



<input checked="" type="checkbox"/>	Master's thesis
<input type="checkbox"/>	Licentiate's thesis
<input type="checkbox"/>	Doctor's thesis

Subject	International Business	Date	13.6.2011
Author(s)	Sasu Hurme	Student number	
		Number of pages	83 + appendices
Title	ADAPTATION OF INTERNATIONAL MARKETING PRACTICES IN NORTHERN EUROPE – Case Vichy in Denmark, Finland, Norway and Sweden		
Supervisor(s)	Dr.Sc. (Econ.), Ph.D. Kari Liuhto M.Sc. (Econ.) Eini Laaksonen		

Abstract

In the global business environment of the present day, companies need to find means to combine global strategies with local adaptations to adjust to differences in the business environments of various foreign markets. The research problem of this study was to *examine adaptation of international marketing practices in Northern Europe with focus on Danish, Finnish, Norwegian and Swedish markets* as earlier research has largely neglected the study of the issue on Nordic markets.

The study concentrated on examining two essential means of promotion, advertising and sales promotion, through an intensive case study by interviewing managers/directors of the case brand. The case brand for empirically testing the theoretical framework of the study, Vichy, was selected based on its highly international profile, substantial investments in advertising and sales promotion and significance in the operations of the parent company, L'Oréal. Moreover, Vichy is the world's leading brand in its market segment.

The main findings of the empirical research were in line with the theoretical framework of the thesis. Significant market-specific factors influencing the standardisation/adaptation of advertising and sales promotion on the studied markets were discovered. As theory on standardisation /adaptation of international marketing practices suggests, the decision between the two strategies is not a polarised one but rather a continuum on the Northern European markets as well. Differences across markets make local adaptation necessary as environmental and company-specific factors do not enable total standardisation. As a result, the advertising and especially sales promotion of Vichy are not completely uniform across the four studied Northern European markets.

Although the Nordic markets are considered to be highly similar in terms of, for example, consumer behaviour and culture, each of the Northern European markets has some special characteristics that affect the adaptation of advertising and sales promotion of the case brand. Consequently, both advertising and sales promotion of Vichy are adapted to local conditions on all Northern European markets in order to better take into account the needs of the local consumer and thus boost the effectiveness of marketing efforts.

The research findings suggest that the most important drivers of marketing adaptation on Nordic markets are the desire to better respond to the local needs and tastes of consumers, market development of different markets and factors in the political and legal environments. Key reasons pulling towards standardisation were recognised as the desire to establish a unified brand image across markets and organisational coordination and control exerted by the company headquarters.

Key words	Adaptation, standardisation, advertising, sales promotion, Northern Europe
Further information	



<input checked="" type="checkbox"/>	Pro gradu –tutkielma
<input type="checkbox"/>	Lisensiaatintutkielma
<input type="checkbox"/>	Väitöskirja

Oppiaine	Kansainvälinen liiketoiminta	Päivämäärä	13.6.2011
Tekijä(t)	Sasu Hurme	Matrikkelinumero	
		Sivumäärä	83 + liitteet
Otsikko	KANSAINVÄLISTEN MARKKINOINTIKÄYTÄNTÖJEN MUKAUTTAMINEN POHJOISEUROOPPALAISILLA MARKKINOILLA – Case Vichy Tanskassa, Suomessa, Norjassa ja Ruotsissa		
Ohjaaja(t)	KTT, Ph.D. Kari Liuhto KTM Eini Laaksonen		

#### Tiivistelmä

Nykypäivän globaalissa liiketoimintaympäristössä yritysten pitää löytää keinoja yhdistää globaalit strategiat paikalliseen adaptointiin mukautuakseen eroihin eri maiden liiketoimintaympäristöissä. Tämän tutkimuksen tarkoitus oli *tarkastella kansainvälisten markkinointikäytäntöjen mukauttamista Pohjois-Euroopassa keskittyen Tanskan, Suomen, Norjan ja Ruotsin markkinoihin*, sillä aihetta ei ole juurikaan tutkittu pohjoismaisilla markkinoilla.

Tutkimus keskittyi tarkastelemaan kahta keskeistä markkinoinnin välinettä, mainontaa ja myyninedistämistä, intensiivisen case-tutkimuksen muodossa haastatteleamalla case-brändin markkinointipäällikköä/osastonjohtajaa eri markkinoilla. Case-brändi, Vichy, valittiin tutkimukseen johtuen sen erittäin kansainvälisestä profiilista, merkittävistä investoinneista mainontaan ja myyninedistämiseen sekä tärkeydestä emoyhtiö L'Oréalin toiminnoissa. Lisäksi Vichy on maailman johtava brändi markkinasegmentissään.

Tutkimuksen päätulokset olivat käytetyn teoreettisen viitekehyksen mukaisia ja tutkimuksessa havaittiin merkittäviä mainonnan ja myyninedistämisen standardointiin/adaptointiin vaikuttavia markkinakohtaisia tekijöitä kaikilla tutkituilla markkinoilla. Kansainvälisen markkinointiviestinnän teorioiden mukaisesti markkinointistrategian standardointi/adaptointi ei ole polarisoitunut päätös, vaan pikemminkin jatkumo myös pohjoiseurooppalaisilla markkinoilla. Erot markkinoiden välillä tekevät adaptoinnista väistämätöntä, sillä eroavaisuudet liiketoimintaympäristöissä ja yrityskohtaisissa tekijöissä eivät mahdollista totaalista standardointia. Näin ollen Vichyn mainonta ja erityisesti myyninedistämistoimenpiteet eivät ole täysin yhdenmukaisia kaikilla neljällä tutkitulla Pohjois-Euroopan markkinalla.

Vaikka pohjoismaisia markkinoita pidetään hyvin samanlaisina esimerkiksi kuluttajakäyttäytymisen ja kulttuurin osalta, kullakin markkinalla on joitakin erityispiirteitä, jotka vaikuttavat case-brändin mainonnan ja myyninedistämisen adaptointiin. Tästä johtuen sekä Vichyn mainontaa että myyninedistämistä mukautetaan paikallisiin olosuhteisiin kaikilla tutkituilla pohjoismaisilla markkinoilla, jotta ne ottaisivat paremmin huomioon paikallisen kuluttajan tarpeet ja täten tehostaisivat markkinointitoimenpiteiden vaikutusta.

Tutkimustulosten perusteella voidaan esittää, että tärkeimmät adaptointia edistävät tekijät pohjoiseurooppalaisilla markkinoilla ovat halu vastata paremmin paikallisiin kuluttajien tarpeisiin, eri markkinoiden kehityksen aste sekä tekijät poliittisessa ja lainsäädännöllisessä ympäristössä. Tärkeimmät standardointia edistävät tekijät puolestaan ovat halu muodostaa yhtenäinen brändimielikuva kautta markkinoiden ja yrityksen pääkonttorin harjoittama markkinoinnin koordinointi ja kontrolli.

Asiasanat	Mukauttaminen, standardointi, mainonta, myyninedistäminen, Pohjois-Eurooppa
Muita tietoja	



Turun yliopisto  
University of Turku

# **ADAPTATION OF INTERNATIONAL MARKETING PRACTICES IN NORTHERN EUROPE**

**Case Vichy in Denmark, Finland, Norway and Sweden**

Master's Thesis in  
International Business

Author:  
Sasu Hurme 10054

Supervisors:  
Dr.Sc. (Econ.), Ph.D. Kari Liuhto  
M.Sc. (Econ.) Eini Laaksonen

13.6.2011  
Turku



Turun kauppakorkeakoulu • Turku School of Economics

## Contents

1	INTRODUCTION .....	5
1.1	International marketing communications and globalisation .....	5
1.2	Earlier empirical studies on adaptation of international advertising and promotion .....	6
1.3	Objective and structure .....	9
1.4	Definition of key concepts .....	11
2	ADAPTATION OF INTERNATIONAL MARKETING COMMUNICATIONS	18
2.1	Relation of advertising and sales promotion .....	18
2.2	What is being adapted? .....	20
2.3	Determinants of standardisation/adaptation of international marketing communications .....	24
3	RESEARCH DESIGN .....	35
3.1	Research strategy .....	35
3.2	Data collection .....	39
3.3	Data analysis .....	41
3.4	Trustworthiness .....	44
4	ADAPTATION OF ADVERTISING AND SALES PROMOTION OF VICHY IN NORTHERN EUROPE .....	46
4.1	Introduction of L'Oréal and Vichy .....	46
4.2	L'Oréal strategy, performance and finances .....	48
4.3	Vichy advertising .....	50
4.4	Vichy sales promotion .....	58
4.5	A summary of the main empirical findings .....	63
5	CONCLUSIONS .....	68
5.1	Theoretical discussion .....	68
5.2	Managerial implications .....	72
5.3	Suggestions for further research .....	74
6	SUMMARY .....	76
	REFERENCES .....	78

