization

The initial case put forward in favour of international advertising standardization focused principally on the assertion that the communications revolution was creating such a level of consumer convergence across national boundaries, that some degree of advertising standardization was both possible and necessary (Elinder, 1965; Fatt, 1967). The declining influence of national culture has remained a central theme of the proponents of standardization and it has been claimed that we now live in a global village populated by global consumers (Levitt, 1983) and that the introduction of Satellite TV will hasten this process (Howard and Ryans, 1988). Others have focused less on the notion of generic convergence and more on the existence of international consumer segments (Etzel and Walker, 1974; Thorelli, 1980; Martenson, 1987).

Miracle (1968) proposed that to some extent human needs and wants are universal and Sands (1979) contended that the principles of communication theory are also universal and that consumers throughout the world will respond in the same way to a given advertising message. Other writers have restricted themselves to identifying the situations and circumstances in which standardization is the preferred option. For instance, is standardization more appropriate for certain types of advertising messages than others (Hovell and Walters, 1972)?

For many writers the key has been to identify the type of national markets it is optimal to practise advertising standardization in, or across. The focus has been on whether standardization should mainly be practised in markets at a high stage of economic development, where convergence is likely to be strongest (Rau and Preble, 1987; Mueller, 1991), or should it be restricted to LDC markets where actually adapting the advertising is hard to justify on economic grounds (Kaynak and Mitchell, 1981; Huszagh, Fox and Day, 1985; James and Hill, 1991). Michell (1979) in a study of international marketing practices of UK exporting companies examined whether the companies used the same advertising message in their export markets as were used in the UK, or whether the message was significantly, or slightly, different. He found that the same advertising message was used in 48% of the more economically developed market, but in only 23% of LDC markets.

The only specific data that have been presented concerning the economic implications of standardization relate to reduced media production costs. Figures have been cited such as Pepsi-Cola saving \$8 million in one year (Buzzell, 1968); Coca-Cola saving \$15 million (Riesenbeck and Freeling, 1991) and Coca-Cola saving \$90 million on reduced production costs over all the years they have been practising standardization (Quelch and Hoff, 1986). Only one study which has reviewed the motives of the multinationals for practising advertising standardization has cited economies of scale as the most significant factor influencing policy (Kirpalani, Laroche and Darmon, 1988).

At a more general level, a key benefit of advertising standardization is that it permits companies to exploit rare advertising ideas. For instance, particularly successful national advertising campaigns can be transferred to markets where the quality of the local advertising is open to question (Killough, 1978; Robbins, 1987). This raises considerations relating to the influence of organizational and process issues and these are discussed in Section Two.

2. Drawbacks of Advertising Standardization

Those who have specifically sought to specifically refute the case for advertising standardization, as opposed to presenting data which contradict the claims made on behalf of standardization, have focused on establishing that national culture still exerts a critical influence on customer decision making (Roostal, 1963). Many examples have been cited of instances where advertising standardization supposedly failed due to such cultural differences (Ricks, Arpen and Fu, 1974; Douglas and Dubeois, 1977; Carson, 1967). In addition to general cultural factors, differences in local government regulations and various institutional factors are stated as representing barriers to standardization (Downham, 1982; Hill and Still, 1984).

On a more specific note, differences in a given brand's market position might preclude standardization. For instance, in 1984 Quaker closed down their European headquarters on the grounds that their ready-to-eat products were at such different stages in their product life cycles, throughout the various European

markets, that attempts at standardizing the strategies had proved impossible (Advertising Age, September 1984). Commenting generally on the convergence notion, the Marketing Director of Pepsi-Cola in Northern Europe wrote;

"Despite industry, educational and marketing treatises concerning the concept of a global village, it has a long way to go before being realized. The idea that France is no more different to Germany than California to New York leads to unnecessarily difficult and sometimes damaging consequences."

(Adams, 1988).

The existence of international consumer segments has been analyzed in several surveys (Anderson and Engledow, 1977; Douglas and Urban, 1977; Boote, 1983; Onkvisit and Shaw, 1987; Baalbaki and Malhotra, 1993) and the general conclusion to emerge from these surveys is that the evidence supporting the existence of such segments is tenuous and insufficient to justify the use of standardized international marketing programmes in most situations.

Attempting to resolve the issue as to whether or not consumers are converging and that national culture no longer affects consumer decision making is problematic, especially given the difficulty in defining culture (Clark, 1990). Several cross-cultural studies have been conducted which have sought to investigate the relevant issues. Green and Langeard, 1975; Douglas and Urban, 1977; Green and Cunningham, 1980; Schiffman, Dillon and Ngumah, 1981; Green et al 1983; and Boote, 1983, all produced data that indicated that national culture was a significant factor, whereas Hempel (1974) asserted that in his study

this was not the case. The study sought to compare the relative influence of husbands and wives for home purchasing decisions, with samples from the US and the UK. Hempel's (1974) conclusion was that demographic variables were more influential than cultural ones. Green and Cunningham (1980) contended that these results were a consequence of selecting similar demographic samples from the respective markets.

Questions have been raised about the quality and scope of these surveys and whether they are sufficiently representative for any general conclusions to be drawn from them (Boddewyn, 1981; Hornik and Rubinow, 1981).

Little has been published regarding the specific relationship between national culture and communications. Douglas and Dubeois (1977) argued that advertising is the mix element most susceptible to culture and given Bauer's (1963) contention that consumers actively translate advertising messages, it is possible that culture is one of the mediating variables, though its relative influence is hard to measure. For instance, Terpstra (1983) pointed out that other mediating variables such as media availability, economic differences, local distribution and agency availability could be equally important.

A leading practitioner (Andressens, Advertising Age, 1985) described how his company (Johnson Wax) considered it necessary to adapt the tone of their commercials in the various national markets in which they operated. For instance, in Germany the advertisements were crisp and authoritative, whilst in

France and Italy there was less emphasis on product demonstrations and the mood was more playful. Lannon and Cooper (1983) referred to how many successful UK advertising campaigns drew on national culture as a source of creative inspiration (eg, Campari, Hovis, Mr Kipling and After Eight Mints). They did not claim that this precluded international advertising and the success of brands such as Marlboro, Pepsi-Cola and Coca-Cola would appear to indicate that it is possible to develop effective international advertising campaigns based on emotional appeals.

Advertising agencies are equally divided on the issue of international advertising, with the larger international agencies generally supporting standardization, whilst the smaller agencies reject international advertising on the grounds that such campaigns are a creative compromise and designed to appeal to the lowest common denominator.

Several studies have attempted to examine how well advertising campaigns do transfer by testing specific advertisements taken from one country and asking consumers from another country to evaluate them (Lorimar and Watson-Dunn, 1967; Caffyn and Rogers, 1970; Hornik, 1980). Each study concluded that the advertisements tested did not transfer well and that standardization was not the optimal policy. Two studies (Green et al, 1975; Colvin, Heeler and Thorpe, 1980) have reported on whether consumers from different countries rated product and image attributes for given products in the same order of priority. Their objective was to establish whether a standardized international advertising

strategy was viable. In both instances, it was concluded that the differences between the markets were such that strategy standardization was not advisable.

Much work has also been conducted into examining the structure and content of advertisements taken from different national markets and then comparing them across a number of dimensions, such as the level of information content (Resnik and Stern, 1977; Dowling, 1980; Belk and Pollay, 1985; Martenson, 1987; Synodinos, Keown and Jacobs, 1989). The general conclusion to emerge from these studies was that the styles of the various national advertisements, particularly the nature of the appeals used, varied considerably. It was, however, beyond the scope of these studies to conclude that their findings in any way precluded the possibility that circumstances exist where standardization could work.

An important issue raised by these considerations is the quality and effectiveness of international advertising research and its ability to establish what the optimal policy is regarding international advertising transfer and standardization. Most of the attention regarding international research has focused on technical and methodological issues (ie, Mayer, 1978; Barnard, 1982). Shalofsky (1985), however, focused on more conceptual issues. His premise was that the ability of international research to provide meaningful conclusions is limited, particularly if the proposed campaign majors on emotional and image attributes, since consumers cannot effectively predict their long-term reaction to such messages. Support for these views came in a major survey of key multinational

and advertising agency executives conducted by Management Centre Europe (Focus, March 1987). The survey found that the problems associated with evaluating the effectiveness of international advertising campaigns was one of their greatest concerns.

When we review these data relating to the rationale for practising advertising standardization, it is noticeable that apart from the references to reduced media production costs, no other data that relate to the actual economic benefits of advertising standardization have been presented, namely evidence to suggest that standardization "works" in terms of increasing sales or profits. The supposed success of brands such as Pepsi-Cola and Coca-Cola has been cited as evidence of the economic value of standardization (Levitt, 1983), but Onkvisit and Shaw (1987) have questioned this assumption on the basis that the alternative strategy, namely localized advertising campaigns, was never tested. The difficulty in summarizing the specific economic benefits of advertising standardization has also been noted by other observers (Hovell and Walters, 1972; Rau and Preble, 1987; Jain, 1989).

Another important feature to note concerning the references presented in this section is that whilst several papers state that different forms of standardization do exist and refer for instance to "tailored" standardization (Quelch and Hoff, 1986), none of these papers examine how the specific benefits of these various forms of standardization will vary. In most instances, no attempt is made to

specify what form of standardization is being addressed (Peebles, Ryans and Vernon, 1977).

Section Two: Organizational and Process Issues

In this section we review the references made in the literature that specifically refer to whether organizational and process issues influence, or are related to, the policies and practices of the multinationals regarding advertising standardization. For instance, when the motives and rationales behind the policies and practices of the multinationals concerning standardization have been examined, do the multinationals themselves state that organizational and process considerations have influenced their policies? Alternatively, have any studies established a relationship between organizational and process issues and policy on advertising standardization and what reasons have been presented to explain the relationship?

Many of the references in the literature regarding a potential relationship between organizational and process issues and advertising standardization relate to the question of centralization. For instance, it has been contended that highly centralized companies are in a better position to institute standardization, than decentralized companies with a long tradition of subsidiary autonomy (Peebles, Ryans and Vernon, 1977; Doz and Prahalad, 1981). Also, that the more centralized a company is, the more successful they will be in implementing standardization (Jain, 1989).

Several studies have examined the extent of centralization exerted by the centre over the marketing policies of their national subsidiaries (Donnelly, 1970; Aylmer, 1974; Weichmann and Sorenson, 1975; Hulbert and Brandt, 1977; Doz, 1980; Picard, 1980; Gates and Egelhoff, 1986; Kirpalani, Laroche and Darmon, 1988). All these studies

reported that marketing decisions were less centralized than those for other business functions such as finance and that within marketing, advertising was the element subject to the least central control. This behaviour was ascribed to a belief that local market conditions vary too widely and as such, polycentric decision making is optimal (Wind, Douglas and Permlutter, 1973).

Only two of these studies attempted to examine the specific relationship between the degree of central control exerted by headquarters and advertising standardization (Donnelly, 1970; Kirpalani; Laroche and Darmon, 1988) and both concluded that the more centralized companies were, the more likely they were to standardize their advertising.

Another organizational/process concern cited in the literature, with reference to advertising standardization, is the need to achieve skills transfer from the centre to the national subsidiaries. This resulted from a perception of executives at the centre that some national subsidiaries were unable, for reasons relating to a lack of managerial and financial resources, to produce effective local advertising (Killough, 1978; Weichmann and Pringle, 1979; Quelch and Hoff, 1986; Particelli, 1990). Headquarters inspired improvements to national advertising were seen as a potential source of international competitive advantage and standardization could either be the actual means chosen to achieve skills transfer (ie, if a process of central development was selected), or the outcome of the process itself (ie, if it was a result of cross-fertilization). In this context, advertising standardization could be viewed as an agency cost (Jensen and Mecklin, 1976).

Other commentators have contended that the pursuit of advertising standardization has less to do with concern as to the quality of local advertising and more with the desire of the centre to increase its authority over the national subsidiaries (Keegan, 1977; Terpstra, 1983; Onkvisit and Shaw, 1987). Likewise, Peebles (1988) contended that the national subsidiaries will be hostile in principle to standardization since they will perceive it to be a means for restricting their autonomy. They will, therefore, resort to devices such as distorting market data in order to establish that standardization is an inappropriate policy and one that will not work in their markets.

The strategic orientation of a multinational is another organizational/process issue that has been cited with reference to the discussion about advertising standardization. For instance, it has been argued that the pursuit of a global strategy is furthered by the practise of marketing and advertising standardization, primarily via achieving economies of scale (Levitt, 1983; Raffee and Kreutzer, 1989). This contention has been disputed, however, both on the issue of whether a global perspective or strategy necessitates standardization (Wind and Douglas, 1986; Particelli, 1990; Riesenbeck and Freeling, 1991) and on the significance and achievability of the economies of scale (Davidson and Haspeslagh, 1982; Douglas and Craig, 1989).

Detailed evidence to support the contention that when standardization is practised, it is the result of a coherent geocentric strategy, is limited. Rather, it has been contended that standardization has in many instances been the result of an ethnocentric perspective. For example, in the 1960's and 1970's many US multinationals exported their national advertising campaigns, with little attempt to establish whether this was

the optimal policy (Dunn, 1976; Killough, 1978; Kashani, 1989; Jain, 1989). Two studies that focused on marketing and advertising transfers from the centre to the national subsidiaries, found that the involvement of the centre in advertising decisions resulted mainly from requests from the subsidiaries for assistance and not from any coherent programme instituted by the centre (Aydin and Terpstra, 1981; Hill and James, 1991).

Further support for a potential relationship between organizational/process issues and advertising standardization could possibly be implied from conclusions presented by Weichmann and Sorenson (1975) and Walters (1986) when they stated that more advertising standardization was being practised than could be justified, or explained by, the actual economic benefits. However, they themselves did not present any evidence that indicated that organizational considerations were responsible for the "surplus" standardization.

On the basis of the data presented in this section, there are indications that organizational/process issues do influence the policies and practices of the multinationals regarding advertising standardization. It is, however, difficult to establish the influence of these factors, relative for instance to those reviewed in Section One. It is also hard to estimate the relative influence of the various organizational/process considerations outlined in this section. The difficulty at arriving at more specific conclusions is a consequence of the shortage of empirical data relating to the rationales behind the practices of the multinationals (Boddewyn et al, 1986; Sandler and Shani, 1992). Whilst many papers have been presented that mention the

subject, most focus on the case for marketing standardization generally and not just advertising, or they are mainly concerned with prescription, rather than description (eg, Doz and Prahalad, 1981).

Chapter Four

Rationale for Hypotheses and Design of Research Programme

Introduction

This chapter firstly reviews the hypotheses that were investigated in the research programme and presents the literature pertinent to their development. There follows a review of the sampling criteria and details of the research programme and general methodology.

The objectives of the study and research programme were to examine and analyze:

1. The international advertising practices of multinational companies in the context of whether they standardized the advertising executions deployed in the various national markets in which they operate. Specifically, we sought to establish if those who did standardize these executions totally standardized them, or whether modified forms of standardization, where for instance some but not all the executional elements were standardized, were widely practised. We were thus seeking confirmation of Peebles, Ryans and Vernon's (1977) contention that the focus on the absolute forms of standardization is misplaced.

2. The organizational processes used to develop and implement standardization.

3. The reasons put forward for standardizing advertising executions across national markets, namely the rationales behind the policies and practices of the companies concerned. What are the key components of these rationales and how do they vary from company to company?
4. Whether policy on advertising standardization was related to factors such as product type and country of origin.
5. The trends regarding international advertising standardization in terms of the extent to which the multinationals actually standardize the given advertising executions. Are multinational companies generally moving towards the practise of greater levels of standardization, ie, towards one end of the spectrum described?

The research did not set out to test existing theories or models, since no such theories have been presented in the literature (Walters, 1986; Jain, 1989). Rather the research focused on investigating five hypotheses which had been developed relating to the issues we wished to examine. These hypotheses were propositional in nature and represented current thinking extracted from the literature pertaining to the relevant issues.

Review of Hypotheses

Hypothesis 1

"Most multinational companies will either totally adapt their national advertising executions or totally standardize them."

As was shown in Chapter Two, only limited data regarding the actual international advertising practices of the multinationals have been presented. Another problem has been that in these studies, standardization has rarely been defined (Walters, 1986). Accordingly, only tentative conclusions regarding the forms and extent of advertising standardization practised by multinational companies are possible.

There were, however, clear indications from the studies by Ryans and Donnelly (1969); Dunn (1976) and Boddewyn et al (1986) that a majority of the companies surveyed in their studies did not standardize their national advertising executions. The most precise data was provided by Boddewyn et al (1986), who reported that 65% of the manufacturers of consumer non-durable products and 50% of the manufacturers of consumer durable products, surveyed in their study, substantially adapted their advertising executions in the EC markets. The respective figures for substantial standardization of the advertising executions were 25% and 13%. They thus found that the majority of the manufacturers of consumer products surveyed in their study either substantially adapted or substantially standardized the advertising executions concerned.

Some support for the proposition that many of those multinationals who practise advertising standardization will do so to a considerable or total extent, has also

appeared in the trade press. For instance, many of articles that have been published on the policies of those multinationals who do attempt to standardize the advertising executions deployed in the national markets in which they operate, indicate that the objective was to create global or pan-regional campaigns for the brand in question. The companies cited include Colgate-Palmolive, Kodak, Gillette and Parker (Advertising Age, 1984); Black & Decker (AMA Marketing News, November 1985); British Airways (Financial Times, March 1984); Proctor & Gamble (Financial Times, January 1984); Remington (Fortune November 1984) and Goodyear (Marketing Week, February 1984). While it is not axiomatic that companies pursuing global advertising campaigns will totally standardize the various national advertising executions, it is likely that they will standardize them to a considerable extent.

Hypothesis 2

"Companies standardizing their advertising will usually adopt a process of central development, with the campaign in question originating from corporate headquarters."

This proposition derives from the fact that developing any advertising campaign is a complex process and even at a purely national level much research is undertaken and the final decision is always subjective to some degree. These uncertainties are magnified when a company attempts to develop a campaign that can be used in several different markets, with several sets of market conditions to consider and with varied groups of consumers to appeal to. Accordingly, the organizational process employed to develop and implement the standardized campaign is of considerable importance and is likely to have a significant impact on the quality of the end product.

Relatively little information about the organizational processes used by the multinationals to develop their international campaigns has been published, but the indications from the few available references are that most companies employ a process of central development. Three companies specifically cited as employing centrally developed advertising campaigns are DHL (Campaign, 1986), L'Oreal (Multinational Business, 1979) and British Airways (Quelch, 1984).

Such behaviour would be compatible with another of the factors identified in Chapter Three, namely that one of the principle factors motivating multinationals to standardize their international advertising is the need to achieve international skills transfers (eg,

Quelch and Hoff, 1986). Such transfers would most logically be achieved by a process of central development.

Hypothesis 3

"Policy on international advertising standardization will not be related to:

- (a) the product market(s) in which the company operates;**
- (b) the country of origin of the company;**
- (c) the overall extent of centralization exerted;**
- (d) the extent to which the company standardizes other major mix elements on an international basis besides advertising."**

The published literature concerning the relationship between advertising standardization and each of these four factors is now examined:

(a) Product Category

The prevalent view regarding the (potential) relationship between policy on advertising standardization and product category is that there is a basic distinction between industrial products (or services) and consumer products (or services), with advertising standardization more likely to be practised by manufacturers of industrial products (eg, Weichmann, 1974; Hulbert and Brandt, 1977; Wind and Douglas 1986). These contentions have been based on the premise that many consumer products are culture "prone" and this necessitates different buying proposals for different national markets and thus different advertisements/executions.

The influence of product category as a variable influencing advertising standardization policy was investigated by Lorimar and Watson-Dunn (1967);

Weichmann and Pringle, (1979); Goehle, (1980); Gates and Egelhoff, (1986); Boddewyn et al, (1986) and Sandler and Shani (1992). All six studies concluded that manufacturers of industrial products did use standardized international advertising more frequently than their consumer counterparts. Sandler and Shani (1992) also found that manufacturers of consumer durable products were more likely to practise advertising standardization than manufacturers of consumer-non-durable products.

(b) Country of Origin

The existence of a relationship between the nationality, or country of origin of a company, and its policies on advertising standardization has been suggested by several writers including Ward (1973); Hulbert, Brandt and Richers (1980). Hofstede (1985) asserted that national culture will inevitably affect corporate policy since the individual employees will be influenced by their "ethnocentric" philosophy. Gates and Egelhoff (1986) contended that US multinationals are generally more centralized than Japanese and European multinationals. In the case of the European companies, this tendency was attributed to the fact that because many of the major multinationals had been in existence before the advent of the communications revolution, the various national subsidiaries had grown used to being autonomous and this pattern of control had been hard to reverse. Kirpalani, Laroche and Darmon (1988) were, however, the only study that found that nationality and policy on advertising standardization were related, with US

multinationals allowing their subsidiaries greater autonomy regarding advertising development than their Canadian counterparts.

(c) General Level of Marketing Centralization

The relationship between advertising standardization and organizational and process issues was reviewed in detail in Chapter Three. The key references as to whether there is a relationship between policy on advertising standardization and the overall level of marketing centralization are reiterated here.

The degree of control exerted by corporate headquarters over the marketing activities of their national subsidiaries has been investigated in several studies (Donnelly, 1970; Aylmer, 1974; Weichmann and Sorenson, 1975; Hulbert and Brandt, 1977; Picard, 1980; Kirpalani, Laroche and Darmon, 1988). All found that marketing was the functional element subjected to the least degree of central control and, within the marketing function, the subsidiaries were given more autonomy on advertising than any other marketing element. In most instances this behaviour was ascribed to the contention that advertising is the marketing element most sensitive to differences in local market conditions and culture. Only Donnelly (1970) and Kirpalani, Laroche and Darmon (1988) specifically sought to investigate the possibility of a relationship between centralization and policy on advertising standardization. Both concluded that their data showed that the more centralized a company was, the greater the extent of advertising standardization practised.

(d) Extent of Name, Product and Packaging Standardization

While several studies have reported on the extent to which marketing elements such as name, product, packaging and advertising are standardized on an international basis (for example Kacker, 1972 and 1975; Aylmer, 1974; Boddewyn et al, 1986; Walters and Toyne, 1989), none of these studies specifically analyzed whether there was a relationship between the standardization of elements such as the product and standardization of the advertising. All the studies did conclude, however, that product standardization was more common than advertising standardization.

Hypothesis 4

"Where companies both favour the principle of international advertising standardization and are moving towards standardization in practice, there is no one dominant consideration which has forced this policy; rather, one should expect to find a wide variety of factors influencing policy-making."

Three studies which have reviewed the motives of the multinationals concerning advertising standardization were Killough (1978); Onkvisit and Shaw (1987) and Kirpalani, Laroche and Darmon, (1988). The following factors were identified by these studies as influencing the behaviour of the sampled companies:

- economies of scale,
- improved central control,
- that a common approach helps decision making,
- internationalization of the corporate or brand image,
- consistency of communication,
- less duplication,
- facilitates pre-sales effort,
- enhances brand identity,
- ease in execution,
- operational efficiency,
- consistency in customer servicing.

Other studies have tended to focus on just one or two factors, without seeking to rate their relative importance in terms of their influence on the policies of the multinationals. Elinder (1965) and Fatt (1967) contended that the communications

revolution was harmonizing consumer tastes and attitudes to an extent that necessitated international advertising standardization. Levitt (1983), besides stressing the convergence argument, focused on the potential benefits that would accrue from the economies of scale if standardized campaigns were employed. Quelch and Hoff (1986) emphasized the importance of exploiting good advertising ideas. It is thus apparent that a wide range of factors influence the policies of the multinationals regarding advertising standardization. All of these issues are reviewed in greater depth in Chapters Two and Three.

Hypothesis 5

"Those multinationals who do practise advertising standardization will, over time, increase the extent of standardization that they practise."

There is no evidence to suggest that the international advertising practices of the multinationals will stay fixed over time. Rather, like most policies, they are likely to evolve with experience and as circumstances change. Accordingly, if we are to obtain a detailed understanding of these practices, there is a need for longitudinal data. To date, the only such measurements have been provided by Boddewyn et al (1986) whose conclusions were that the companies surveyed were practising less standardization than they had been in 1973.

Hypothesis 5 was developed after the data from Stages I and II had been collected. From these data it was concluded that for several of the companies surveyed, the practise of advertising standardization was of recent origin. We also found that some of these companies practised standardization of only a marginal nature, but in most of these instances it was stated that they intended to increase the amount of standardization that they were practising in the near future.

Such an outcome seems compatible with the conclusions drawn from Chapter Three, namely that there are inherent risks in practising standardization and the development and implementation of standardization poses significant organizational and process problems. Many companies could, therefore, be expected to initially standardize their advertising to only a limited extent. This would in many instances increase as they become more confident about dealing with the complex organizational issues involved

and their abilities to create effective international advertising campaigns. Hence, our expectation to find more standardization practised.

Methodology

In order to achieve the stated objectives regarding investigating the policies and practices of the multinationals, a three stage research programme was designed. The nature and objectives of these three stages are now reviewed.

Stage I

Stage I consisted of a questionnaire survey designed to gain information from a sample of representative multinational companies, namely ones who spent significant amounts of money on advertising their brands across a number of national markets. The survey was designed to obtain some of the data necessary to investigate Hypotheses 1 - 4. In particular, the survey investigated how widespread the practise of advertising standardization was and identified those companies who did practise standardization (to some extent) so that their practices could be investigated in greater detail in Stages II and III.

Stage II

Stage II consisted of a set of in-depth studies of a narrower group of companies, all of which had been identified in Stage I as practising advertising standardization to some extent. Stage II focused on the detailed practices of these companies regarding standardization of the various national advertising executions and the reasons presented by these companies for practising standardization.

Stage III

Stage III was designed to extend the number of companies for whom we had detailed data relating to their specific practices regarding international standardization and to obtain the longitudinal data necessary to investigate Hypothesis 5, namely whether the practices of the companies surveyed had changed over time.

Sampling Criteria and Selection

The aim was to only recruit companies for whom the issue of international advertising co-ordination was relevant and important. The key criteria for selection were:

1. The company had to have revenues in excess of £1 billion in fiscal year 1984/85. This criterion ensured that only large companies with sufficient cause and resources to have fully investigated the option of standardization were considered.
2. At least 20% of corporate revenue in that year had to come from national markets other than that of domicile or registration.
3. The company had to have spent at least £2 million on above the line advertising, across all brands, in the UK in 1985.

These criterion ensured that for all the companies selected, advertising would be an important factor in determining their international sales performance. Also, the scale of their international operations, ensured that these companies would have had cause to consider whether they would gain from standardizing the advertising executions deployed in the various national markets in which they operated.

The decision to focus on UK advertising spend was the consequence of another decision, that the research would focus only on the sampled companies policies in the EC markets (see following section). Having taken this decision, however, it proved impossible to obtain reliable data on advertising expenditure in all the EC markets. It was, therefore, necessary to use the UK advertising spend as a proxy. This decision was considered acceptable because, given the importance of the EC markets in terms of sales and revenue and their sophistication and competitive nature, advertising expenditure in these markets was likely in most cases to be significant, if not necessarily matching the UK level.

4. In order to limit bias, it was decided to restrict selection to companies domiciled either in Europe, or the United States. The only major group of multinationals excluded by this criterion were those of Japanese domicile.

To summarize, the overall objective was to ensure that the sample consisted only of companies whose practices were relevant to the standardization decision. Any findings obtained from such a sample would, therefore, be indicative of the practices of such companies, at least of American and European ones. Many prior studies concerning the international advertising practices of the multinationals had recruited samples that were dominated by the manufacturers of industrial products (Walters, 1986). The relevance and value of the data obtained from such companies has been questioned on the grounds that these companies spend relatively limited amounts of money on advertising and promoting their brands and as such, optimal samples should consist

only, or mainly, of manufacturers of consumer products. (Weichmann and Sorenson, 1975; Dunn, 1976).

In all, some 250 companies spent over £2 million on advertising in the UK in 1984, but of these, only sixty-nine met the criteria regarding £1 billion turnover and with 20% of sales in foreign markets. The remainder were either largely domestic companies or organizations such as building societies and government departments.

Stage I of Research Programme

Questionnaire Survey

A pilot study was undertaken with eight companies who met the various criteria, in order to establish that the questionnaire design was satisfactory. For the main survey, a further fifty-six questionnaires were sent out. Of these, thirty-five were returned, but only thirty contained useable data; these, added to the eight responses from the pilot survey, provided a final sample of thirty-eight companies. In each instance the questionnaires were sent to the executive best placed to describe the company's policies on international advertising standardization. This was usually the European Marketing Director, but in some companies such a position did not exist and the questionnaire was sent to the UK Marketing Director.

In order to ensure that the respondents were able to provide meaningful responses to the questions relating to their actual practices regarding standardization, two measures were taken:

1. The respondents were asked to describe the specific advertising practices of their company for just one of their company's most important brands. This could be either the largest brand in terms of sales value, or the brand that received the most advertising support in Europe.

This restriction imposed limitations on what could be concluded from the research findings regarding the overall behaviour of multi-product multinationals. On the other hand, unless such a restriction was imposed, the respondents descriptions of their company's practices would have been of only limited descriptive value. For instance, it would be difficult for an executive from Philips to generalize about the company's behaviour across two thousand products. The purpose of the survey was to obtain a reliable, focused sample of behaviour, not to describe international advertising standardization practices in totality.

If the company's practices in respect of the chosen brand were atypical of practices followed on other brands, the respondents were asked to say so. The decision to focus on only one brand in a study of this type had also been taken by Ryans and Ratz (1989) and Hill and James (1991).