## **Appendices**

APPENDIX 1	INTERVIEW QUESTIONS .....	84
APPENDIX 2	INFORMATION ON RESEARCH INTERVIEWS .....	90

## **Figures**

Figure 1	Structure of the study.....	11
Figure 2	The 4P elements of the marketing mix and their linkage to major promotional mix elements .....	13
Figure 3	Relationship between customer, retail and trade promotions.....	15
Figure 4	Comparative effectiveness of advertising and sales promotion at different stages of the buying process .....	19
Figure 5	Key reasons for standardisation and adaptation of promotion .....	27
Figure 6	Classification of governing strategies in international marketing.....	31
Figure 7	Data analysis in qualitative research .....	42

## **Tables**

Table 1	Major consumer promotion means.....	16
Table 2	Profiles of major media types.....	23
Table 3	An overview of theoretical views on international marketing standardisation/adaptation .....	34
Table 4	Operationalisation for examining adaptation of advertising and sales promotion in Nordic countries.....	43
Table 5	A summary of the main empirical findings .....	67



# 1 INTRODUCTION

## 1.1 International marketing communications and globalisation

Globalisation is a widely discussed and researched topic in the field of international business. Globalisation comprehends a multitude of sub-phenomena amongst which is the issue of whether to standardise marketing efforts globally, or at least regionally, or to adapt the elements of the marketing mix to suit local market conditions better with the objective of achieving improved performance on the market(s) in question. The scientific debate on the issue on international markets is one of great significance and of long duration and also of importance and interest for all international companies and marketers (Vrontis, Thrassou & Lamprianou 2009, 482–490). In fact, issues concerning advertising and other marketing communications have been at the forefront of globalisation of corporations in recent years (Hackley 2005, 163).

Issues concerning advertising and sales promotion are also of great economic significance as the worldwide advertising spending amounted to nearly 500 billion USD both in 2009 and 2010 (Plunkett Research 2010; eMarketer 2010). With regard to sales promotion, several studies have indicated that companies tend to use approximately three times as much on sales promotion in comparison to advertising (Belch & Belch 1998, 20; Low & Mohr 2000, 389; Egan 2007, 212) which would signify global spending on sales promotion activities amounting to 1200–1500 billion USD both in 2009 and 2010. As for the cosmetics industry spending on advertising and promotion, the industry tends to rely on the effects of significant investments in promotional means which is also demonstrated by several cosmetics companies being amongst the top 100 global advertisers in 2009 (Advertising Age 2010). Furthermore, in the course of years, multinational corporations (MNCs), such as the Coca-Cola Company, that have traditionally approached consumers with a highly standardised marketing mix, have step by step adapted their marketing to better take into account the local characteristics of target markets. It is argued that the most essential issue in developing a global marketing programme is the degree to which the marketing programme should be standardised on different markets since it has such a profound effect on marketing structure and processes. (Katsikeas & Theodosiou 2001, 2; Keller 2003, 689–692.)

Technological advancements in communication and transportation are regarded as major drivers of globalisation that have also resulted in similar groups of consumers all over the world (Katsikeas & Theodosiou 2001, 3). Moreover, investments in technology have, in part, become so vast that they cannot be amortised solely on domestic markets (Yip 1989, 29). As an ever-reshaping result of globalisation, the world may indeed have become a so-called global village but companies are nevertheless still facing the

challenge of how to market their products internationally. For mainly efficiency and simplicity reasons, companies would prefer to standardise their marketing efforts across nations and cultures, but given the differences in the marketing environment, it is often necessary to adapt marketing strategies. Companies need to find means to combine global strategies with local adaptations of strategy to comply with, for instance, differences in culture, media use and legislation between different foreign markets. (Hackley 2005, 157; De Pelsmacker, Geuens & Van den Bergh 2007, 582–583). Furthermore, on increasingly competitive international markets it is challenging to make a product or service differ distinctively from the rest since new innovations in, for instance, design, distribution and manufacture can be swiftly copied. Hence, the competitive advantage companies cannot sustain by other means can be sustained by branding through marketing communications. (Hackley 2005, 61.)

Globalisation of functions can result, for instance, in economies of scale, sustaining brand unity and improved control but also being less responsive to local requirements and needs (Casneuf 2005, 317). Particularly international brands are seeking to establish a clear image of themselves since the media which delivers marketing communications messages crosses more borders than ever before (Egan 2007, 342). On the other hand, for instance Levitt (1983) argued in his article that achieved landmark status in the field in question, that the consumer needs and wants are becoming increasingly homogeneous all around the globe and that MNCs should stress the importance of benefitting from the economies of scale brought by widely standardising their functions.

Few themes in management or social studies awake such fascinated attention or such disagreement, as advertising and promotion (Hackley 2005, 1). However, although the topics of international marketing and advertising standardisation/adaptation have awoken much interest among both academics and practitioners, they are still regarded as under-researched issues with contradictory findings in the field of international marketing (Solberg 2000, 96; Zou 2005, 108).

## **1.2 Earlier empirical studies on adaptation of international advertising and promotion**

As a field of academic research, international advertising and promotion has attracted much attention for several decades. Already in the first half of the 1960s, Roostal (1963) discussed the standardisation of international advertising in Western Europe. A few years later, Buzzell (1968) established a comprehensive, widely cited, framework for international standardisation and adaptation of the marketing programme, naturally including the advertising and promotion aspects as well. A more recent study evaluating the standardisation of distribution, product, price and promotion of 15 highly

international mobile network operator companies by Gerpott and Jakopin (2005) established that the promotion element of the marketing mix is clearly the least standardised one of the four marketing mix elements. Thus, it is apt to draw attention to the adaptation aspect of promotion. In the following, some aspects of earlier empirical international marketing standardisation/adaptation research are discussed in more detail.

Similar to the results of Gerpott and Jakopin, a study conducted by Doherty and Ennew (1995) found that the degree of standardisation is typically higher for core product features, such as package size, while marketing communication tends to be adapted to a greater extent. Their study consisted of a sample of 52 UK (United Kingdom) product managers in the pharmaceuticals industry. In the study, it was also established that larger firms generally demonstrate a significantly greater degree of standardisation in communication than smaller companies and that the appropriateness of standardisation/adaptation depends on the specific traits of the industry and markets within which a company operates. Nevertheless, little evidence was found to assert that a relationship between evaluations of market conditions and degree of marketing standardisation exists.

Vrontis et al. (2009) surveyed the degree of standardisation/adaptation of marketing communications of 372 UK-based companies by placing them on a linear continuum based on their responses. They found that organisational differences, heterogeneity of different markets, macro and micro environmental factors and the aspiration of companies to satisfy different needs of consumers does not allow standardisation to be practised comprehensively but the issue of standardisation vs. adaptation is more a matter of degree and that international companies should therefore integrate elements of both approaches in accordance with the market(s) in question. These findings are consistent with the earlier research on 171 MNCs operating in the UK conducted by Katsikeas, Samiee and Theodosiou (2006) which established that superior performance results from marketing strategy standardisation only to the extent that fit or co-alignment between the environmental context and international marketing strategy choice of MNCs exist. However, Waheeduzzaman and Dube (2002) found in their study surveying 64 senior executives of Fortune 500 companies that international marketing standardisation with regard to promotion efforts tends to result in increased growth of sales. Similar findings with regard to effects on sales have been published by Sustar and Sustar (2005) who surveyed 298 exporting firms in Slovenia. Their results indicate that macro-economic factors, such as political and economic stability, had a significant effect on possibilities for standardisation of marketing programmes and that standardisation enable companies to improve sales margins.

With regard to advertising standardisation in Northern Europe, Kanso and Nelson (2002) surveyed 95 international companies with operations in Finland and Sweden. They found that two thirds of these firms use the localised approach to advertising while

the remaining third follows the standardised approach. Moreover, it was established that media choices are seen to be limited by government regulations in these countries and that variations in market infrastructure also tend to hinder advertising standardisation. Furthermore, regional standardisation was regarded as unfeasible and consequently the findings strongly suggested that unified advertising campaigns are not common on Northern European markets.

On the European scale, Taylor and Okazaki (2006) surveyed the standardisation of advertising in the European Union using a sample of 107 U.S. and Japanese companies operating in the EU. Their findings indicate that managers from both of these countries still perceive e.g. legislative obstacles to advertising standardisation in the EU and that overall levels of standardisation of advertising are relatively moderate. Central motivations for seeking to standardise advertising were identified as cost savings, uniform brand image across markets and higher level of centralised control. Nonetheless, the study conducted by Okazaki, Taylor and Doh (2007), using the same sample as the aforementioned study, suggests that the on-going convergence of EU markets is likely to be connected to higher levels of advertising standardisation. However, the advertising executives on the focus of the survey by Kanso and Nelson (2002) refuted the assumption that the EU provides fertile ground for market homogenisation and advertising standardisation. Another interesting controversy is that while the study by Taylor and Okazaki (2006) proposes that forming a uniform brand image and economies of scale are some of the greatest drivers of standardisation of promotional efforts, the study by Vrontis, Thrassou and Lamprianou (2009) suggests that they are merely peripheral pull factors towards standardisation.

Laroche, Kirpalani, Pons and Zhou (2001) studied the influence of organisational control on international advertising standardisation in 230 international companies all over the world. It was established that the degree of organisational control imposed by the headquarters of companies onto their national subsidiaries plays a significant role in determining the level of advertising standardisation. The findings of Samiee, Jeong, Pae and Tai (2003) support these findings concerning the importance of organisational control as a determinant of advertising standardisation. In addition, they found that advertising standardisation is positively influenced by similarities in such factors as consumer characteristics, advertising infrastructure and competitive position. However, from an inverse subsidiary perspective of organisational control, Sustar and Sustar (2005) found that the control over promotion exercised by local managers on the Slovenian market was an obvious constraint on standardisation of promotional efforts.

Cavusgil, Zou and Naidu (1993) found in their study consisting of 184 cases of export companies that adaptation of promotional approaches are significantly influenced by company, product/industry and target market characteristics. Moreover, adaptation of the promotional approach is affected significantly and positively by international

experience of a firm, product uniqueness, cultural specificity of the product as well as competitiveness of target market. On the other hand, the authors found that adaptation of promotional efforts is significantly but negatively influenced by technology orientation of the industry and product familiarity of export customers.

Indeed, the matter of standardised marketing programmes vs. marketing programmes adapted to the particular requirements of individual markets has received a lot of attention from researchers for decades (Doherty & Ennew 1995, 40; Pae, Samiee & Tai 2002, 176; De Pelsmacker et al. 2007, 576) but yet the debate on whether to standardise marketing internationally is on-going (Vrontis et al. 2009, 478). However, for the most part, earlier research has examined the topic of standardisation vs. adaptation of international marketing from the headquarters' point of view of multinational corporations and less attention has been devoted to the viewpoint of their local subsidiaries (Katsikeas & Theodosiou 2001, 2; Kanso & Nelson 2002, 81; Samiee et al. 2003, 614; Katsikeas, Samiee & Theodosiou 2006, 865–868). Solberg (2000, 78) notes that most of the literature concerning standardisation or adaptation of the international marketing mix has its focus on either cultural diversity (or convergence of markets due to augmented globalisation) and economies of scale in different functions of a company and that little consideration has been given to other factors. Taylor (2006, 498) adds that research focus on international advertising should be shifted from debate concerning the necessity for standardisation to studying the circumstances under which advertising can be standardised and the level to which it can be standardised. Moreover, with regard to the perspective of international advertising, it is still seen to be an under-researched topic in comparison to other research themes in the field of advertising (Taylor 2006, 492).

### **1.3 Objective and structure**

In contrast to the mainstream research topics discussed above, the purpose of this study is to approach the differences and adaptation of advertising and sales promotion – and the circumstances under which they take place – from a comparative viewpoint on four Northern European markets. The focal research problem focuses on *examining adaptation of international marketing practices in Northern Europe with focus on Danish, Finnish, Norwegian and Swedish markets*. This particular perspective was chosen in order to contribute to the field of international promotion and its standardisation vs. adaptation aspect from the point of view of relatively small subsidiaries as so many earlier studies have placed emphasis on the viewpoint of headquarters. Low and Mohr (2000, 390–391) also state that the perspective of the people, who actually make the advertising and sales promotion decisions, brand

managers, has mostly been left out of earlier research although it is vital in understanding the issue. Thus, this thesis also aims at making a contribution to this gap in research by targeting brand managers/directors as informants of the study.

The different national markets on the focus of this study were selected in order to obtain a comprehensive view of four similar, in terms of e.g. population, Northern European markets. Moreover, relatively few (advertising) academics have focused on Northern Europe (Kanso & Nelson 2002, 79) and thus a gap in research exists also in these geographical terms. The remaining Nordic country, Iceland, will not be dealt with mainly due to time and resource constraints but also owing to the distant geographical location and dissimilar demographics of the country in relation to other Nordic countries. Moreover, simultaneously examining two promotional tools with different functions in the promotional mix allows for forming a more holistic view on the markets in question. The research problem can be further divided into sub-objectives as follows:

1. How and due to which factors is the advertising of the case brand adapted on each market?
2. How and why do the sales promotion activities of the case brand differ on each market?

The structure of the study featuring the main research objective, sub-objectives, intended theoretical frameworks, data collection and its analysis and interpretation phases are illustrated in Figure 1. In the next section, relevant key concepts of the study are defined. Thereafter, in Chapter 2, theoretical discussion on adaptation of international marketing communications is conducted by assessing the relation of advertising and sales promotion as well as the determinants of marketing communications adaptation. Chapter 3 sheds light on the research methodology and specific research methods deployed in the study, whereas Chapter 4 is concerned with the adaptation of advertising and sales promotion of the case brand. Conclusions, alongside with the theoretical and managerial implications, of the study are presented in Chapter 5, after which Chapter 6 summarises the thesis up.

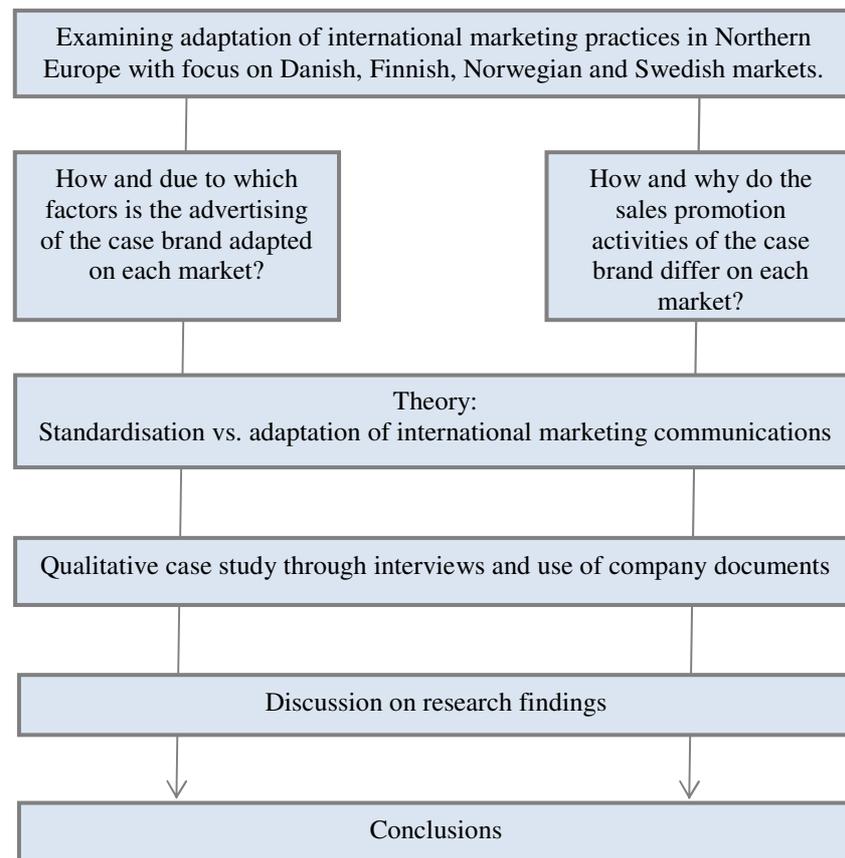


Figure 1 Structure of the study

## 1.4 Definition of key concepts

In view of the fact that the promotion element of the *marketing mix* is on the focus of this study, it is first central to establish a definition for the marketing mix. The marketing mix is a conceptual framework that categorises the main decisions a company makes to shape its offerings to suit the needs of customers. The traditional marketing mix consists of four elements (4Ps): product, price, place (distribution) and promotion. The extended version of the marketing mix, often referred to as the 7Ps, consists of three additional elements to the traditional marketing mix: people, processes and physical evidence. These elements are of more relevance to service industries, which is why the extended marketing mix framework is not applied in this study. (Palmer 2009, 253.)