2. The respondents were further asked to restrict the description of their company's practices to the promotion of the given brand in the EC markets.

Given the number of markets all of these companies operated in, asking respondents to describe their company's international advertising practices across all these markets would also have led to generalizations of limited descriptive value. Particularly so because many multinationals utilize a regional organizational structure regarding marketing co-ordination decisions. Thus, European-based executives would probably not have been able to state with any

real certainty exactly what practices were pursued in national markets outside Europe. The decision to focus on the practices followed in selected national markets only in a study of this type had also been taken by Boddewyn et al (1986).

It should be noted that by focusing on advertising practices within the EC markets, a bias was introduced in favour of finding standardization practised. Geographic proximity, sophistication and extent of communications, economic infrastructure, comparative levels of technological development and large degrees of media overlap, meant that a higher level of international advertising co-ordination was to be expected than if less homogenous and less advanced markets had been focused on (Boddewyn et al, 1986). It was considered, however, that this bias could be tolerated for the sake of obtaining data that actually described the specific practices of the sampled companies.

These restrictions applied throughout all three stages of the research programme and the same brand that was studied in Stage I, was also studied in Stages II and III, again regarding their practices in the EC markets only.

Questionnaire Design

The questionnaire was divided into four sections:

Section I: The objective of Section I was to establish how widespread the practise of advertising standardization was amongst the sampled companies and to distinguish between those companies who did not standardize the advertising executions deployed in the EC markets for the given brand, from those who did standardize these executions - to some extent. The respondents were also asked to indicate whether their company favoured the practise of standardization. This was included to help identify companies who were in favour of executional standardization, but as yet had not begun to actually standardize their national advertising executions.

Section II: The objective of Section II was to investigate the hypothesis relating to the rationales behind the policies of the companies who practised advertising standardization to some extent, however limited. The respondents were asked to evaluate, on a one to five scale, a series of statements. For example:

"Advertising standardization is a good idea because it allows us to achieve significant economies of scale."

These statements covered all the potential factors and motives that the literature review had suggested might be influential regarding the policies of multinationals concerning international advertising standardization.

In addition to rating these statements, the respondents were asked what they considered to be the single most important factor influencing their policies. They could do this either by indicating one of the above statements, or by describing the factor in their own words.

Section III: The objective of Section III was to investigate Hypothesis 3d, namely to determine whether policy on advertising standardization was related to the extent to which other major mix elements had been standardized on an international basis. Respondents were asked whether for the given brand, the name, product and packaging were standardized throughout the EC markets.

Section IV: The objective of Section IV was to investigate Hypothesis 3c, namely whether policy on advertising standardization was related to the overall degree of marketing centralization exerted by headquarters over the subsidiaries. The data was obtained by asking the respondents to indicate whether the degree of such centralization was very limited, limited, average, above average or considerable.

Stage II of Research Programme

Detailed Company Studies

The objectives of Stage II of the research programme were to investigate the hypotheses relating to the forms of standardization practised by the sampled companies; the organizational processes used to develop and implement standardization and the rationales behind their policies. To achieve these objectives, we sought to establish:

- Whether three key executional elements were standardized for the advertising executions deployed for the brand in question in the EC markets and if they were standardized, were they totally or partially standardized. These elements were the creative theme, the copy and the visuals. We also examined the pattern of standardization in terms of if the same elements were standardized in each market and to the same extent.
- How the sampled companies had sought to integrate these advertising executions, ie, how had standardization been achieved or implemented. We analyzed the decision making process employed and identified the organizational source of the creative concept on which the standardization was based.
- The rationales behind their policies, what factors and considerations had most influenced their policies on advertising standardization and how did these vary from company to company.

In order to extract the maximum value from Stage II, we also sought to collect information on a wide range of issues that were relevant to the process of international advertising co-ordination and the implementation of standardization. Such information included the overall level of marketing centralization within the company; was headquarter's approval required for decisions relating to advertising strategy, objectives and copy; was one advertising agency used throughout the EC markets; was agency selection dictated by headquarters and did the standardized theme or idea come from headquarters?

We also examined the extent to which the practises followed on the given brand were typical of the company's practices on their other brands and how long the company concerned had actually been standardizing (to some extent) the advertising executions in the EC for this brand. These data were important in terms of establishing how representative our findings were and in providing context regarding the standardization practices of the sampled companies.

Given the number and complexity of these issues, it was decided that Stage II should consist of detailed company studies, since case studies allowed us to obtain both categorical measurements concerning the practices of the sampled companies and qualitative descriptions. These qualitative data were seen as being particularly important. While acknowledging that this method would restrict the number of companies we would be able to survey, and thus limit our ability to draw general conclusions from the data, it was considered that the benefits of this method outweighed the drawbacks. For instance, as regards the rationales behind their

policies, by allowing for open-ended questions, the company studies enabled us to obtain more meaningful insights into their motives and thus provided data with high external validity and ecological relevance.

Sample and Methodology

Given these objectives it was decided to conduct studies with eight companies who had been found in Stage I to standardize, to some extent, the advertising executions for the brand in question in the EC markets. As regards selection of the eight companies, the objective was to obtain a balanced sub-sample in terms of nationality, product type and the extent of standardization practised (ie, as reported in the questionnaire).

The profiles of the companies with whom the detailed studies were conducted were as follows (in order to facilitate comparisons, the profiles of the companies who reported that they practised standardization to some extent in Stage I, are presented in the right hand column):

Stage II Respondent Profiles

	Respondent Profiles (numbers)	
	Stage II	Stage I
<u>Nationality</u>		
US	3	12
Europe	5	14
Total	8	26
<u>Product Category</u>		
CND	6	20
CD	2	6
Total	8	26
<u>Stage I Practice</u> (ie, extent of standardization)		
Limited	2	12
Most or many cases	4	11
Total	2	3
Total	8	26

In all eight cases the most important source of data were interviews with the individual executives who had completed the original questionnaires. In five of the companies, data were also obtained from interviews with other executives involved in the international advertising decision making process. In all but two of these companies, the interviews were supplemented with access to relevant documentation.

Stage III of Research Programme

Telephone Interviews

Stage III was conducted six years after Stages I and II had been completed. The objectives of Stage III were:

1. To obtain data on the detailed executional practices regarding advertising standardization, for a wider sample than had been possible in Stage II.

These data would thus provide an indication of how representative the findings from Stage II were, relating to the extent to which executional elements such as the campaign theme, visuals and copy were standardized in the EC markets and how these practices varied by market. For instance, the data obtained from the company studies conducted in Stage II had indicated that the detailed practices of the multinationals concerning advertising standardization were more complex and varied than had been indicated by prior studies and that modified forms of standardization were widely practised. It was desirable, therefore, to investigate these practices in similar detail across a wider sample and increase our ability to generalize about the practices of the multinationals.

2. To investigate Hypothesis 5, namely the extent to which the practices of the sampled companies had changed since 1987. For instance, was there a trend towards the deployment of totally standardized Pan-European campaigns? The

only other study to have provided longitudinal data on the practices of the multinationals was Boddewyn et al (1986).

In the detailed company studies conducted in Stage II, we had found that for six out of the eight companies studied, the practise of advertising standardization was of recent origin. Also, several of these companies had stated that their policies were in a state of transition and had indicated that they were planning to increase the extent to which the advertising executions for brand in question were standardized in the EC markets. Given such considerations, it was apparent that measurements taken at only one point in time could be of limited descriptive value. Therefore, there was a need to provide longitudinal data concerning the extent to which the practices of the sampled companies had evolved over a reasonable period of time.

For instance, for those companies who in Stages I and II were found to only practise advertising standardization of a marginal nature, did such practices represent a first stage in an evolutionary process that in most instances developed into higher levels of standardization? Alternatively, did these companies persist in the practise of limited forms of standardization?

Sample and Methodology

The size and composition of the target sample was dictated by the following considerations:

1. we wanted to obtain as large a sample as possible in order to increase the representativeness of our findings, but;
2. it was necessary to restrict recruitment to companies for which we had prior data on their practices regarding executional standardization, as longitudinal comparisons with other companies would be problematic.

Given these considerations it was decided in Stage III to target all thirty-five companies who had reported in Stage I that they standardized the execution (to some extent) for the given brand in the EC, or who standardized the strategy, but not the execution.

Telephone interviews were selected since they allowed us to reach a large and geographically dispersed sample, and also because they enabled us to discuss complex questions with the individual respondents and to clarify their responses when necessary. This was an important consideration, since Stage II had shown the value of interviews in obtaining information on the detailed practices of the multinationals. This was primarily because it is hard to categorize all the various options open to the multinationals and it is useful to hear executives describe their policies and practices in their own words.

For Stage III, each of the thirty-five target companies were telephoned to establish which executive was now responsible for European advertising co-ordination for the brand in question, or one who could describe the practices followed for the given brand in the EC markets in sufficient detail. Thirty companies were prepared to provide the names of the relevant executive, but five refused to do so.

A letter outlining the objectives of the research was sent to each of these executives and they were informed that they would be contacted shortly to see if they would be interviewed regarding their company's current practices on the given brand. Nineteen of the thirty executives agreed to be interviewed and the profiles of these companies are shown on the chart on the following page. In order to compare how representative the Stage III sample was of the target sample, we present the profiles of the target sample companies in the left hand column. The profiles are broken down into three categories:

1. Nationality (either European or US).
2. Product category (either consumer non-durables and services, shown as CNDs, or consumer durables, shown as CDs).
3. Policy as classified in Stage I regarding extent of standardization practised.

Stage III Respondent Profiles (A)

	Respondent Profiles (numbers)	
	Actual	Target
<u>Nationality</u>		
US	9	17
Europe	10	18
Total	19	35
<u>Product Category</u>		
CND	16	29
CD	3	6
Total	19	35
<u>Practice in 1987</u>		
Strategy not execution	3	9
Limited	7	12
Most or many cases	6	11
Total	3	3
Total	19	35

Looking at the profiles of the companies taking part in Stage III we can see that across all three categories the Stage III sample was representative of the target sample. In order to examine in further detail how representative the Stage III sample was, the profiles of the responding companies are broken just by product category and nationality. The profiles of the target sample are shown in brackets.

Stage III Sample Profiles (B)

	CD	CND
US	2 (4)	7 (13)
Europe	1 (2)	9 (16)

Structure

The interviews were semi-structured and the first part of the interview was devoted to establishing the extent to which the advertising objectives, the campaign theme, the visuals and the copy were standardized throughout the EC markets in 1993; how these practices varied by market, and whether the practices followed on this brand were typical of the company's practices on their other brands. As such, in terms of the actual practices of the sampled companies regarding the extent to which the key executional elements were standardized, etc, Stage III obtained data comparable to those obtained from the company studies in Stage II.

In the second half of the interviews the focus was on establishing the extent to which these companies' policies and practices had changed since 1987. These data were obtained by asking the respondents:

1. Was the campaign/execution(s) now running in the EC markets for the given brand, the same as in 1987?

2. Did they consider that the extent of advertising standardization being practised by their company, in the EC markets in 1993, was a lot less; less; about the same; more or a lot more than in 1987?

3. Identical questions regarding their company's practices in 1987 as had been asked concerning their practices in 1993, ie, the extent to which the advertising objectives; visuals; copy, etc, were standardized throughout the various EC markets.

With the data from Question 3, we were able to check the respondents answers to Question 2 and establish in detail what changes had occurred since 1987, thus investigating Hypothesis 5.

Chapter Five

Results - Analysis of Survey Data

The five hypotheses identified in the previous chapter are now investigated. For each hypothesis, the data obtained from the three stages of the research programme are firstly presented and then the implications of these data for the hypothesis are assessed.

Hypothesis 1

"Most multinational companies will either totally adapt their national advertising executions or totally standardize them."

The data presented in Table 5.1 (see over page) shows that 31% of the companies sampled in Stage I reported that they did not standardize the advertising executions for the brand in question in the EC markets (ie, this includes the one company that reported that they favoured the principle of standardization, but did not practise it) and that 8% reported that these executions were totally standardized, apart from adapting the copy into the local languages.

The fact that 68% of the sample practised some degree of executional standardization conflicted with the results obtained from prior studies (see Chapter Two), most of which indicated that standardization was only practised by a minority of the companies surveyed. Given differences in sampling, methodology and time scale, however, comparisons with the results obtained from these studies are problematic.

Table 5.1
Basic Policy Towards Advertising Campaign Standardization

Companies Generally not in Favour of Standardization

Statement Number		Respondents	
		%	(Nos)
I	Never seriously considered	2.5	(1)
II	Seriously considered and rejected	2.5	(1)
III	Tried and rejected	2.5	(1)
IV	Standardize strategy, not execution	21.0	(8)
Total not in favour of standardization		28.5	(11)

Companies Generally in Favour of Standardization

Statement Number		Respondents	
		%	(Nos)
V	Favour principle, soon to adopt	2.5	(1)
VI	Standardize to a limited degree	31.0	(12)
VII	Standardize in most or many cases	28.5	(11)
VIII	Totally standardized	8.0	(3)
Total in favour of standardization		70.5	(27)
Total		100	(38)

In the Stage II company studies we were able to obtain more detailed descriptions of the actual practices of the sampled companies. The data obtained from the company studies are summarized in Table 5.2 and the key findings to emerge are:

1. For only one company could the extent of standardization practised be described as very limited or marginal. In this particular instance, standardization was primarily confined to a standardized presentation of the corporate logo.
2. For the remaining seven companies, there was considerable standardization of the key executional elements in most of the EC markets.
3. For four out of the eight companies, whilst the advertising executions in most markets were standardized to a significant extent, in up to four markets there were variations, both in terms of which elements were standardized and the extent to which these elements were standardized.
4. For six out of the eight respondents the practise of standardization was of recent origin (within the last five years).
5. In all but one instance, it was found that the practices followed on the given brand were either fairly, or very, typical of the companies practices on their other brands.

For each element in Tables 5.2 and 5.3 we indicate whether this element was totally standardized (Yes), partially standardized, or not standardized at all. We then indicate in how many EC markets these elements were not standardized to the extent indicated above, ie, how many markets had developed executions that varied from the "norm".

Table 5.2
Summary of Stage II Data

Company Number	1	2	3	4	5	6	7	8
Are the following standardized?								
Advertising objectives and strategy	Yes	Yes	Partial	Yes	Yes	Yes	Yes	Yes
Executional theme	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Visuals	Yes	Yes	Partial/logo	Yes	Yes	Yes	Yes	Yes
Copy/voiceover	Partial	Partial	No	Yes	Yes	Partial	Yes	Yes
In how many EC markets are elements not standardized?	None	Three	N/A	Two	Three	Two	None	None
Typical of company practices?	Fairly	Not at all	Fairly	Very	Very	Fairly	Very	Very
For how long have practices operated?	Recent	Very recent	Recent	Recent	Long	Very recent	Long	Recent

Given the importance of these data to the study, short summaries of the practices of each of the eight companies surveyed in Stage II are now presented. These summaries are not intended to be comprehensive descriptions of the practices of the sampled companies. Rather the objective is to facilitate comparisons between the practices of these companies relating to which elements were standardized; the extent to which they standardized and how this varied by market. Such comparisons will help identify possible permutations along these dimensions.