Another essential concept is the *promotional mix*, interchangeably referred to as the *marketing communications mix*. Marketing communications are the means by which companies strive to inform, persuade, and remind consumers – either directly or indirectly – about the products and brands they put on the market (Kotler & Keller 2007, 279). In essence, the use and modification of the promotional mix can define the

effectiveness of marketing communications to a target audience. A unified agreement of what constitutes the finite set of marketing communications tools has not been reached amongst academics or practitioners, nor is there total agreement of the definitions of each tool. However, the majority agrees that the most central promotional elements are advertising, sales promotion, public relations and personal selling. (Egan 2007, 17–18.) Some prominent academics (Czaplewski & Olson 2003, 7; Kotler and Armstrong 2006, 427) include direct marketing in the major promotion tools in addition to the above mentioned ones, while others (Duncan 2002; Shimp 2003, for reference see Egan 2007, 18) take in such elements as sponsorship, exhibitions, packaging, merchandising, E-commerce, internal marketing and customer service as well. As far as the terminology of this study is concerned, the term promotion, an element of the marketing mix, should not be confused with sales promotion – one of the specific promotional tools of the promotion element of the marketing mix. Moreover, for simplicity, the term international marketing communications in this thesis refers solely to the advertising and sales promotion elements as they are on the focus of the study.

Time and resource constraints prevent the extensive research of all four elements of the traditional marketing mix, which are illustrated in Figure 2 alongside with the major promotional mix tools. The rationale for depicting the whole traditional marketing mix is to illustrate the element under scrutiny in this study, promotion, in relation to the other elements of the conceptual framework and its linkage to the promotional mix. Although it should be noted that the promotional programme needs to be a part of a viable marketing strategy and harmonised with other marketing activities (Belch & Belch 1998, 9), time and resource constraints do not allow even for the holistic research of such a vast array of promotional mix elements, which is why this study focuses on the advertising and sales promotion elements on the four selected Northern European markets. As the strategic choice of the case brand of being present only in a specialised distribution channel (pharmacies) may play a key role in the sales promotion activities of the brand, the sales promotion aspect in this study takes notion of point-of-sale (POS) marketing as an integral part of the sales promotion element. Moreover, POS marketing is especially important in fast moving consumer goods retailing (Egan 2007, 326), which are on the focus of this study, and thus it is necessary to study POS marketing elements as a part of the sales promotion aspect.

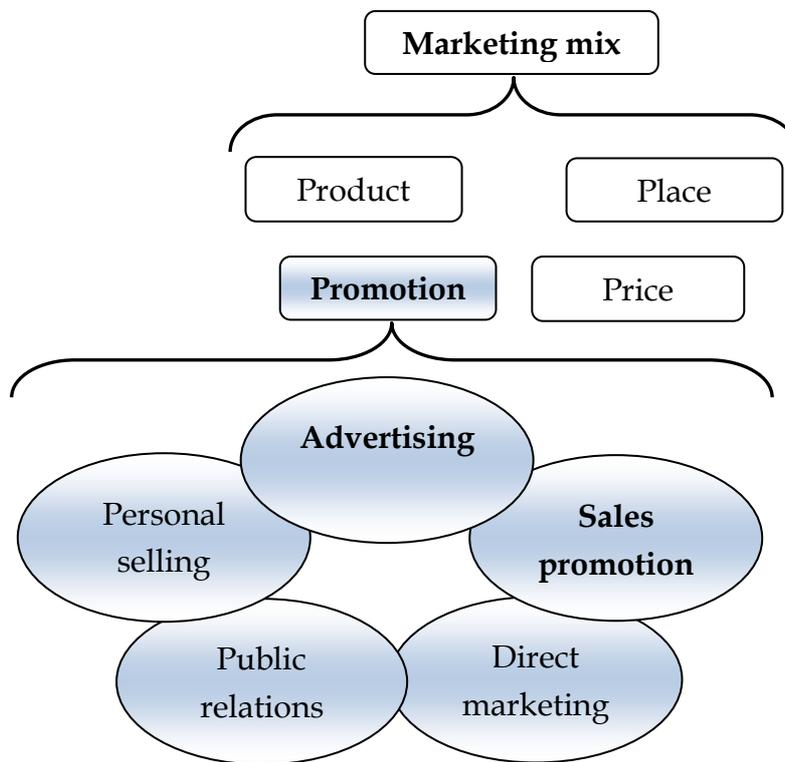


Figure 2 The 4P elements of the marketing mix and their linkage to major promotional mix elements

It should be noted that there is often confusion between what is advertising and what is sales promotion and many opt not to distinguish between them at all (Egan 2007, 223). Hence, it is necessary to define and discuss the concepts of advertising and sales promotion – as well as their sub-aspects, societal significance, potential synergies and relative importance in the promotional mix – thoroughly in the following.

*Advertising* is such an important and visual part of marketing that it has been stated that if marketing was a great vehicle creating experiences and identities, then advertising would be its engine (Hackley 2005, 236). It is argued that in modern societies advertising is such a mundane and commonplace phenomenon that it has indeed become a part of our cultural landscape (Hackley 2005, 37). In other words, it simply is ‘there’, wherever ‘there’ might be. Indeed, estimates of the number of advertising messages that reach consumers daily vary from 100 to 1000 (Tellis 2004, 3). Some academics estimate the daily number of exposures to advertising messages to be as high as between 3000 and 5000 for an average city dweller (Kotler, Keller, Brady, Goodman & Hansen 2009, 691). For these reasons, advertising was chosen as one the elements of key interest of this study.

According to prominent academics, advertising can be defined as any paid form of non-personalised presentation and promotion of ideas, goods or services by an identifiable sponsor (Kotler & Armstrong 2006, 427). In accordance with the foregoing definition, Egan (2007, 193) also takes into account the target of advertising, the consumer, by defining advertising as:

*“Paid-for, non-personal form of mass communication from an identified source, used to communicate information and influence consumer behaviour.”*

In other words, advertising differs from, for instance, public relations since it involves paying for placing a desired message in the media of choice. It should also be stressed that advertising is targeted to groups of consumers, not individuals. However, consumers themselves do not make a significant distinction between different vehicles that carry advertising but rather tend to regard all marketing communications as ‘advertising’ (Hackley 2005, 15). In addition to consumers, advertising is also significant for the confidence and morale of other parties who have a stake in the success of a brand, such as shareholders, employees and suppliers (Hackley 2005, 56).

**Sales promotion** can be defined as various short-term incentives to encourage the purchase or sale of a good or service (Kotler & Armstrong 2006, 427). In essence, sales promotion has the function of ‘speeding things up’, in other words being a means to boost the volume of sales by directly having an influence on the decision-making of the consumer. In contrast to advertising – a fundamentally long-term promotional element best suited for influencing consumer attitudes and increasing brand equity – sales promotion is to a large extent a short-term tool aimed at influencing immediate behaviour rather than altering long-term attitudes. (Czaplewski & Olson 2003, 8; Shimp 2003, 469; Egan 2007, 224.)

Sales promotion has been traditionally classified into two major categories: consumer-oriented and trade-oriented activities (Belch and Belch 1998, 17–18; Czaplewski & Olson 2003, 8), which will be discussed further in the following. It should also be noted that a more specific division recognises four types of sales promotions: consumer, trade, retail and sales force promotions. These can be classified into *pull and push strategies*. Trade promotions are designed to push the product of the supplier into the distribution channel by encouraging the retailer to facilitate particular objectives. Pull strategies, such as consumer promotions, are aimed at attracting consumers to the brand. Retail promotions on the other hand are also pull strategies but the key attraction is to the retailer, not the brand. (Egan 2007, 224.)

As defined earlier, since this study places emphasis on the point of view of national subsidiaries in marketing, the focus is on supplier initiated pull and push strategies, i.e.

consumer and trade promotions, although other promotion types are touched on slightly. Trade-oriented sales promotions are included in the focus of the study in order to take into account the possible special characteristics brought on by the exclusive distribution channel strategy of the case brand. Moreover, retailers may have a rather strong effect on the relative allocation of marketing communication resources between advertising and sales promotion; the more powerful the retailer, the more highlighted is the pressure to invest more heavily in sales promotion at the expense of advertising (Low & Mohr 2000, 405), which is another key rationale for including the aspect of trade-oriented sales promotions in the focus of this thesis. Furthermore, this study takes notion of the sales force aspect as a part of consumer promotions. The relationship between different types of promotions alongside with the classification to pull and push strategies is illustrated in Figure 3.

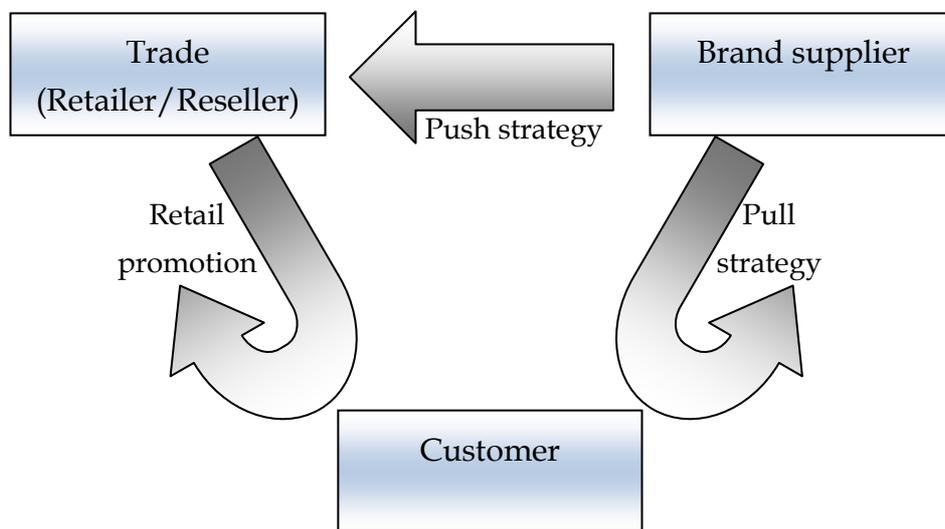


Figure 3 Relationship between customer, retail and trade promotions (adapted from Egan 2007, 225)

*Consumer promotions* tend to boost unit sales and market share of the promoted brand but, on the other hand, too frequent promotions in the long-term may lead to less favourable consumer attitudes toward the brand (Low & Mohr 2000, 396). Consumer sales promotions are mostly targeted to the end users of a product or service and include such means as couponing, sampling, premiums, rebates, contests and a variety of POS materials (Belch & Belch 1998, 18–19). A more comprehensive look into the major consumer promotion tools and their definitions is taken in Table 1. Furthermore, the POS aspect of consumer promotions is discussed in more detail.

Table 1 Major consumer promotion means (adapted from Kotler et al. 2009, 738)

Promotion tool	Definition
Samples	Free amount of a product distributed to consumers in one way or another.
Coupons	Certificates entitling the holder to a stated saving.
Cash refunds	After purchase price reductions obtained by the consumer by delivering proof of purchase to brand supplier.
Price packs	Savings off the regular price of the product. A reduced price pack is a single package sold at a lowered price (e.g. two for the price of one) and a banded pack is two related products banded together.
Premiums (gifts)	Goods offered at a relatively low cost or for free as an incentive to buy a particular product.
Frequency/loyalty programmes	Programmes rewarding frequency and intensity in buying the company's products.
Prizes (contests)	Offers to win something as a result of making a purchase.
Free trials	Inviting potential purchasers to try a product free of charge in the hope they will make a purchase.
Product warranties	Promises by seller that the product will perform in a specific manner or the seller will fix it or make a refund to the purchaser.
Tie-in promotions	Two or more brands/companies joining forces in sales promotions to increase pulling power.
POS displays and demonstrations	Displays and demonstrations that take place in the point-of-sale.

Although advertising and some sales promotion means such as coupons and competitions might persuade a consumer into the store, the actual sale still needs to be made (Hackley 2005, 131). This is where *point-of-sale (POS) marketing* comes in. In essence, POS marketing has the function of reminding consumers of prior mass media advertising and persuading them to grasp the benefits of a sales promotion offer (Shimp 2003, 200). Hence, POS marketing is sometimes regarded as the 'silent salesperson' that communicates the features, benefits and other subtleties associated with the buying decision of the consumer. The significance of POS marketing as a part of sales promotion is highlighted by the fact that the majority of purchase and brand decisions are made in-store. (Egan 2007, 326; Kotler et al. 2009, 731.) However, these figures do not take into account the impact of other marketing communications, such as advertising, on the ultimate purchasing decision, which is why advertising is studied alongside with sales promotion in this study. Furthermore, the thesis is mainly

concerned with POS materials that serve their function, and can be influenced on, within a relatively short timeframe. Thus, due to their long-term nature, for instance product packaging or long-term merchandising actions are not POS features this study will be concentrating on. POS marketing in the context of this thesis entails, for instance, a sales person handing out free samples, POS material of a campaign nature featuring product offerings, or any other form of short-term in-store promotion aiming at increasing the sales of the brand.

In contrast to consumer promotions, *trade-oriented sales promotions* are not targeted toward the customer but toward distributors and retailers. Thus, trade promotions represent a push strategy from the point of view of the brand supplier and aim at pushing more products into the distribution channel and promoting the products of a company through, for instance, promotional allowances, price deals, sales contests, cooperative advertising, trade shows and even free goods. (Belch & Belch 1998, 19; Kotler et al. 2009, 735.) Also supplier-initiated training of the sales force of the distributor is a means of trade promotions that should be noted (Czaplewski & Olson 2003, 9). Moreover, trade promotion initiatives have the general objective of encouraging the distribution channel intermediaries to dedicate more attention to the products of the supplier that is offering the promotion rather than to competitive offerings. Trade promotions are of key importance for the success of sales promotions since consumer promotions are likely to fail unless trade promotions have succeeded in convincing retailers to stock an adequate amount of products. (Shimp 2003, 497–498.) It is noteworthy that the increasing power of large retailers has improved their ability to insist on trade promotions at the expense of consumer promotions and advertising (Kotler et al. 2009, 738). As in the case of consumer promotions, trade promotions have been proved to have a positive effect on market share. However, the potential negative impacts of trade promotions include effects on profits, changes in consumer attitudes and brand equity. (Low & Mohr 2000, 396.)

## **2 ADAPTATION OF INTERNATIONAL MARKETING COMMUNICATIONS**

On consumer markets, marketers tend to focus a major share of their communications spending on advertising and sales promotion (Kotler et al. 2009, 711), which is one of the key motives for choosing to focus on those elements of the promotional mix in this study. Although advertising is the backbone upon which the communications industry was built, before the dawn of the new millennium the ratio of promotional spending to advertising was already 3 to 1 according to some studies (Egan 2007, 212) while other research indicates that the spending in short-term sales activities, i.e. sales promotion, lies between 58 and 75 percent of the marketing communications budget (Belch & Belch 1998, 20; Low & Mohr 2000, 389). Understandably, the question of relative allocation of the marketing communications budget is vital for many brand managers who must make trade-offs in choosing how to best allocate limited marketing communications resources (Low & Mohr 2000, 390). For the aforementioned reasons and the dominating proportion of advertising and sales promotion of the marketing communications budget, it is important to take a look at the relation of these two major elements of the promotional mix. These issues will be discussed in more detail in Chapter 2.1.

Furthermore, in order to better understand the media framework within which adaptation of advertising takes place, it is necessary to provide a general overview of the features of major mediums and their implications for advertising adaptation in Northern Europe. Chapter 2.2 will shed light on these issues whereas Chapter 2.3 concentrates on the determinants of standardisation/adaptation of international marketing communications.

### **2.1 Relation of advertising and sales promotion**

Advertising is regarded as means for long-term brand building activities while sales promotion provides a rather short-term purchase incentive (Low & Mohr 2000, 391). Consequently, as illustrated in Figure 4, advertising and sales promotion affect different areas of consumer decision-making as advertising generates value that is intangible while sales promotion adds tangible value to the offering (Egan 2007, 224). Ideally, these different elements are carefully coordinated with the aim of delivering a clear, consistent and persuasive message about the company and its products (Kotler & Armstrong 2006, 424). It is also noteworthy that advertising boosts full-margin sales whereas sales promotion reduces unit margins, which is why the two are sometimes

viewed as trade-offs to each other, at least with regard to the marketing communications budget (Tellis 1998, 427).

The aim of coordinating different elements of the promotional mix is to avoid unnecessary duplication, taking advantage of synergies and developing more efficient and effective marketing communication programmes (Belch & Belch 1998, 11). It is argued that multiple media deployed within a defined time frame can amplify message reach and impact (Kotler et al. 2009, 714). However, it is argued that in practice ideal co-ordination of marketing communications is extremely hard to implement (Egan 2007, 338). This complexity is another rationale for this study to focus solely on the advertising and sales promotion aspects and how they are used to support each other. The relation of advertising and sales promotion and their conscious co-ordination needs to be noted since for instance a study conducted by Low (2000, 37) showed that implementing co-ordination of marketing communications is strongly related to improved marketing performance in terms of sales, market share and profits. Other studies have discovered several other advantages of consciously coordinated marketing communications such as reduction of media waste, improved co-ordination, enhanced consistency of marketing communication programmes and increased impact of the promotional message.