Company 1: Executional theme and visuals standardized in all the EC markets, but the voice-over/copy were modified in several.

Company 2: In all but three of the EC markets, the same executional theme and visuals were used, but there were minor changes to the voice over/copy which were not just a result of the need to translate into the local language. In the other three markets, the product in question had not been launched.

Company 3: Throughout the various European markets, there was no standardization of the basic campaign theme, but there was some degree of standardization of the various national executions in terms of the visuals and voice over/copy. This consisted of a standardized typeface for the corporate logo and strict rules about how it was presented and how long it was held on screen. The company had attempted to harmonize the mood and tone of the various national commercials, but the objective was to achieve a "degree of discipline", rather than standardization as such.

Company 4: For this company, the brand in question had only recently been launched. In all but two of the European markets, a standardized execution was deployed and the only differences related to translating the voice over/copy into the local language. In the other two markets, totally different campaigns or executions were run.

Company 5: A standardized execution was used in all but three of the European markets, with only the voice over/copy being adapted into the various local languages. In the other three markets, separate executions had been developed, but in all three cases they were very similar to the "standardized" execution deployed in the other markets. The same executional theme was used and the copy points were adopted as well. The only real differences related to small changes in the vignettes used and in atmosphere.

Company 6: Apart from minor changes to the voice over, a totally standardized execution was deployed in all but two EC markets. In the two dissenting markets, a creative theme similar to the standard theme was used, but the visuals and copy were very different.

Company 7: In some EC markets the company employed both a theme and a tactical campaign for the given brand. The theme campaign ran in all the EC markets and a totally standardized execution was used bar translation. In three markets, a tactical campaign was run in parallel. Whilst in all three markets the same basic creative idea was used for the tactical commercials, all had produced their own executions with no attempt made to standardize the visuals and copy.

Company 8: The executions were totally standardized throughout all the EC markets, bar translation.

These summaries of the practices of the eight companies highlight, in particular, how different practices could be in those national markets that deviated from the norm. In other words, it is apparent that significant differences can occur from market to market and accordingly generalizations regarding the extent of standardization practised are problematic and must be qualified in light of this pattern of distribution.

The final data to be presented relating to Hypothesis 1 were obtained from the telephone interviews conducted in Stage III, some six years after the completion of Stage II. In these telephone interviews we were able to obtain data on the detailed practices of fourteen of the companies which had participated in Stage I, but with which company studies had not been conducted in Stage II. The data obtained from these interviews are presented in Table 5.3. To avoid confusion with the practices of the companies presented in Table 5.2, the companies are numbered from 9 - 22.

The key conclusions to emerge from the data presented in Table 5.3 are:

1. For four out of the fourteen companies surveyed the standardization practised was primarily restricted to a standardized presentation of the corporate/brand logo(s) and was thus of a limited nature and extent. By contrast, in Stage II, only one out of the eight companies were found to be standardizing the executions in the EC to such a limited extent.

2. At a general level there was less standardization of the key executional elements (ie, campaign theme, visuals and copy) than we had found with those companies with whom company studies were conducted in Stage II. In other words, a smaller percentage of those surveyed were found to practise extensive standardization of the key executional elements than had been found in Stage II.
3. We found a similar pattern of standardization to that found in Stage II, namely with many of the companies surveyed deploying executions in several EC markets that varied from the "norm" in terms of what elements were standardized and the extent to which they were standardized.
4. In all but two of the companies surveyed, we found that the practices followed for the brand in question were either fairly, or very, typical of the companies practices followed on their other brands.

Table 5.3
Summary of Stage III Data

Company Number	9	10	11	12	13	14	15
Are the following standardized?							
Advertising objectives and strategy	Partial	Partial	Yes	Partial	Yes	Yes	Partial
Executional theme	No	No	Yes	Yes	Partial	Partial	No
Visuals	Partial/logo	Partial/logo	Yes	Yes	Partial	Partial	Partial/logo
Copy/voiceover	No	No	Partial	Partial	Partial	Partial	No
In how many EC markets are elements not standardized?	N/A	N/A	None	Two	None	None	N/A
Typical of company practices?	Very	Not at all	Fairly	Very	Fairly	Fairly	Very

Table 5.3 (continued)
Summary of Stage III Data

Company Number	16	17	18	19	20	21	22
Are the following standardized?							
Advertising objectives and strategy	Yes	Yes	Yes	Yes	Partial	Yes	Partial
Executional theme	Yes	Yes	Yes	Yes	No	Yes	Partial
Visuals	Partial	Yes	Partial	Yes	Partial/logo	Yes	Partial
Copy/voiceover	Partial	Yes	Partial	Partial	No	Yes	No
In how many EC markets are elements not standardized?	Three	Three	Four	Four	N/A	Four	Three
Typical of company practices?	Very	Very	Fairly	Fairly	Fairly	Not at all	Very

Again, we summarise the practices of the concerned companies along the three key dimensions.

Company 9: Standardization consisted of a standardized presentation of the corporate logo and partial standardization (or rather harmonization) of the visual look of the executions produced by the various markets. As such, at the detailed executional level, the extent of standardization practised was limited.

Company 10: Again, standardization of the key executional elements was restricted to a standardized presentation of the corporate and brand logo, and there was only partial standardization of the advertising objectives and strategy. The policies and practices followed on this brand were, however, atypical of the company and for most of their brands, considerable advertising standardization was practised.

Company 11: Almost total executional standardization in all the EC markets, with only small changes to the copy in most EC markets.

Company 12: The same executional theme and visuals were used in all the EC markets, but there was only partial standardization of the copy strategy and the actual copy.

Company 13: The brand and corporate logo, and the advertising objectives and strategy were standardized in all the EC markets, but there was only partial standardization of the visuals and copy. This consisted of some common visual

scenarios and certain key copy points, but the various executions differed more than they had in common.

Company 14: The extent of standardization practised was very similar to the above company in that there was only partial standardization, or harmonization, of the visuals and copy throughout the EC markets.

Company 15: Apart from a standardized presentation of the corporate logo, the actual extent of executional standardization was limited and was a consequence of an objective to project a similar image and tone.

Company 16: Corporate headquarters had actually developed a commercial for international use, but the EC markets were at liberty to develop their own executions or to adapt the headquarter's commercial. While all the EC markets subscribed in principle to the strategy on which the headquarter's commercial was based, few ran the commercial without extensive adaptations. In three EC markets local management had developed their own executions, but they claimed these commercials projected a similar message and brand image to the headquarter's execution.

Company 17: A totally standardized execution was deployed in most of the EC markets, but in three markets the copy was slightly modified.

Company 18: Headquarters had developed a commercial that was deployed in three EC markets and a further four deployed partial adaptations of this commercial. The

remaining markets had developed their own commercials, but these commercials were based on the same copy strategy as the headquarter's commercial and utilized the same creative theme.

Company 19: A standardized execution was deployed in most of the EC markets with only minor variations to the copy, but four EC markets had developed their own executions. In these markets the executions were based on the standardized strategy and attempts had been made to retain various copy and visual elements from the standardized execution, but the differences outweighed the similarities.

Company 20: Executional standardization throughout the EC markets was very limited and consisted of some harmonization of the visual elements in order to try to project the same brand image.

Company 21: A totally standardized execution was deployed in most of the EC markets, but in four markets separate executions had been developed. The practices followed on this brand were, however, atypical of the company and on their other brands, only limited standardization was practised.

Company 22: In most of the EC markets there was partial standardization of the executional theme and some visual elements, but in three EC markets this did not occur.

These summaries, in particular, demonstrate how many permutations there can be in terms of which elements were standardized; the extent to which they are standardized and variations by market.

The data presented from all three stages of the research programme are now summarized and conclusions drawn regarding the implications of these data for Hypothesis 1.

Summary and Conclusions

The data obtained from Stage I of the research programme showed that 31% of the sampled companies totally adapted the advertising executions deployed in the EC markets for the given brand and that 8% totally standardized these executions, apart from adapting the copy into the local language. In Stages II and III these practices were examined in more detail and we sought to establish for those companies found to be practising standardization in Stage I, what executional elements were standardized and to what extent. These data confirmed that total standardization was the exception rather than the rule and only four companies were found who standardized all the advertising executions deployed in all the EC markets, apart from very minor adaptations, ie, one more than in Stage I. (Company numbers 7, 8, 11 and 17).

As for the practices of those companies who neither totally adapted their advertising executions, nor "totally" standardized them, analysis of the data revealed that in terms of the form (ie, which elements were standardized) and extent of standardization practised, these companies could be segmented into three groups:

1. Companies for whom the extent of standardization practised was limited and in most instances was confined to a standardized presentation of the corporate and/or brand logo. In some cases attempts had been made to harmonize the mood and tone of the various executions, but only limited substantive standardization had emerged from these attempts. (Company numbers 3, 9, 10, 15 and 20).

2. At least partial standardization of some, or all, of the key executional elements. In these companies, however, while the extent of standardization practised was not marginal, in most instances the actual executions differed more than they had in common. (Company numbers 13, 14, 16 and 22).

3. All, or most, of the key executional elements were extensively standardized in the majority of the EC markets. In most companies in this group, however, a number of national markets (up to four) had developed advertising executions which, in some instances, differed substantially from those deployed elsewhere. Apart from these exceptions, the extent of executional standardization practised was substantial and there was more uniformity in the executions deployed, than there was diversity. (Company numbers 1, 2, 4, 5, 6, 12, 18, 19 and 21).

In terms of summarizing the implications of these data for Hypothesis 1, the data obtained from Stage I would suggest that there is no support for the Hypothesis since only 31% of the sampled companies were found to practise total adaptation and 8% total standardization.

It should be noted, however, that while these data show that only a minority of the sampled companies were clearly positioned at the extreme ends of the spectrum, the data obtained specifically from Stages II and III show that several other companies were positioned relatively close to these extremes. In this context, it is apparent that much depends on the definitional criteria adopted. For instance, for the five companies in the first group identified above, namely those who standardized the executions in the

EC to only a marginal extent, under different criteria, these companies' practices might well be classified as being non-standardized. Likewise, several companies in the third group standardized their advertising executions in the EC to such an extent that categorical classifications become problematic and there is clearly an element of judgement involved in deciding whether the practices of such companies should be classified as being totally standardized or modified.

Such judgements are unavoidable and illustrate the need for clarity regarding the definitions employed (Walters, 1986) and ensuring that the measurements obtained are as meaningful as possible. Provided these criteria are satisfied, then objective evaluation of the conclusions drawn from the data are possible and these conclusions can be meaningfully compared with the results obtained from other studies, both past and future.

Whatever definitions are used regarding when a company can be classified as practising executional standardization (ie, to some extent) or what constitutes total standardization, it is clear that a substantial number of the sampled companies practised some form of modified standardization. In other words, some of the key executional elements in the advertising executions deployed throughout the EC markets had definitely been standardized, but these executions were not totally identical in all markets. There was thus confirmation of Peebles, Ryans and Vernon's (1977) contention that the focus on the absolute forms of standardization is misplaced. Indeed the data show that standardization is a flexible and adaptive policy that can be extensively customized and that standardization is not an either/or choice.

Two other important findings presented in this section relate to how representative the practices followed on the given brand were of the sampled companies overall practices and how long these companies had actually been standardizing the executions concerned. As to the first point, in only three instances did the respondents state that these practices were atypical of their company's practices on their other brands. While it cannot be claimed that these data indicate that identical practices were followed on all the brands of the sampled companies, it can be claimed that the practices followed on the given brands were representative to the extent that, for these companies, the practise of some form of standardization was not confined to a few atypical brands.

As to how long executional standardization had been practised, it was interesting to note that in Stage II, six out of the eight companies reported that the advertising executions for the brand in question had only begun to be standardized within the last five years. These data suggest that the international advertising practices of the multinationals are evolving rapidly and that standardization specifically is becoming more widely practised, at least in some form.

Hypothesis 2

"Companies standardizing their advertising will usually adopt a process of central development, with the campaign in question originating from corporate headquarters."

Data for the investigation of Hypothesis 2 was obtained from Stages I and II of the research programme. Analysis of the results which emerged from Stage I, is followed by a summary of the organizational practices of the eight companies with whom detailed case studies were conducted in Stage II.

Three distinct routes to achieving standardized international advertising campaigns emerged from the research:

1. Cross-Fertilization

In such instances the standardization practised is not necessarily the consequence of any formal objective to standardize as such, but is rather the result of successful national campaigns being exported to other national markets when appropriate. In some instances the process of cross-fertilization was relatively informal and ad-hoc, while in others it was a result of systematic planning.

2. Lead Market System

In some companies, new products are formally assigned to a given national market. The designated subsidiary market is often responsible for developing the

product and the rest of the marketing mix elements, including advertising. Other subsidiaries are expected to take both the product and the policies as given unless a special case can be made. The primary rationale behind this approach is economy of effort. Unilever are noted exponents of the lead market system.

3. Central Development

Under central development systems, corporate headquarters formally set out to develop an international campaign which will be used by all, or most, of their subsidiaries. Part of the rationale is to avoid duplication of effort, but there is also a belief that, given the financial and management resources available, headquarters will be able to produce better ideas and finished commercials than the national subsidiaries. In most of these companies, but not necessarily all, this belief will be accompanied by a conviction that standardized advertising is a desirable end in itself. A classic example of the central development process was the creation of the "Manhattan" campaign by British Airways and Saatchi & Saatchi.

Of the twenty-six companies reporting that they practised standardization to some extent, in Stage I eleven stated that standardization was the result of a process of central development, seven a lead market system and eight a process of cross-fertilization.

More detailed information was gained from the company studies in Stage II. This summary of the practices of each company elaborates briefly on the processes employed to achieve advertising standardization and the reasoning behind them.

Company 1: For the brand in question, the campaign had been developed by headquarters. In future, however, the company intended to operate a lead market system for all its brands and thus achieve economies of scale and effort. In other words, each brand would have an international campaign which would have been developed by one of the national markets.

Company 2: In this particular case, headquarters had been responsible for the standardization practised. Originally, headquarters had intended just to lay down guidelines about copy claims and how the corporate logo was presented. Headquarters then developed a prototype campaign, which had resulted in a commercial intended for use in a few markets, but which had then been adopted by most of the EC markets. Quite how future international advertising campaigns were to be developed, if they were at all, had yet to be decided by the company.

Company 3: As stated in the previous section, the amount of international standardization practised by this company was limited. The standardization that was practised consisted of guidelines concerning presentation of the corporate logo and general mood and tone. These guidelines were set by headquarters.

Company 4: In this particular case headquarters had been responsible for developing a campaign which had been adopted by most of the EC markets. This was, however, atypical of the company's normal practices. The standardization practised on their other brands was, in most instances, a consequence of a system of cross-fertilization.

Company 5: This company had a long established practise of operating a lead market system and the given campaign had been developed by one of its Scandinavian subsidiaries.