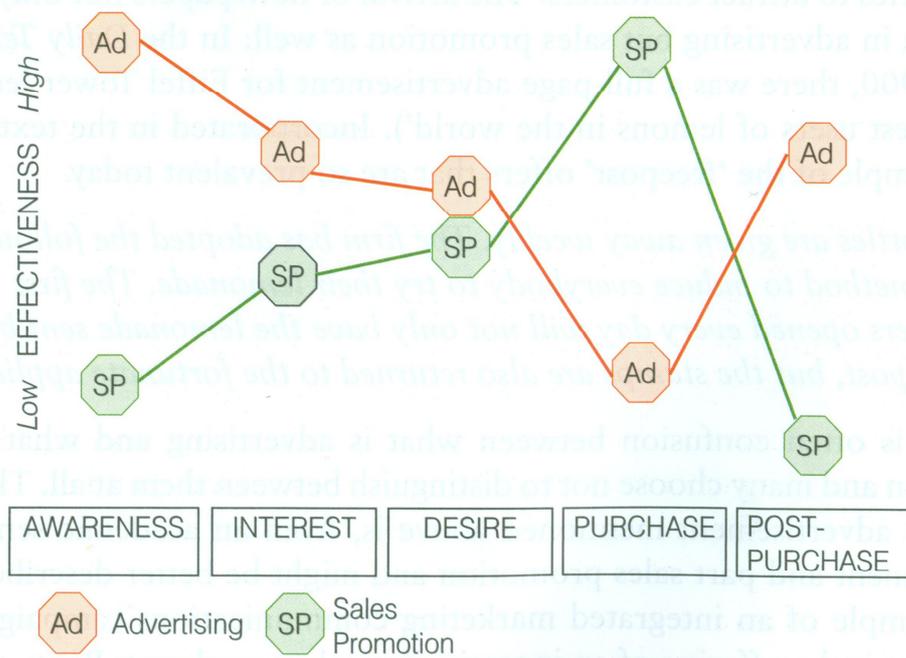


Figure 4 Comparative effectiveness of advertising and sales promotion at different stages of the buying process (Egan 2007, 224)

The stages from awareness to post-purchase in Figure 4 assume that consumers go through several phases prior to purchase. Such models are generally referred to as *hierarchy of effects models* and are essentially attempts to simplify complex processes and as such should not be regarded as absolute truths mainly because consumers do not necessarily go through all the stages of the models. Nevertheless, they are valuable in explaining the theory behind marketing communication strategy. (Egan 2007, 42–43.) In this study, the model primarily explains the relative importance of advertising and sales promotion at different stages of the buying process, and thus implies what kind of marketing communications would, in theory, be most suitable for different phases of the process. For example, the effects of exposure to advertising are much less important at the phase of making the purchase choice than the effects of sales promotion, although higher frequency of exposure to advertising produces an increased probability of purchase (Tellis 2004, 90).

As it can be to some extent deduced from Figure 4, also *product/brand life cycle* has implications for the relative usage of advertising and sales promotion. This is due to the possibility that the product(s) may be at a different stage of the product life cycle on different market, which may have an influence on the degree of international marketing strategy standardisation/adaptation (Katsikeas & Theodosiou 2001, 8). Typically, in the introduction and growth phases of a product/brand, advertising is utilised to inform consumers about characteristics and benefits and to build awareness whereas in the maturity phase it may be more feasible to shift marketing communications resources from advertising to sales promotion in order to respond to intensified competition and to try to increase market share. In other words, in cases where relative market share is high, consumer and trade promotions may not be feasible at the expense of advertising since such activities would lead to diminished returns. On the other hand, sales promotion may prove to be a key success factor when attempting to gain more market share from competitors. (Low & Mohr 2000, 392–393.) However, an increase in market share as a result of increased sales promotion spending in relation to advertising is not always a foregone conclusion since Low and Mohr (2000, 406) were taken by surprise when their findings suggested sales promotion may not have the desired effect on sales and market share in all cases.

## **2.2 What is being adapted?**

The overall objective of communications management is to create the best message for the most suitable medium to reach the maximum number of people in the target audience (Egan 2007, 178). Hence, the management of the media mix is vital. However, due to varying media availability in different countries and differing efficiency of global

media, the feasible channels for advertising vary (Johansson 1997, 542; Samiee et al. 2003, 617; Hackley 2005, 161). Thus, international marketing communications need to consider differences in media availability and the popularity of different mediums on target markets (De Pelsmacker et al. 2007, 558). Such factors may necessitate significant adaptation of strategy to local market conditions (Douglas & Wind 1987, 25), which is why it is necessary to shortly describe the communications industry and the major advertising mediums.

Advertising standardisation/adaptation decisions also have implications for media buying. For instance, particularly print media provides global services and scale returns through international editions as media ownership is becoming increasingly multinational (Johansson 1997, 550). Some studies have established the existence of a strong link between the use of a local advertising agency and marketing mix adaptation (Solberg 2000, 84). On the other hand, especially the drive toward standardisation of advertising is affected by advertising agencies that seek to benefit from the larger international advertising budgets of their clients (Samiee et al. 2003, 613). Thus it is necessary to shortly evaluate the role of advertising agencies in international marketing and shed some light on the characteristics of the most prominent advertising mediums in Northern Europe.

Global advertising agencies with worldwide networks of subsidiaries or affiliates are claimed to be one of the driving forces behind the trend toward increasingly global advertising. As advertising agencies spread out their global reach, many international companies have opted for centralising their advertising spending and selected a single firm as their global agency, which has also meant losing significant accounts for smaller agencies. (Johansson 1997, 559–560.) As a result, the industry is highly globalised in the present day.

Typically, international companies tend to develop the advertising messages and media schedule working closely with an advertising agency with local representation in various markets. Furthermore, the creative development and the production of a prototype advertisement (or a standardised one) are often centralised to an agency with headquarters in the home country of an international company and local subsidiaries in relevant markets. The use of a single worldwide agency is seen to be advantageous from the co-ordination and control perspective of international advertisers. (Johansson 1997, 560) Moreover, in the present day companies expect advertising agencies to offer expertise across other marketing communications in addition to advertising (Belch & Belch 1998, 13; Hackley 2005, 15), which further accentuates the important role of the agencies in marketing communications.

In order to standardise advertising programmes, international companies would need a *similar marketing communications infrastructure* across countries in terms of media availability, technical equipment and cost (Laroche et al. 2001, 253). However, different

countries may have dissimilar media preferences and thus different media allocation. For that reason, national media mixes need adaptation to local customs, local preferences and to the target groups the particular media reach in the market in question. (Taylor & Okazaki 2006, 102; De Pelsmacker et al. 2007, 570.) Solberg (2000, 79) also notes that purchase motives differ substantially from market to market, which also has an impact on the international marketing communications of a company. Additionally, the decision concerning which medium to utilise depends upon cost, the target audience reached and the attributes of that medium (Egan 2007, 178). In order to obtain an overview on what is essentially being adapted, the most prominent mediums in Northern Europe, as well as their potential advantages and disadvantages, are briefly discussed in the following and summarised in Table 2.

Print media can be divided into two main categories, magazines and newspapers. Magazines have the advantage of being able to reach large audiences, while they can also reach a specific target group more efficiently than other mediums. Magazines are often also viewed as being credible and prestigious, which enhances their position as an appropriate medium for image building. However, the advertisement purchase lead time is long, which reduces the flexibility of the medium and makes last-minute modifications and regional versions impossible to implement. Newspapers, on the other hand, have short lead times which enable increased flexibility, timeliness and local market coverage. Another major advantage of newspapers as an advertising medium is that a great number of people can be reached in a short period of time. Nevertheless, the duration of the reach is rather limited since a newspaper only lasts for one day. (De Pelsmacker et al. 2007, 242; Egan 2007, 179–180; Kotler & Keller 2007, 298.) With regard to the industry on the focus of this study, it has been asserted that fragrance and cosmetic brands are fairly likely to deploy rather highly standardised advertising in European magazines (Okazaki & Taylor 2006, 448).

Television is regarded as a fairly high impact medium as it carries an audiovisual message, which is appealing to the senses. Therefore, television is often considered an especially strong medium with regard to transferring brand image and personality. Television also makes regional adaptation of advertising possible. Although television as an advertising medium often has a high absolute cost, the relative cost (CPT, cost per thousand audience exposure) is low because of the large audience that it reaches. However, the exposure provided by a television advertisement is rather short and ever-increasing advertising clutter diminishes the effectiveness of the message further. Thus, repetition of the message is needed, which adds to the total costs of the campaign. (De Pelsmacker et al. 2007, 243–244; Egan 2007, 181–182; Kotler & Keller 2007, 298.)

Major advantages of radio include its potential to reach numerous people at a relatively low cost and the ability to target audiences to a great extent not only demographically but also, for example, in terms of lifestyle. It is also regarded as a very

dynamic medium in which short-term alterations can be conducted. However, the lifetime of messages on the radio is very short and people tend to listen to radio alongside other activities, which consequently implies that communicating complex messages on the radio can be rather ineffective. (De Pelsmacker et al. 2007, 245; Egan 2007, 180–181; Kotler & Keller 2007, 298.)

Over the years, advancement of the Internet and broadband connections has significantly improved media availability and even enabled cross-market media buying practices (Taylor & Okazaki 2006, 102). Indeed, the Internet allows for the use of a variety of electronic mediums. It enables information for consumers to be presented, questions to be asked and brand image to be developed in addition to being an advertising site. In other words, the Internet is a highly interactive media, although its value as an advertising medium may be questionable. Nevertheless, highly targeted audiences can be reached through electronic media when consumers voluntarily provide information for the marketer. In addition, search engine marketing is becoming of more importance in advertising as companies are investing in priority retrieval based on specific key words. (Egan 2007, 182–183; Kotler & Keller 2007, 298.)

Table 2 Profiles of major media types (adapted from Kotler & Keller 2007, 298)

<b>Medium</b>	<b>Advantages</b>	<b>Limitations</b>
Television	Combines sights, sound and motion; appealing to the senses; high attention; high reach.	High absolute cost; high clutter; fleeting exposure; less audience selectivity.
Magazines	High geographic and demographic selectivity; credibility and prestige; high-quality reproduction; long life; good pass-along readership.	Long ad purchase lead time; some waste circulation; no guarantee of position.
Newspapers	Flexibility; timeliness; good local market coverage; broad acceptance; high believability.	Short life; poor reproduction quality; small pass-along audience.
Radio	Mass use; high geographic and demographic selectivity; low cost.	Audio presentation only; lower attention than television; non-standardised rate structures; fleeting exposure.
Internet	High selectivity; interactive possibilities; relatively low cost.	Relatively new media with a low number of users in some demographic groups.

### **2.3 Determinants of standardisation/adaptation of international marketing communications**

In spite of the extensive research on standardisation/adaptation of marketing strategies, the theoretical foundation for the field remains feeble (Jain 1989, 70; Dickson & Viswanathan 2007, 46). Although attempts have been made to apply more holistic theoretical bases to e.g. international advertising research, a critical need for more comprehensive empirically testable theoretical models is still seen to exist (Taylor 2006, 495). However, once a company has decided on going international, one of the key strategic decisions to be made is to what extent a global marketing strategy should be followed (De Pelsmacker et al. 2007, 576; Vrontis et al. 2009, 479). Setting up a global marketing strategy is not an easy task. The communication needs to be suitable for each local market while at the same ensuring appropriate co-ordination and control of campaigns and costs worldwide (Johansson 1997, 542).

Two contrasting general strategies can be identified in international marketing. The view of local *adaptation* (i.e. localisation or customisation) places emphasis on the assumption that differences in marketing infrastructure and consumer needs call for marketing strategies that are directed entirely towards the market in question. On the other hand, the viewpoint of global *standardisation* stresses the worldwide similarities of consumers, which is seen to enable the use of a common marketing strategy globally. (de Mooij 1994, 80–81.) The advocates of the standardisation approach assert that the driving force in the trend towards increasing feasibility of standardisation is technology, which has facilitated e.g. communication and travel (Vrontis 2003, 284). Katsikeas and Theodosiou (2001, 3) also recognise the somewhat self-explanatory middle-of-the-road approach to international marketing standardisation/adaptation, which incorporates elements of both of the aforementioned extremities.

The standardisation of marketing efforts has various potential advantages. However, often the marketing mix has to be adapted to better suit different foreign environments. (De Pelsmacker et al. 2007, 576.) In the following, the two strategic approaches and their drivers are discussed in further detail and the key reasons pulling towards standardisation or adaptation strategies are illustrated in Figure 5. It should be noted that due to time and resource constraints some very extensive factors featured in the original model (Vrontis 2009, 483) – such as sociological and technological perspectives of society – affecting the standardisation/adaptation were excluded from Figure 5 as well as from the research focus of this thesis. Moreover, the factor ‘stock costs reduction’ was also excluded as it carries no significance for the promotion aspect in standardisation/adaptation decisions.

Advocates of the standardisation viewpoint see markets as increasingly homogeneous and global. In essence, they assert that consumer needs and wants do not

vary considerably across markets or countries. Perhaps, the most renowned paper encouraging global standardisation of companies' functions is that of Levitt (1983) in which he argued that standardisation of the marketing mix and forming a uniform strategy for the whole global market provides superior economies of scale in marketing and production. This was based on the assumption that consumer needs and wants have become so homogeneous globally that consumers are expected to prefer standard products of high quality and low price, which can be achieved through standardisation. Nevertheless, the views of Levitt have been contested by several authors on the grounds that they are overly simplistic (see for instance Boddewyn, Soehl & Picard 1986; Douglas & Wind 1987). Furthermore, critics of the standardisation approach argue that no evidence to demonstrate that consumers have become increasingly price-conscious or that they are prone to trade off specific product features for lower prices exists (Douglas & Wind 1987, 22). In addition, from a conceptual perspective, standardisation can be regarded as a step backwards since it entails viewing markets from the standpoint of the company rather than from the perspective of the customer (Doherty & Ennew 1995, 41).

A standardised campaign can be defined as one that is carried out in different countries using the same concept, theme, setting, appeal and message, with the potential exception of translations (De Pelsmacker et al. 2007, 576). At its most extreme, standardisation is defined as utilisation of a completely identical worldwide marketing mix (de Mooij 1994, 84).

Understandably, *economies of scale* are often noted to be a major advantage of marketing communications standardisation (Taylor & Okazaki 2006, 104), although cost factors may arguably be of more importance for production strategy than for marketing strategy (Doherty & Ennew 1995, 43). Worldwide standardisation can yield considerable savings not only in communication costs but also enhance the quality of communication since for instance global advertising offers the possibility to exploit a brilliant idea across different countries. (Levitt 1983, 92; Douglas & Wind 1987, 24; Yip 1989, 32; Johansson 1997, 550; De Pelsmacker et al. 2007, 576.) Standardisation is also argued to make the co-ordination and control of campaigns simpler in different countries (De Pelsmacker et al. 2007, 576). Furthermore, standardisation allows for developing a global brand image and increases appeal to cross-market segments (Taylor & Okazaki 2006, 98).

On the other hand, the proponents of the adaptation approach – which in essence emerged as a counter-reaction to the arguments in favour of the standardisation school of thought (Katsikeas & Theodosiou 2001, 3) – in international marketing stipulate that companies need to find out how to adjust their marketing strategy and the elements of the marketing mix in order to fit market requirements. From their standpoint, marketing mix elements cannot be standardised due to the different macro- and micro-

environmental factors and restrictions of international markets. (Kanso & Nelson 2002, 79; Vrontis et al. 2009, 479–481.) Moreover, market promotion and communication patterns standardised to a great extent may prove to be counter-productive as they often overlook socio-cultural country differences that lead to differing interpretations of the same promotion/communication contents across different markets (Gerpott & Jakopin 2005, 204). Yet, interestingly, it is even being argued that the more a company is involved in international markets, the more likely it is that a standardised approach will not produce optimal results (Douglas & Wind 1987, 26). Moreover, some academics stipulate that adaptation of international marketing is likely to result in deeper penetration of foreign markets and thus improved market share and sales volume (Katsikeas & Theodosiou 2001, 4–5).

Another argument in favour of adapting marketing communications is that local managers often feel more motivated if they can contribute to the creative process rather than merely run advertisements set up by the headquarters (Quelch & Hoff 1986, 63; Douglas & Wind 1987, 26–27). However, some companies have a tendency to compensate the local management for such a lack of control by granting them the ability to adapt those marketing mix elements that are not subject to considerable economies of scale (Quelch & Hoff 1986, 62). Moreover, adaptation may prove to be very useful should the need arise to react to, for example, advertising of competitors by tailoring the message of advertising to correspond to the genuine interests and values of local consumers (De Pelsmacker et al. 2007, 578). On the other hand, different advertisements from different countries may generate confusion in consumers (Vrontis et al. 2009, 480).