Company 6: The campaign in question had been developed by the company's European headquarters and was representative of a trend in the company towards pan-regional campaigns. The campaign had been developed after extensive research in all the EC markets and care had been taken to ensure that the final commercial could be used in all the national markets.

Company 7: The theme campaign had been developed by headquarters, while the commercials for the tactical campaign were developed by the national subsidiaries which ran them. The company placed great faith in the marketing skills possessed by their headquarters-based personnel and considered that they consistently produced very good campaigns.

Company 8: The campaign in question had been developed by headquarters and like Company 6, sophisticated multi-market planning and research procedures had been employed.

Summary and Conclusions

On the basis of the data obtained from Stage I of the research programme, there is no support for the hypothesis that most companies practising advertising standardization will employ a process of central development to achieve that standardization. This conclusion was derived from the fact that a majority of the sampled companies employed alternative organizational processes to central development to produce the standardized concept or execution. The data obtained from the company studies conducted in Stage II, however, indicated these organizational processes are complex and that in many instances companies employ elements from more than one process.

Hypothesis 3a

"Policy on international advertising standardization will not be related to the product markets in which the company operates."

Data for the investigation of Hypothesis 3a were obtained from Stage I. To investigate the hypothesis, the respondents were divided into two groups, consumer durables (CDs) and consumer non-durables (CNDs), and the one provider of consumer services was excluded from this analysis. Their policies on standardization were then compared. The data are presented in Table 5.4.

Table 5.4
Product Category

Advertising Standardization Policy		Category		Row Total
		CD	CND	
		1	2	
Not in Favour	0	1	10	11 29.7
In Favour	1	6	20	26 70.3
	Column	7	30	37
	Total	18.9	81.1	100

Chi-Square D.F. Significance

.28477 1 .5936

.98568 1 .3208

Number of cases: 37

On the basis of the data presented in the above table, there is insufficient evidence to reject the hypothesis that policy on international advertising standardization and the product markets in which the company operates, are not related.

Hypothesis 3b

"Policy on international advertising standardization will not be related to the country of origin of the company."

The data concerning the above hypothesis are presented below in Table 5.5.

Table 5.5
Country/Region of Origin

Advertising Standardization Policy	Country/Region			Row Total
	Europe	US		
	1	2		
Not in Favour	0	6	5	11 28.9
In Favour	1	13	14	27 71.1
Column	19	19		38
Total	50.0	50.0		100

Chi-Square D.F. Significance

.00000 1 1.0000
.12795 1 .7206

Number of cases: 38

On the basis of the data presented in the above table there is insufficient evidence to reject the hypothesis that policy on advertising standardization and country of origin are not related. Data relating to the relationship between advertising standardization and nationality were also obtained from Stages II and III. In Stage II, it was found that the US multinationals were generally more centralized than their European counterparts and practised standardization to high levels, though the sample sizes were small. In Stage III, we found that a number of multinationals from both the US and Europe were practising less standardization in 1993 than in 1987, but whilst 40% of the European multinationals practised more standardization in 1993, no US multinational did.

Hypothesis 3c

"Policy on international advertising standardization will not be related to the degree of marketing centralization exerted by headquarters over the policies of the national subsidiaries."

In the questionnaire, respondents were asked to classify the company's level of centralization as either being very limited; limited; average; above average; or considerable. In order to facilitate comparisons between reasonably sized sub-samples, we combined those who classified their policies as very limited and limited under the heading "low" and those who classified their policies as above average and considerable under the heading "high". These data are presented in Table 5.6.

Table 5.6
Policy on Centralization

Advertising Standardization Policy	Centralization			Row Total
	Low	Average	High	
	1	2	3	
Not in Favour	0	7	-	11 28.9
In Favour	1	9	6	27 71.1
Column	16	6	16	38
Total	42.1	13.8	42.1	100

Chi-Square D.F. Significance

4.27020 2 .1182

On the basis of the data presented in the above table there is insufficient evidence to reject the hypothesis that policy on international advertising standardization and the degree of marketing centralization exerted by headquarters over the national subsidiaries are not related.

Hypothesis 3d

"Policy on international advertising standardization will not be related to the extent to which the company standardizes other major mix elements such as name, product and packaging on an international basis."

It was decided to investigate the above hypothesis as three separate hypotheses (3di, ii and iii). In Table 5.7 we present the data relating the extent of name standardization to policy on advertising standardization and in Tables 5.8 and 5.9 we present the data for product and packaging standardization, respectively.

For all three hypotheses we have combined the companies who standardized the various elements in none, some and half of the EC markets into one group and those who standardized these elements in most and all of the EC markets into another group.

Table 5.7
Extent of Name Standardization

Advertising Standardization Policy	Number of EC Markets			Row Total
	None, some and half	Most and all		
	1	2		
Not in Favour	0	5	6	11 28.9
In Favour	1	-	27	27 71.1
	Column	5	33	38
	Total	13.2	86.8	100

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
10.4342	1	.0012
14.1322	1	.0002

<u>Correlations</u>	<u>Policy</u>	<u>Name</u>
Policy	1.0000	.6098
Name	.60981	.000

Number of cases: 38

The data presented in the above table indicate that there is a strong relationship between policy on international advertising standardization and the extent to which the name is standardized and thus Hypothesis 3di is rejected. Indeed, the data shows that policy on advertising standardization and name standardization, are positively correlated.

Table 5.8
Extent of Product Standardization

Advertising Standardization Policy	Number of EC Markets			Row Total
	None, some and half	Most and all		
	1	2		
Not in Favour	0	4	7	11 28.9
In Favour	1	3	24	27 71.1
	Column	7	31	38
	Total	18.4	81.6	100%

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
1.84903	1	.1739
3.31658	1	.0686

<u>Correlations</u>	<u>Advertising</u>	<u>Product</u>
Advertising	1.0000	.2954
Product	.2934	1.0000

Number of cases: 38

Analysis of the data presented in the above table shows that there is a strong relationship between policy on advertising standardization and the extent to which the product is standardized and thus Hypothesis 3dii is rejected. Indeed, the data shows that policy on advertising standardization and product standardization are positively correlated.

Table 5.9
Extent of Packaging Standardization

Advertising Standardization Policy	Number of EC Markets			Row Total
	None, some and half	Most and all		
Not in Favour	0	5	6	11 28.9
In Favour	1	3	24	27 71.1
Column	8	30		38
Total	21.1	78.9		100%

<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>
3.6725	1	.0553
5.54646	1	.0185

<u>Correlations</u>	<u>Advertising</u>	<u>Product</u>
Advertising	1.0000	.3820
Product	.3820	1.0000

Number of cases = 38

Analysis of the data presented in the above table shows that there is a strong relationship between policy on advertising standardization and the extent of packaging standardization and thus Hypothesis 3diii is rejected. Indeed, the data shows that policy on advertising standardization and the extent of packaging standardization are positively correlated.

Hypothesis 4

"Where companies both favour the principle of international advertising standardization and are moving towards standardization in practice, there is no one dominant consideration which has forced this policy; rather, one should expect to find a wide variety of factors influencing policy-making."

The data relating to the investigation of Hypothesis 4 was obtained from the questionnaire survey in Stage I and the company studies conducted in Stage II. The presentation of the relevant data from the questionnaire survey is followed by summaries of the rationales behind the policies of the eight companies who were the focus of company studies in Stage II.

The data from the questionnaire survey are presented in two tables, the first showing the respondents evaluation of a series of statements rated on a one to five scale, and the second indicating which single factor the respondents considered to be the most influential on their companies policies and practices. Supplementary statements provided by the respondents, when they chose to elaborate on the factors that motivated their companies policies, are also presented.

Analysis of the data presented in Table 5.10 reveals that apart from concern over the quality of their subsidiaries advertising capabilities, all of the "statements" were rated by the respondents as being of above average influence and four statements received a rating of 3.5 or 3.6. When the respondents were asked to indicate what was the single most important statement/factor influencing policy (Table 5.11), the desire to exploit one good idea and the perceived need to build an international image received respective ratings of 33% and 22%.

When the data from the two tables are compared, it can be seen in Table 5.10 that the statement relating to the importance of reduced media production costs received the highest mean score at 3.6, while in Table 5.11, twenty-four out of the twenty-seven respondents did not consider this to be the single most important factor/statement influencing policy. We also note that in Table 5.10, concern about the quality of subsidiary advertising received the lowest mean score of all the statements, but four respondents rated this as the single most important factor/statement.

Table 5.10

Rationale for Policy on Advertising Standardization
- Companies Generally in Favour of Standardization

Number	Statement Description	Mean Score
2	Standardization can significantly reduce production costs.	3.6
6	Standardization is good because the top talent works on one good idea.	3.5
1	Given the increasing degree of international communication, it makes economic sense to standardize.	3.5
8	Having an international image is suitable for our brand.	3.5
7	The media and communications revolution has done much to reduce, or harmonize, cultural differences.	3.3
4	Standardization is the best way to control subsidiary activities and to achieve effective co-ordination.	2.5
3	Via standardization we can achieve economies of scale in manpower.	2.5
5	We sometimes doubt the ability of our subsidiaries to produce effective advertising.	2.3

Table 5.11

Single Most Important Consideration Shaping Policy
- Companies Generally in Favour of Standardization

Number	Statement Description	%	(Number)
6	Standardization is good because the top talent works on one good idea.	33	(9)
8	Having an international image is suitable for our brand.	22	(6)
5	We sometimes doubt the ability of our subsidiaries to produce effective advertising.	19	(4)
2	Standardization can significantly reduce production costs.	11	(3)
1	Given the increasing degree of international communication, it makes economic sense to standardize.	4	(1)
7	The media and communications revolution has done much to reduce, or harmonize, cultural differences.	4	(1)
	No response given.	11	(3)
	Total	100	(27)

Supplementary Comments

The supplementary comments provided by the respondents in the questionnaire survey (Stage I) support the conclusions drawn from analysis of Tables 5.10 and 5.11, with a wide range of factors and considerations being cited by the respondents. For instance, one of the US packaged goods companies simply stated that the key motive was:

"The projection and promotion of our corporate mission to foster healthier eating through consumption of our products".

Two respondents highlighted economies of scale as the primary concern, but it was not clear what economies were being referred to:

"Sales results for a price which balances the needs of our local markets, yet acknowledges that productivity cost savings are worthwhile".

"Minimise costs and maximise efficiency".

The above respondent also added:

"The future of pan-European advertising and the need to start standardizing for the fact".

This consideration was also the primary concern of a European manufacturer of consumer durables:

"Efficiency of media usage in terms of exploiting media spillover. We want to be ready for the end of the eighties when DBS (satellite broadcasting) is going to set the scene for efficient transborder advertising".

In a follow-up telephone interview, the above respondent added that their company was currently involved in a number of major world-wide sponsorships and that such sponsorships necessitated the standardization of the national advertising strategies, and to some extent, the executions.

These comments lend support to the contention that some companies do indeed consider that the communications revolution has reached, or is about to reach, a stage where advertising standardization is not only desirable but necessary. This view was most forcibly expressed by a US cosmetics company:

"We believe in presenting one world image to our mobile, international, up-market consumer, thus reinforcing the image constantly wherever he or she may be!"

The need or opportunity to develop an international image was also highlighted by two other respondents, albeit with qualifications. The first comes from a UK durables manufacturer:

"The international image led us to standardizing the look and also the fact that good advertising can be exportable where appropriate. However, countries are in many ways unique and to maximize the return on the advertising dollar, one must recognize this".

For a UK cigarette company:

"Products seen to be international in benefit in image and perceived quality. You do not have to achieve high sales all over the world to position your product as international, but you have to carefully manage media, planning and advertising subjects".

The data presented in Table 5.12 also showed that the idea of developing, or exploiting one good idea, was a significant factor for several of those respondents generally in favour of standardization, but only four respondents mentioned it in their supplementary statements. The most articulate of these was:

"The identification of the best advertising proposition through international consideration, but execution modified to accommodate local taste".

Detailed Company Studies

The rationales behind the policies of those companies who participated in Stage II are now summarized:

Company 1: Some years ago, a strong challenge from a major Japanese competitor had forced this company to adopt a global strategy. As part of this strategy the company decided that it needed to establish a strong corporate identity and image which could act as umbrella branding for a wide product portfolio and this had led to a standardized presentation of the corporate logo. Subsequently, the company had progressed to higher levels of standardization. The key factor motivating policy now was a desire to achieve the economies of scope offered by utilizing a lead market system.

Company 2: For this company, the rationale behind its policies was based on a wide range of factors including beliefs that the usage for their product was universal; that consumers were converging as a result of the communications revolution; that there were economies of scale to be realized in terms of reduced production costs; and that standardization had worked for brands such as Pepsi-Cola and Coca-Cola. The standardization being practised with the brand in question represented the company's first attempt at standardization and there were indications that their policies had been influenced more by the publicity relating the benefits of advertising standardization, rather than by substantive analysis of the available facts.

Company 3: The reasoning behind this company's policies was similar to that of the first company, in that they were motivated by the need to provide umbrella branding for a wide product portfolio and that the standardization practised primarily consisted of a standardized presentation of the corporate logo. It was apparent that, to some extent, standardization was attractive because it appeared to represent a more coherent policy when compared to a situation where each subsidiary developed its own advertising.

Company 4: The company believed that their national subsidiaries required a large degree of autonomy in the area of marketing in order to ensure that they could respond effectively to local market conditions. Further, the company did not subscribe to the notion of increasing consumer convergence and considered that culture still posed a considerable obstacle to standardization. The standardization practised by this company was usually the result of a process of cross-fertilization. The key consideration influencing its policies was a belief that good advertising ideas are rare and should be transported if their international viability can be established.

Company 5: The company was one of the earliest practitioners of standardized international advertising campaigns. Because the company had been practising standardization for so long, it was hard to identify any formal rationale. Since most of its brands were very successful, the company considered that standardization could not be wrong. It practised a lead market system and was motivated primarily by considerations of economies of scope and the need to exploit good ideas. The standardization practised in this company was less a consequence of belief in the

principle of standardization and more the outcome of efficient management practices.

Company 6: This company had also recently increased the degree of central control exerted by headquarters, in response to a unsatisfactory international sales performance. The company practised extensive standardization, and while subscribing to the notion of increasing consumer convergence and global villages, its primary concern was to exploit rare ideas and simply "to be efficient".

Company 7: This company had been practising advertising standardization for so long that no executive could remember the original reasons for practising standardization. Early in the brand's history, the company had "exported" the national advertising campaign to its overseas markets. The campaign in question appealed to its designated target audience, namely teenagers, and standardized campaigns had been used since then. The reasoning of the company as now stated was that:

- Having an international image is suitable for the given brand and standardization helps to build such an image.
- Good ideas are rare.
- There is a need to produce quality commercials. By producing commercials at headquarters, large production budgets are possible, the fees for big celebrities become viable and each national market is able to deploy a commercial with higher production values than it could have afforded to produce on its own.

Company 8: The company had recently decided to substantially increase the amount of control exerted by headquarters, and advertising standardization had followed as a consequence. More specifically, advertising standardization was the result of a desire to utilize the marketing skills possessed by headquarters and generally to exploit the overall size and resources of the company. In other words, the company considered that a series of local campaigns was not a satisfactory policy and the company was failing to perform as more than the sum of its parts. Economies of scale, in terms of lower production costs, were also considered to be important.

Summary and Conclusions

The data reviewed in this section indicate substantial support for Hypothesis 4, namely that a variety of factors will influence the policies of those companies which are generally in favour of advertising standardization and practise it to some extent. The data presented in Table 5.10 confirmed that most of the factors/statements presented were considered by the respondents to have been influential. Likewise, the data presented in Table 5.11 indicated that no one factor/statement was rated by a majority of those favouring standardization as being the single most important factor influencing their policies. In other words, there was limited consensus as to the single most important factor, in terms of what motivated these companies to standardize their national advertising executions.

The data obtained from the eight company studies conducted in Stage II supported the conclusions outlined above, namely that many factors influence the policies of those companies practising standardization and that the relative influence or importance of each factor will vary from company to company. Regarding the latter point, while it is not possible to draw general conclusions from only eight studies, there were indications that the respondents could be segmented into three groups:

1. The first and the largest group consisted of company numbers 1, 2, 3, 6 and 8. What most characterized these companies was that their practise of standardization was of recent origin, ie, within the last five years. In terms of the factors influencing their policies, two were primarily motivated by the threat

from strong international competition and the remainder by a mixture of considerations. For all five companies, however, there were indications that the "dynamic" effect had influenced their policies. In other words, they had perceived that advertising standardization was not only being practised by some of the world's most sophisticated international marketing companies, but also that more and more companies were beginning to practise standardization. These perceptions acted as endorsements of the potential value of standardization and to some extent created pressure on these companies to imitate their peers. Given such considerations, companies subscribing to such sentiments could meaningfully be termed the "imitators".

2. The second group consisted only of company number 7, but several other companies not included in these studies have been ascribed with similar "histories" and motives (ie, Coca-Cola, Levi Strauss and Philip Morris). These companies were amongst the first to practise advertising standardization. They were generally in favour of the principle of advertising standardization, but did not necessarily believe that it was the right policy for all their brands. They were amongst the first practioners of standardized global advertising campaigns and in most instances utilized a process of central development to develop the international campaigns. This group could be termed the "pathfinders".
3. The third group consisted of company numbers 4 and 5. As a group, these companies had more in common with the "pathfinders" than the "imitators", both in terms of the amount of time that they had been practising standardization and

that they were sophisticated international marketers. Where they differed was that they saw standardization less as a goal in its own right, and more as a means to an end. The primary reason given for practising standardization was the need to achieve quality advertising at a local level, and standardization was likely to be a consequence of a process of cross-fertilization, or a lead market system. Companies belonging to this group could be termed the "agnostics".

While the companies in the three groups differed across many dimensions, the motives they shared in common related primarily to concerns regarding international marketing co-ordination issues. In particular, how to ensure that the organization performed as effectively as possible as an international entity. The company studies showed that the desire to achieve skills transfer from headquarters to the national subsidiaries, and the perceived need to compensate for weak marketing performances by the national subsidiaries, were of particular importance. There was thus support for the conclusions reached by Quelch and Hoff (1986).

More specifically, there was concern that some national subsidiaries do not possess the management skills necessary to conduct effective research and to develop coherent advertising strategies (Weichmann and Sorenson, 1975). Also, subsidiaries often lack the financial resources to produce advertising executions with high production values. Assistance is, therefore, required in both these areas and advertising standardization may in several instances be the outcome of the process designed to achieve skills transfer, rather than a specific objective as such.

Even if advertising standardization is a stated objective, it should be noted that the benefits of standardization will not necessarily be evaluated in terms of its specific economic contribution via increased sales or market share (Walters, 1986). Rather, any cost/benefit perspective must incorporate the wider strategic and organizational considerations that headquarters may consider are relevant. It is possible that in some instances headquarters will regard standardization itself as a cost, the benefit being not necessarily improved quality of advertising at the local level, but rather the leverage it offers headquarters over the policies of the national subsidiaries (Terpstra, 1983; Onkvisit and Shaw, 1987).

This is not to say that the other factors or considerations identified in the research, such as reduced media production costs; the desire to build an international image; consumer convergence and the existence of cross border media, are of no influence. However, it would seem that the focus in the literature to date concerning the rationales behind the policies of those multinationals who practise advertising standardization, has possibly been too much on these factors and too little on organizational and process considerations.

Hypothesis 5

"Those multinationals who do practise advertising standardization will, over time, increase the extent of standardization that they practise."

Data obtained from the nineteen telephone interviews conducted in Stage III relating to comparisons with company practices in 1993 and 1987, are presented in Table 5.12.

In this Table, respondents replies to three questions are presented. These questions were:

1. Was the standardized campaign/commercial now being run in the EC markets the same as in 1987 (if relevant)?
2. In terms of comparing the extent of standardization practised in 1993 as compared to 1987, would you describe it as a lot less; less; about the same; more; a lot more?
3. If standardization was practised, please indicate for both 1987 and 1993 whether the extent of standardization practised for the brand in question was very limited; limited; moderate; extensive; or total, and whether this description applied to some, most, or all of the EC markets.

As regards the numbering of the companies in Table 5.12, the same numbers have been retained for companies numbered 9 - 22 as in Table 5.3. The companies numbered 1, 2, 4, 7 and 8 were companies with whom company studies were conducted in Stage II and the same numbers given to the individual companies in Table 5.2 have been

retained in order to facilitate comparisons (companies numbered 3, 5 and 6 in Table 5.2 did not participate in Stage III). The key findings to emerge from the data presented in Table 5.12 are:

1. In virtually every instance, the companies which participated in Stage III stated that they were running new campaigns and executions, for the brand in question, throughout all the EC markets.
2. 47% of the sample reported that they practised "less" or "a lot less" standardization in 1993 than in 1987 and 20% reported that they practised "more" or "a lot more".
3. The data obtained from Question 3 confirmed that the trend was towards lower levels of executorial standardization. Two companies classified their practices in 1987 as "extensive in most markets" and in 1993 as "very limited in all markets" and five companies classified their practices in 1987 as "extensive in most (or all) markets" and as "moderate or limited in some or all markets" in 1993.

Table 5.12
Summary of Stage III Data: Comparative Practices 1987 v 1993

Company Number	1	2	4	7	8	9	10
Questions:							
1. Same campaign as in 1987 or new?	New	New	New	New	New	N/A	N/A
2. Is more or less standardization practised in 1993 v 1987?	Less	A lot less	Less	About the same	About the same	About the same	About the same
3. Summary of practices:							
(i) 1987	Extensive in most	Extensive in most	Extensive in most	Total in all	Extensive in most	None	None
(ii) 1993	Moderate in most	Very limited in all	Limited in all	Total in all	Extensive in most	Very limited in all	Very limited in all

Table 5.12 (Continued)
Summary of Stage III Data: Comparative Practices 1987 v 1993

Company Number	11	12	13	14	15	16
Questions:						
1. Same campaign as in 1987 or new?	N/A	New	Same	Same	New	New
2. Is more or less standardization practised in 1993 v 1987.	A lot more	More	About the same	About the same	A lot less	Less
3. Summary of practices:						
(i) 1987	None	Limited in all	Limited in all	Limited in all	Extensive in most	Extensive in most
(ii) 1993	Total in all	Extensive in all	Limited in all	Limited in all	Very limited in all	Moderate in most

Table 5.12 (Continued)
Summary of Stage III Data: Comparative Practices 1987 v 1993

Company Number	17	18	19	20	21	22
Questions:						
1. Same campaign as in 1987 or new?	New	New	New	New	New	New
2. Is more or less standardization practised in 1993 v 1987.	A lot more	Less	A lot more	Less	Less	A lot less
3. Summary of practices:						
(i) 1987	Limited in all	Extensive in all	Limited in all	Moderate in all	Total in all	Extensive in most
(ii) 1993	Total in all	Moderate in most	Total in most	Very limited in all	Total in most	Limited in most

The responses to Question 2 shown in Table 5.12 are now summarized in Table 5.13.

Table 5.13
Summary of Trend Data: Change in Extent of Standardization Practised

Extent of standardization practised in 1993 v 1987	%	Number
A lot less	15.0	3
Less	32.5	6
About the same	32.5	6
More	5.0	1
A lot more	15.0	3
Total	100.0	19

In the final table (Table 5.14) we present the data from Table 5.13 broken down by the nationality of the responding companies.

These data show that whilst a number of both European and US companies are practising less standardization in 1993 than in 1987, the practices of those companies which are not practising less standardization than in 1987, do diverge. Four European companies indicated that they practised "more" or "a lot more" standardization in 1993 than in 1987, but no US company indicated that it did likewise.

Table 5.14
Longitudinal Data by Nationality

	Europe (numbers)	US (numbers)
<u>1993 Practice v 1987</u>		
A lot less	2	1
Less	3	3
About the same	1	5
More	1	-
A lot more	3	-
Total	10	9

Summary and Conclusions

When the data from Stage III had been collected, the respondents' descriptions of their companies' practices in 1987 were checked against the data obtained from Stage I and II to examine consistency. Detailed comparisons were possible for the five companies which had participated in Stage II and in each instance it was found that the respondents' descriptions of their companies' practices in 1987 were consistent with the data obtained from the company studies.

For the remaining fourteen companies, it was found that for twelve companies the data obtained from Stage III regarding the companies' practices in 1987, were consistent with the classifications concerning the extent of standardization practised that had been

reported in Stage I. For two companies, however, the data were inconsistent and these were company numbers 15 and 19. The differences were not significant. If the classifications provided in Stage I, concerning practices in 1987, were taken as the basis for comparison with practices in 1993, then for Question 2 (shown in Table 5.12), company number 15's response would change from "a lot less" to "less". For company number 19 the response would change from "a lot more" to "more". Thus, in both instances, the degree rather than the direction of their practices was at variance.

When analyzing the data presented in the two tables, in Table 5.12 it can be seen that only two of the nineteen companies were running the same campaign in 1993 as in 1987. As was seen earlier in this chapter, the practices of these companies concerning advertising standardization are complex and some changes to the extent of standardization practised were likely to occur as a result of changing campaigns and need not necessarily be the result of any conscious intent to practise more or less standardization.

When the data from Question 3 were analyzed, however, it was apparent that for most of the companies the change in the extent of standardization practised consisted of more than minor modifications resulting from a change in campaign. Such changes might, however, have occurred in the 32% of the companies who classified their practices as "about the same" in 1993 as in 1987.

For the remaining companies, 47% indicated that they practised "less" or "a lot less" standardization in 1993 than in 1987 and only 20% indicated that they practised "more"

or "a lot more". On the basis of these data, therefore, there is no support for Hypothesis 5; namely that multinationals will over time increase the extent to which they standardize their advertising. This is a significant finding because it has been assumed that once companies begin to practise advertising standardization, that there is an inherent drift towards the practise of greater standardization. This may even result in the implementation of standardized pan-regional or global campaigns (Levitt, 1983). These data indicate, however, that the practise of high levels of standardization, particularly in the form of pan-European campaigns, is the exception rather than the rule.

Finally, when we analyze the data presented in Table 5.14 regarding the changes in the extent of standardization practised broken down by nationality, it is noticeable that whereas 40% of the European multinationals practised "more" or "a lot more" standardization in 1993 than in 1987, none of the US multinationals did. Also, that while 50% of the US multinationals practised "about the same" extent of standardization, only 10% of the European multinationals did so.

At the same time, it should be pointed out that 50% of the European multinationals practised "less" or "a lot less" standardization in 1993 than in 1987 and 44% of the US multinationals behaved likewise. On the basis of these data, it would appear that more European than American multinationals are increasing the extent of advertising standardization practised, but a substantial number of multinationals from both the US and Europe are practising less standardization.

Chapter Six

Analysis of Company Studies

Introduction

The data obtained from the detailed company studies which were carried out in Stage II are here presented in two formats. First, the key findings are summarized in a matrix chart designed to facilitate comparisons between the policies and practices of the eight companies. Second, the data relating the extent and type of standardization practised, the processes which had been employed to implement this standardization, and the reasoning behind standardization policies, are presented and analyzed in greater detail than was possible in the previous chapter. In the previous chapter only abbreviated data from the company studies were presented which were relevant to investigating the hypotheses.

The headings in the matrix are as follows:

(a) Context

The company turnover, country/region of origin, the product market(s) in which the company operates, and the approximate amount of time elapsed since the brand in question was launched, are specified. The UK advertising spend in 1985

across all products and where possible, the advertising spend in Europe and the world, are also presented.

(b) Organization, Policy and Practice

- *Existence of European Headquarters:* This question was primarily included to check whether the three US subjects reported to headquarters in the US or to a "local" European headquarters.
- *Line Reporting:* This indicates whether the marketing directors of the European subsidiaries report on a line basis to an executive based at corporate/regional headquarters, or to a local managing director. While many major multinationals employ a matrix structure involving dual reporting procedures, it was still considered necessary to obtain an indication of where the final marketing authority lay.
- *Strategy Approval:* This indicates whether strategies for the major advertising campaigns are formally submitted to corporate or to regional headquarters for approval.
- *Copy Approval:* This indicates whether the final scripts or copy are submitted to corporate, or regional headquarters for approval.

- *Advertising Objectives:* This indicates whether the basic objectives of the campaign in question are agreed on by both parties, and whether the campaign is evaluated on the same criteria, again by both parties.
- *Means of Achieving Standardization:* This indicates whether the extent of standardization practised is primarily the result of headquarters dictating policy to the European subsidiaries, persuasion, or other factors.

The next headings focus on establishing how much executional standardization is actually practised for the brand in question throughout the EC markets.

- *Executional Theme:* This indicates whether the same basic creative idea is standardized or employed throughout the various EC markets (ie, the Mean Jo Green campaign for Coca Cola where executions varied, but all markets employed the same idea of a young fan giving his can of Coke to a sporting hero).
- *Extent of Visual Standardization:* This indicates whether or not the television commercials, or press advertisements, use the same visual scenes and vignettes. For instance, would a visitor from another European market recognise the advertisement?

- *Extent of Voice and Copy Standardization:* As above, but for the spoken or written words accompanying the visuals.

- *Corporate Logo Standardization:* This indicates whether, if the name of the company is presented at the end of the commercial as an endorsement, its presentation is standardized in terms of logo, size and time on screen.

- *How Many Markets:* This indicates the number of EC markets where standardization is practised to the extent indicated by the previous responses.

- *How Long Practised:* This indicates the length of time that these particular policies on standardization have been in practise for the brand in question. This helps to determine whether standardization was a recent experiment whose results had yet to be evaluated, or a tried and proven practise.

- *How Typical of the Company:* This indicates whether, in general terms, the policies practised on the given brand concerning standardization were typical or atypical of the company's policies on their other advertised brands.

- *Source of Campaign:* This indicates whether the creative idea or concept on which standardization is based was developed by headquarters, or one of the national subsidiaries. In other words, was standardization the result of central development or a process of cross-fertilization.

- *Number of European Advertising Agencies:* This indicates how many different advertising agencies were collectively employed by the EC subsidiaries for the given brand. This question was designed to throw further light on the degree of marketing centralization practised by the company and to indicate its ability to pursue more standardization should it wish to do so.
- *Selection of European Advertising Agencies:* This indicates whether, again for the given brand, the selection of the agency or agencies in question was dictated by headquarters, was "suggested" to them, or was left to the choice of the EC subsidiaries.

Table 6 - Summary of Case Study Data

Company Number	1	2	3	4	5	6	7	8
1. Company Characteristics								
Country/region of origin	US	Europe	Europe	UK	Europe	UK	US	US
Turnover (1985/86)(\$m)	1,791	73,000	25,760	1,570	15,788	1,809	14,290	4,218
UK advertising spend 1985 (£m)	7.4	9.9	5.3	8.2	17.4	24.8	7.4	8.3
Age of brand	New	New	New	New	5 yrs old	Medium	Old	New
2. What They Do (for given brand in EC markets only)								
Is there a European HQ	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Line reporting to HQ by national marketing directors	Yes	No	No	No	No	No	Yes	No
Strategy approval by HQ	Yes	No	No	Yes	Yes	Yes	Yes	Yes
Copy approval by HQ	Yes	No	No	Yes	Yes	Yes	Yes	Yes

Table 6 - Summary of Case Study Data (continued)

Company Number	1	2	3	4	5	6	7	8
Are the following standardized?								
Advertising objectives and strategy	Yes	Yes	Partial	Yes	Yes	Yes	Yes	Yes
Executional theme	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Visuals	Yes	Yes	Partial/logo	Yes	Yes	Yes	Yes	Yes
Copy/voiceover	Partial	Partial	No	Yes	Yes	Partial	Yes	Yes
In how many EC markets are elements not standardized?	None	Three	N/A	Two	Three	Two	None	None
For how long have practices operated?	Recent	Very recent	Recent	Recent	Long	Very recent	Long	Recent

Table 6 - Summary of Case Study Data (continued)

Company Number	1	2	3	4	5	6	7	8
4. Other Issues								
Was standardization primarily a result of persuasion or dictation?	Dictation	Persuasion	Persuasion	Persuasion	Heavy persuasion	Persuasion	Dictation	Dictation
Source of campaign idea or concept?	HQ	HQ	HQ	Subsidiary	Subsidiary	HQ	HQ	HQ
Typical of entire line of companies' brands?	Not yet	No	Yes	Fairly	Very	Becoming	Very	Fairly
How many agencies used in EC markets?	One	Two	Many	Many	One	One	One	One
Agency selection imposed or local choice?	Imposed	Mainly local	Mainly local	Mainly local	Imposed	Imposed	Imposed	Imposed

Practice

An assessment of the extent to which the advertising objectives, executional theme, visuals and voice over/copy are standardized by the sampled companies show that a high level of both strategic and executional standardization was practised by the companies for the brands in question. The following points summarize the practices of each of the eight companies:

Company 1: A standardized commercial was employed for the brand in question throughout all the various national markets, and while no visual amendments existed, small changes to the voice over were made in most national markets.

Company 2: Apart from minor changes to the copy, a standardized commercial was used in all but three of the EC markets. In these three markets, totally different campaigns were employed with no similarity to the standardized commercial or each other.

Company 3: There was no standardization of the executional theme, or copy platform, and the standardization practised consisted of a standardized presentation of, and emphasis on, the corporate logo. The company had also attempted to harmonize the mood and tone of the various national executions.

Company 4: The company used a standardized execution in all but two of the EC markets, with only necessary changes to the voice over. The executions run in the

other two markets had no similarities with the standardized execution and they were totally separate campaigns.

Company 5: A standardized execution was run in all but three of the EC markets. In the three other markets different executions were deployed in each, but all were based on the same objectives and strategy as the standardized execution. They were also based on the executional theme of the standardized execution and employed virtually identical scenarios, as well as attempting to replicate the mood and style of the standardized execution.

Company 6: A standardized execution was run in all but two of the EC markets, again with only small changes to the voice overs. The two dissenting markets ran executions with a similar theme and copy to the standardized execution, but with noticeably different scenarios and visuals.

Company 7: A standardized execution was run throughout the EC markets with only necessary amendments to the voice over. In three markets, however, differences in local market conditions necessitated the deployment of a tactical campaign to run alongside the theme campaign and its commercials. While the three tactical commercials exploited the same creative idea, the executions were very different.

Company 8: A standardized pan-European execution was deployed throughout all the EC markets except for necessary changes to the voice overs.

Summary

These summaries support the previous observation on the data presented in Table 6, namely that the sampled companies did standardize their advertising executions throughout EC markets to a considerable extent. In all but one instance, there were more than just marginal similarities in the various executions deployed in most markets. Another important conclusion to be drawn from these data, however, concerns the problems raised when attempting to classify the behaviour and practices of multinational companies concerning international advertising standardization.

In Chapter Two we saw that most previous studies had obtained their measurements by asking respondents to indicate the general degree to which advertising was standardized throughout the various national markets and that this assumed that the companies behaviour could be classified on a continuum. What emerges from the data presented here is that such measurements need to be qualified given:

1. That different types of standardization can be practised and a variety of executional options are available. For instance, for company number 3, the standardization practised was limited to ensuring a standardized presentation of the corporate logo. Whilst for most of the other sampled companies, a standardized execution was employed in the majority of their markets, with only the voice over or copy being adapted, it was noticeable that those markets not running the actual standardized execution in several instances took elements from

it ranging from the executional theme and copy (company number 6) to using the same scenarios, but shooting them in a local context (company number 5).

2. Developing on the above point, not only are many forms of standardization practised, but companies will also vary their practices by national market, making classification even harder. While we have already noted that for company numbers 5 and 6 those markets not deploying the standardized execution produced ones with identifiable similarities, for company numbers 2 and 4, the "dissenting" markets produced substantially different executions.

Organization and Policy

In Table 6, it can be seen that six out of the eight sampled companies relied primarily on a process of central development for the advertising campaign in question. It can also be seen that in only two of these companies did the national marketing directors report to headquarters, regional or otherwise, on a line basis. In terms of the level of centralization exerted by headquarters, the companies could be approximately rated by the numbers shown in the chart with company number 1 exerting the least centralization and company number 8 the most. No relationship could be found, however, between the degree of centralization exerted and the overall sophistication of the international marketing co-ordination systems and procedures employed by the companies.

As was shown in the previous chapter, three methods are employed by multinational companies to develop international advertising campaigns; central development, cross-fertilization, and a lead market system. While the data presented in Table 6 show that six out of eight companies (company numbers 1, 2, 3, 6, 7, and 8) practised a process of central development, this requires clarification, as the summaries of how the eight companies had developed standardized advertising will demonstrate.

Company 1: The campaign in question had been developed by headquarters, but this was the first time headquarters had undertaken such an exercise. The company had little experience in developing international campaigns. Additionally, the company

clearly stated that it did not intend to continue with a process of central development and would in future be employing a lead market system.

Company 2: The campaign had been developed by a specially created task force based at corporate headquarters, and as with company number 1, this was the company's first attempt at developing an international campaign. A UK-based advertising agency was appointed to develop campaign concepts, but this was not an agency that currently handled the account in the UK or elsewhere in Europe.

Throughout the extensive development process, the new agency had to consult in detail with each of the agencies representing the various national subsidiaries. The process ended with a conference intended to sell the proposed campaign to the relevant parties, but three of the largest subsidiaries refused to use it. The company concerned had yet to attempt to develop another international campaign and the systems and procedures used previously are now under review.

Company 3: The only standardization actually practised consisted of a uniform presentation of and emphasis on the corporate logo. This was achieved by detailed guidelines laid down by headquarters. The company stated that it intended to increase the degree of standardization practised, but acknowledged that the tradition of subsidiary autonomy in marketing would make the process a slow one and it was doubtful whether headquarters itself would be the source of future standardized campaigns.

Company 6: The given campaign had been developed by the company's European Regional Headquarters. Extensive research had been undertaken in all the EC markets and subsidiaries were consulted in depth, but the respondent acknowledged that the company was still experimenting with systems. Particular concerns were striking the right balance between the needs of the centre and the subsidiaries, and in avoiding undue bureaucracy. Their experience of standardization was limited, with the first standardized campaign being run five years previously.

Company 7: By contrast, this company had been practising advertising standardization for over thirty years and thus had extensive experience of the organizational issues posed by standardization. While the theme campaign for the given brand had been developed by the company's New York agency under the direction of corporate headquarters, headquarters did not operate in isolation. Once the strategy and creative brief had been agreed, up to six national subsidiaries were invited to develop creative work based on the brief. The respondent claimed that the New York agency's ideas had been selected solely on merit.

Challenging the existing campaign was an on-going process and various national subsidiaries were developing new ideas at all times to try out against the current campaign. Thus, whilst the company's international advertising operations were heavily centralized and the commercial in question was a consequence of central development, there were elements of cross-fertilization built into the system.

Company 8: While there were similarities in the creative design process with company number 7, more emphasis was placed on central development and less on subsidiary contributions. The contributions of the subsidiaries were collected at the development stage, when detailed research was undertaken to ensure that a campaign was produced that would be effective across all the markets.

Thus the concept of central development can be seen to be a broad one, which at times subsumes elements of cross-fertilization into the development process. Rigid, total central development was not found in any of the six companies and all six claimed that at least some form of subsidiary input took place.

There remains the two companies for whom the advertising campaign in question was not the consequence of central development.

Company 4: This company considered that differences in local market conditions necessitated a large degree of local autonomy, especially on creative issues. However, in order to achieve the benefits of some degree of international co-ordination, the company employed an international brand management system. The international brand managers were not in a position to dictate to the national subsidiaries; their brief was to act as quality controllers. One means of achieving this was to identify what were considered to be good local campaigns and then suggest to certain national subsidiaries (ie, those with advertising campaigns which the IBM considered to be weak) that they research the other campaign against their own. If the other campaign was deemed to be better, there was then some pressure for the national subsidiary to adopt it.

Most of the advertising standardization practised across the company's various brands was a consequence of cross-fertilization, but for new products current practise favoured a lead market system. Again, the national subsidiaries were not forced to use the lead market campaign, but they had to present a strong case for not doing so. While the company would appear to be relatively de-centralized, it still practised a high degree of standardization across most brands.

Company 5: This company also appeared on paper to be to be relatively de-centralized, yet the actual policies of the company would suggest that a significant degree of centralization is exerted. Headquarter's executives claimed that their role was primarily a staff one and, like the previous company, they employed an international brand management structure. The advertising standardization practised was in most instances a product of a sophisticated lead market system. Once the lead market had developed a campaign, it was very rare for any national subsidiary to reject it outright. In certain instances national subsidiaries did produce their own executions, but these usually had many similarities to the lead market commercial.

Summary

It is likely that the organizational process utilized to achieve standardization will influence the quality of the end product and therefore, the process selected by the multinationals is of interest. The fact that six out of the eight sampled companies were classified as utilizing a process of central development could be argued to indicate that this was the optimal process, but analysis of the data indicates that the "implied" case for a process of central development must be qualified.

This is because the data showed that several of the companies classified as utilizing a process of central development in fact employed a combination of processes. In other words, there were elements of cross-fertilization and lead market systems in their processes. Nor does the data indicate that the bigger and more experienced companies, favoured one process and the smaller, less experienced companies, favoured another. Analysis shows that the respondents not employing (primarily) a process of central development were, in fact, two experienced practitioners of international advertising standardization.

Rationales

Summaries of the data obtained relating to what factors and considerations influenced the policies of the eight companies are now presented.

Companies 1 - 3: Analysis of the rationales behind advertising standardization for company numbers 1 - 3 was facilitated by the fact that standardization had only recently been adopted and implemented and hence the issues were still being actively debated. This was particularly the case for company number 2, where the headquarter's staff team, which had been responsible for developing the standardized campaign, had formalized the rationale for standardization in order to help sell both the proposition and a specific campaign to the EC subsidiaries.

In a presentation to the subsidiaries, the following points were made in favour of the proposed campaign:

- Universal usage of the product in question, which meant that the same product benefits could be stressed in communications.
- Increasing consumer convergence and the reduction of the influence of national culture as a consequence of the communications revolution.
- None of the company's competitors employed standardized advertising and thus there was both an opportunity and need to pre-empt them.

- Developing an international image was deemed to be appropriate for the brand in question and standardization would help build such an image.
- Economies of scale in terms of reduced production costs.
- The fact that standardized advertising had worked for brands such as Marlboro, Pepsi-Cola and Coca-Cola.

From an internal perspective, developing an international campaign for the brand represented an opportunity for headquarters to become more involved in the marketing activities of the national subsidiaries. Prior to this, headquarter's role had been limited, but there was a perceived need to increase the overall extent of international marketing co-ordination. No real attempt, however, had been made to investigate the potential economic implications of standardization, and no evidence was produced that standardization would actually increase either sales or profits.

Company numbers 1 and 3 subscribed to several of the points specified above, particularly the notion that advertising standardization represented a means of achieving competitive advantage. For company number 1, advertising standardization resulted directly from adoption of a global strategy designed to help the company compete with a Japanese competitor. While the company did not possess any documented rationale for advertising standardization specifically, the most significant reason put forward for pursuing such standardization was to help build a strong corporate identity, so as to be able to provide umbrella branding over a large and diverse product portfolio.

Additionally, importance was attached to the need to obtain economies of scale in terms of increased management efficiency. It was considered to be poor practice if a large number of national markets were all developing separate campaigns for the same product. While, for the brand in question, the campaign had been developed by headquarters, in future the company planned to rely on a lead market system. However, the company did subscribe to the notion of increasing consumer convergence.

The motives of company number 3 mirrored those of company number 1 in most respects. These included the decision to adopt a very centralized international management structure in order to cope with the intensity of competition; a belief in the increasing degree of consumer convergence; and the need to brand a large product portfolio. No decision had been taken as to whether standardization would be significantly increased beyond a standardized presentation of the corporate logo and there appeared to have been little internal discussion as to the detailed merits of advertising standardization.

Company 4: Company number 4 was different to the above three companies, both in the reasons put forward for practising standardization and by the fact that it had been practising standardization for some time. The company claimed it did not specifically seek to achieve standardized campaigns and, given perceived differences in local market conditions and cultural nuances, it permitted subsidiaries substantial autonomy

on creative issues. As to how standardization was achieved, in some instances it resulted from a process of cross-fertilization and in others from a lead market system.

As to why the company practised cross-fertilization, or used lead markets given the belief in subsidiary autonomy, the respondent argued the company was simply trying to achieve excellence. Standardization was sometimes the outcome of this pursuit. In other words, the company shared the view expressed by others that good creative ideas are both rare and transferable and that excellence should be standardized.

Company 5: Company number 5 was also sceptical about the existence of global or European consumers and argued that advertising standardization was an option, not a necessity. The respondent also stressed how differences in local government regulations, particularly regarding advertising claims, posed real obstacles to significant degrees of standardization. The two major considerations influencing policies were:

1. Economies of efficiency in the sense of avoiding each national subsidiary producing their own advertising ideas. Instead, one national market, carefully briefed on conditions in each of the relevant markets, should undertake development of the campaign idea. In terms of making an actual commercial, each market would inevitably have limited funds available for its production. If all those budgets were pooled the combined budget would ensure that they were able to make a commercial, or commercials, with high production values and that allowed for hiring celebrities with fees costing millions of dollars.

2. A belief that good creative ideas are rare and that an essential feature of an effective international management system is to ensure that good ideas are both created and disseminated. In this company executives considered that a lead market system, assisted by a well resourced central staff, ensured that this took place. Again the goal was quality, not standardization, but a high degree of standardization was nevertheless the outcome of the process. It was rarely found that national subsidiaries could develop campaigns which researched better than those produced by the lead market.

Company 6: This company's reasoning had more in common with that of company numbers 1 - 3 than with 4 and 5. Standardization was of recent origin and had been a consequence of the adoption of a global strategy designed to deliver competitive advantage over a less centralized competitor.

More specifically, the respondent considered that many local markets were producing sub-standard creative work and rejecting ideas sourced from other markets on parochial grounds. To this extent the company shared the reasoning of company numbers 4 and 5, namely that good ideas are rare and need to be exploited. However, rather than relying on appointed national markets to develop such ideas, the company considered that headquarters was a more reliable source of such ideas. Additionally, the company did believe that consumer convergence was increasing significantly and was making standardization, to some extent, a necessity.

Company 7: Company number 7 had been practising standardization for a number of years and it was difficult to establish the original motives for adopting standardization. Over forty years ago the company had exported an advertising campaign developed in its own domestic market to all its overseas markets. The rationale put forward by current executives for continuing to pursue such policies was twofold:

1. Economies of scale that could be achieved by standardization, both in terms of executive time and pooling of resources, to make better commercials.
2. The use of standardized advertising helped to build an international image for the brand in question, and this was perceived to be a critical factor in the brand's success.

While the company advocated the deployment of international campaigns, it did not consider that standardization was an appropriate policy in all situations and ran locally developed tactical campaigns alongside the thematic one.

Company 8: Like company number 6, company number 8's decision to practise standardization had primarily been a consequence of the adoption of a global strategy intended to improve performance against better organized international competitors. There was little to indicate that the economic implications of standardization had been examined. In support of its policies the company argued that since headquarters employed the top executive talent available in the company, it was more likely to

produce effective campaigns. Economies of scale were also important in that the total spend across all the national markets on producing commercials could be reduced. This was the only company to actually argue that reduced production costs were a major benefit. Other companies who had cited the economies of scale argument were primarily motivated by the ability to produce better commercials, rather than reduced overall expenditure.

Summary

Analysis of the motives of these eight companies for standardizing their advertising executions across national markets confirmed the influence of factors that prior studies had also indicated were influential, ie, producing commercials with high production values; notions concerning consumer convergence; the desire to build an international image and there was also evidence that several companies' policies had been influenced by the adoption of a global strategy. Three other important themes which ran through the reasoning of several of these companies were:

1. The need for control over the advertising policies of the national subsidiaries in order to improve the company's overall international performance.
2. Economies of scale in terms of increased management efficiency. It made more sense to focus the company's efforts on producing one campaign, rather than fragmenting it on a series of local campaigns.
3. The pursuit of excellence. Good advertising ideas are rare and should be exploited whenever possible, as should the talent of headquarters based staff.

The absence of any coherent economic analysis of the benefits of standardization was also notable.

Chapter Seven

Summary and Conclusions

Introduction

In this chapter we firstly summarize the findings obtained from this study relating to the five hypotheses. The conclusions to be drawn from these findings, and their implications for the discussion concerning the benefits of advertising standardization, are then discussed.

Hypothesis 1

"Most multinationals will either totally adapt their national advertising executions or totally standardize them."

The data obtained from Stage I of the study showed that 31% of the sampled companies totally adapted their advertising executions in the EC markets for the given brand and that 8% totally standardized these executions. These data indicated, therefore, that there was no support for Hypothesis 1. It is necessary, however, to qualify this conclusion in light of the data obtained from Stages II and III. In Stages II and III the practices of those companies, who in Stage I had reported that they practised advertising standardization, were analyzed along the following dimensions:

- (a) the number of key executional elements which were standardized and
- (b) the extent to which the above were standardized and
- (c) the number of markets in which these elements were standardized.

It was found that in up to five instances the standardization practised was only of a marginal nature and consisted of a standardized presentation of the corporate, or brand logo. There were also several companies who in Stage I had not reported that they practised total standardization, but when their practices were reviewed in detail, we found that any modifications to the executions deployed in the EC markets were of a limited nature.

It was apparent, therefore, that in terms of determining how many firms were positioned at the extreme ends of the standardization spectrum, much depends on the

definitional criteria adopted. Accordingly, any conclusions regarding how many companies practised total adaptation, or total standardization, must be qualified in this light.

Whatever criteria are adopted, however, it was apparent that a number of the companies sampled in Stages II and III did practise some form of modified standardization. In these instances, certain identical copy and/or visual elements were present in most of the executions deployed in the various EC markets and it was more than just a case of these executions being harmonized. Likewise, the differences were such that it was clear that these executions were not totally standardized.

Hypothesis 2

"Companies practising advertising standardization will usually adopt a process of central development, with the campaign in question originating from corporate headquarters."

It was found that of the twenty-six companies reporting in Stage I that they practised advertising standardization to some extent, eleven utilized a process of central development, seven a lead market system and eight a process of cross-fertilization. There was thus no support for Hypothesis 2.

Hypothesis 3

"Policy on international advertising standardization will not be related to:

- (a) the product market(s) in which the company operates;**
- (b) the country of origin of the company;**
- (c) the overall extent of centralization exerted;**
- (d) the extent to which the company standardizes other major mix elements on an international basis besides advertising."**

Regarding the relationship between policy on advertising standardization on the one hand and product policy and the overall degree of marketing centralization on the other, the hypothesis could not be rejected on the basis of the obtained data.

As to the relationship between nationality and standardization, the data obtained from Stages II and III indicated that there was some relationship. In Stage II it was found that all the US companies practised high levels of standardization and in Stage III it was further shown that the practices of US and European multinationals varied to some degree (see Hypothesis 5). However, the relationship could not be confirmed by the data from Stage I.

The data did show a strong relationship between policy on advertising standardization and the extent to which other key marketing elements, such as name and packaging, were standardized.

Hypothesis 4

"Where companies both favour the principle of international advertising standardization and are moving towards standardization in practice, there is no one dominant consideration which has forced this policy; rather, one should expect to find a wide variety of factors influencing policy-making."

There was strong support for the above hypothesis, as it was shown in both Stages I and II that a wide variety of factors influence the policies of those companies practising advertising standardization. It was not possible, however, to establish the relative influence of each of these factors and the indications were that the rationales varied from company to company.

Hypothesis 5

"Those multinationals who do practise advertising standardization will, over time, increase the extent of standardization that they practise."

In Stage III of the research programme, which was conducted six years after the completion of Stage II, it was found that 47% of the sampled companies practised less standardization in 1993 than in 1987 and only 20% reported that they practised advertising standardization to a greater extent. Therefore, there was no support for Hypothesis 5 and the indications are that multinationals are generally moving towards practising advertising standardization to a lesser extent.

Conclusions and Discussion

The results obtained from this study showed that international advertising standardization can take many forms in terms of what executional elements are standardized, the extent to which each of these elements are standardized and how this can vary from one market to another. We have shown that standardization practices can range from just standardizing the corporate, or brand logo in the various national executions, to totally standardized executions in all markets, and the practices of the companies we surveyed were spread relatively evenly across this spectrum. Whilst the study only focused on the practices followed for one brand in each company and in the EC markets only, the data indicated that these practices were representative of those followed on other brands in the companies concerned.

As argued earlier, definitional issues make it problematic to state how many companies were positioned at the "extreme" ends of the spectrum. For instance, should companies who only standardize the corporate or brand logo be classified as standardizing to some extent or as totally adapting? Likewise, should companies marginally adapting the copy in a few markets, other than just for translational purposes, be classified as totally standardizing? Whatever definitions are used, however, it is apparent that a substantial number of the sampled companies did practise modified forms of standardization to the extent that some elements of the executions deployed throughout the EC markets were identical and it was not just a case of the executions being harmonized in some nebulous way.

These findings, therefore, indicate that there is support for Peebles, Ryans and Vernon's (1977) contention that modified forms of standardization are practised by a considerable number of multinationals and that the focus on the case for either total adaptation, or total standardization is misplaced. Further support for the significance of modified forms of standardization was provided in Stage III when we found that there was no trend towards the practise of totally standardized pan-European campaigns. Rather, many of those sampled were practising less standardization than they had been six years previously. These data suggest that these companies do not regard modified forms of advertising standardization as a short term compromise policy to be adopted en route towards total standardization.

That modified forms of standardization were practised by a number of the sampled companies is significant because it shows that how flexible an option standardization is and how it can be customized to a wide range of situations. It is apparent, therefore, that less stress should be placed on analyzing the principle of standardization, namely is standardization right or wrong, since there can be no absolute answers and it must depend on the form or extent of standardization being practised.

It would also appear that it is inappropriate to regard standardization as a niche policy that is only viable in particular and limited circumstances, though this might well apply to the total standardization. Indeed, our findings regarding how widespread the practise of advertising standardization is amongst the multinationals, indicate that standardization is a central issue in international marketing and one that warrants the attention paid to it.

As for the reasons cited by the individual respondents regarding the motives of their companies to practise standardization, the data obtained from Stage I and II showed that many factors were cited and the relative importance of each was hard to specify. Also, that the rationales could vary considerably from company to company. The most detailed insights came from the eight company studies and in order to help put these insights into context, and show how they contribute to the discussion regarding the motives of the multinationals, we indicate when the findings from this study support those obtained from prior studies.

A key finding was that the executives from the companies who practised standardization never produced any detailed economic analysis, based on historical sales data and/or consumer research, relating to the relative merits or expected sales impact of national (ie, adapted) versus international (ie, standardized) advertising. The reasons cited for this absence were that it is difficult to scientifically establish that any one advertising campaign has achieved, or will achieve, greater sales than an alternative campaign. However sophisticated the research undertaken to evaluate a given campaign, categorical conclusions are not possible and thus few of the executives denied that an element of subjectivity was present in campaign selection. This applied equally to the decision as to whether a series of locally developed campaigns are preferable to a standardized international campaign, or as we have shown, something between these two extremes.

Prior studies had also indicated that it is difficult to specify the economic benefits of standardization (Rau and Preble, 1987; Particelli, 1990) and that the specific savings

are hard to realize (Hovell and Walters, 1972). Indeed it has been asserted that even companies such as Pepsi-Cola and Coca-Cola cannot prove that advertising standardization was the optimal policy, since they never tested the alternative of local adaptation against the standardized approach (Onkvisit and Shaw, 1987). It would thus appear to be a mistake to seek to understand the motives of the multinationals pertaining to international advertising in terms of the specific pros and cons of standardization and econometric analysis of whether or not it "works" (Walters, 1986).

Rather one must also consider factors ranging from the companies broad strategic objectives, to whether senior marketing executives would prefer a more centralized system of international marketing co-ordination and they see advertising standardization (to whatever degree) as a means of achieving centralization (Keegan, 1977; Onkvisit and Shaw, 1987). In other words, in the absence of concrete econometric data, our studies indicated that marketing executives are likely to bring a wide ranging agenda to the decision making process.

As regards organizational considerations specifically, in the company studies many of the individual executives argued the need to achieve skills transfer from headquarters to the national subsidiaries (Killough, 1978; Business International Corporation, 1976; Quelch and Hoff, 1986), primarily to compensate for weak marketing performances by the national subsidiaries, which translated into sub-standard local advertising (Weichmann and Sorenson, 1975).

From headquarters perspective, the concern was that in some, or many, instances the national subsidiaries lacked the managerial and financial resources to produce high quality advertising campaigns. This concern is important given the role of advertising in the branding/selling process and that creating good advertising is a difficult process even for a sophisticated marketing organization with substantial resources. The perceived solution to such concerns is to develop a process that ensures that the skills possessed by headquarters are transferred to the relevant subsidiaries.

The objective of headquarters in such instances is, therefore, to devise a process which will improve the overall quality of the company's international advertising performance. The options open to headquarters are either to institute a process of cross-fertilization to ensure that good advertising ideas are exploited (Robbins, 1987), and this may result in some form of standardization. Alternatively, to use standardization as the means of achieving quality control via a process of central development or a lead market system. This decision is important because at the international level, just as at the national level, there is likely to be good advertising and bad and the organizational process selected will inevitably influence the quality of the end product. However, just as generalizations regarding whether standardized international advertising campaigns are good in principle are of limited value (ie, there will be good campaigns and bad), the same considerations apply to generalizations about the relative value of these alternative organizational processes.

This focus on organizational considerations is not meant to imply that the other factors identified in the research, such as reduced media production costs, the desire to build an international image and the existence of cross border media, etc, are of no influence in terms of explaining the policies of the multinationals. However, it would appear that the focus in the literature has been too much on the principle of standardization and asserting that changing environmental conditions were leading to consumer convergence and accordingly standardization (usually total) was required to respond to, and exploit, these circumstances. Our findings, however, would suggest that the "one sight, one sound, one sell" line of reasoning (Levitt, 1983) has been over-emphasized. In particular, the decision to standardize is not as simple as establishing whether or not market conditions do vary and if they do, this prohibits standardization and vice versa. Rather, as the company studies showed, many of those companies which practise standardization do accept that there are differences between markets, and when these differences are significant, these companies can adapt their advertising in the markets concerned.

Implications for Future Research

In this study, in order to achieve our stated objectives and avoid generalizations regarding the international advertising practices of the multinationals, it was necessary to focus on the practices followed for just one brand for each of the sampled companies and in the EC markets only. Given these restrictions, further research is called for across a wider range of brands and markets to establish how representative the findings obtained from this study are, particularly regarding the practise of modified forms of standardization. For instance, in economically advanced markets such as those in the EC, is there a greater tendency to adapt or modify national advertising executions, than in less developed markets, where the economic case for adaptation is harder to justify? Also, while the data from Stage II indicated that the practices followed on the given brand were representative of the companies overall practices, further research is required to verify these conclusions.

A final issue regarding future research and the representativeness of the findings obtained from this study, relates to the composition of the sample. The sample in this study consisted only of US and European multinationals and future research should focus on the policies and practices of multinationals from other regions and countries, particularly those from Japan.

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