Both the adaptation and the standardisation schools of thought highlight the advantages a company could achieve by using either approach. However, it is argued that by completely focusing on either approach they may become impractical and, in fact, focusing on either extremity has been widely rejected by academics. In reality, both approaches are probable to co-exist within the same company or a single brand. (Hackley 2005, 165; Vrontis et al. 2009, 479–481.) Thus, standardisation or adaptation is not an all-or-nothing choice but rather a matter of degree since dissimilarities among different countries do not allow complete standardisation and the costs of adaptation may not allow it to be applied extensively across markets (Quelch & Hoff 1986, 59; Douglas & Wind 1987, 28; Jain 1989, 71; Vrontis et al. 2009, 482). In other words, for international companies to succeed, elements from both approaches often need to be incorporated. In general, strategy, objectives and image are more likely to have a uniform global, i.e. standardised, approach and for instance marketing communications are more commonly adapted to local conditions (De Pelsmacker et al. 2007, 576). Furthermore, decisions concerning standardisation or adaptation of marketing communications should not be regarded as one-off choices, especially since e.g.

environmental issues affecting the degree of standardisation/adaptation are factors of a changing nature (Vrontis et al. 2009, 491).

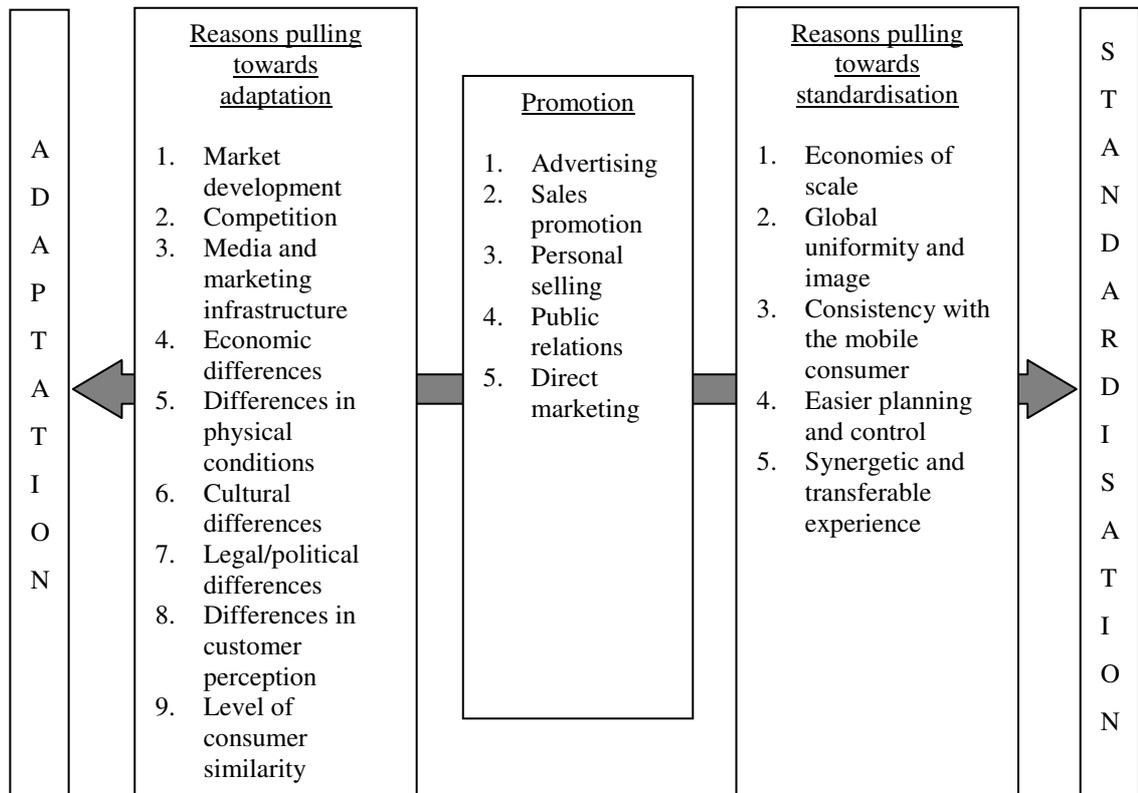


Figure 5 Key reasons for standardisation and adaptation of promotion (adapted from Vrontis et al. 2009, 483)

A number of external and internal factors have an effect on marketing communication adaptation decisions and the probability of adaptation depends on a variety of factors like market position, nature of product and environmental factors as well as organisational factors (Jain 1989, 71; de Mooij 1994, 80; Katsikeas & Theodosiou 2001, 4). Despite the acknowledged importance of these factors as determinants of the degree of standardisation/adaptation of international marketing communications, no general consensus has been reached concerning their relative importance (Laroche et al. 2001, 252). These factors will be discussed in more detail in the following.

Global marketing communications decisions are essentially no different from corresponding national decisions. Nevertheless, the environment within which the decisions are made is unique to each country. Thus, differences in environmental factors are an essential concern when making decisions about marketing communications standardisation/adaptation. (Jain 1989, 74.)

An apparent environmental factor to be taken into consideration in international marketing communication decisions is the *physical and economic environment* of a

given market. It is argued that economic similarity (i.e. per capita GNP, disposable income, quality of life) of different markets may facilitate the standardisation of marketing. However, rather than focusing on the level of wealth in different nations, it is also possible to identify homogeneous market segments with similar needs across different countries and thus market to these segments using a standardised approach (Levitt 1983, 94; Jain 1989, 73; Taylor & Okazaki 2006, 102.) Physical environment of a given market also has implications for marketing mix adaptation since for instance climate and weather conditions differ greatly across the globe (Jain 1989, 75; Anderson & Srinivasan 1998, 413).

In addition to the similarity in terms of physical and economic traits of a given market, also *consumer similarity and differences in consumer perception* of different markets have implications for the feasibility of adaptation of marketing communications (Doherty & Ennew 1995, 39–40). Inversely, standardisation of marketing communications may be more viable if inter-market segments, i.e. consumer segments that go beyond national borders, in target countries can be identified (Samiee et al. 2003, 617). Consumer similarity and differences in consumer perception entail such factors as tastes, wants, needs, media usage and buying behaviour patterns, as well as practices and habits (Vrontis 2003, 299; Okazaki et al. 2007, 390).

The *political environment* of a country can result in an intervention in the affairs of foreign businesses (Jain 1989, 75; Yip 1989, 38; Doherty & Ennew 1995, 44). In order to avoid any undesirable interference by national governments, companies need to pay attention to the content of their advertising and to adapt it to market specific requirements if necessary. Besides the political environment, international marketers face various restrictions particularly to standardised advertising campaigns, such as their lack of ability to account for the possible *legal regulations* (Douglas & Wind 1987, 25; Doherty & Ennew 1995, 41; Backhaus & van Doorn 2007, 37). Even within the EU, regulations for advertising can differ significantly from one country to another. As a matter of fact, due to cultural, commercial and legal differences of member states, presently few EU-wide advertising regulations exist, except for general restrictions on the international trading of goods and services (Taylor & Okazaki 2006, 100). However, differences in regulations can exist, for instance, in products that are allowed to be advertised, the media, and advertising material that is allowed for use (De Pelsmacker et al. 2007, 574). Moreover, some advertising styles may be prohibited in certain countries; for instance comparative advertising is not allowed in many countries (de Mooij 1994, 207). However, legal regulations have implications not only for advertising but also for sales promotion and legislative restrictions concerning either one of these promotional elements may result in a stronger emphasis and adaptation of the other one (Czaplewski & Olson 2003, 8).

With regard to the *cultural environment* of a country, marketers need to understand and appreciate the cultural differences in order for their marketing communications to be successful (Laroche et al. 2001, 253; De Pelsmacker et al. 2007, 560). De Mooij (1994, 204–205) argues that extensive cultural differences will remain in Europe and marketing communications will need to take notion of these differences while in the same time trying to develop concepts with a relatively standard output. However, more recent research suggests that feasibility of, for instance, standardising advertising in the EU has increased, mainly as a result of integration effects (Taylor & Okazaki 2006, 99). Moreover, regarding specific manifestations of culture, it should be noted in the context of international marketing communications that language is a vital communications ingredient as subtle differences can convey entirely different meanings. As people generally prefer to be addressed in their native tongue, translation of promotional messages is a significant issue in international marketing communications. (De Pelsmacker et al. 2007, 561–562.)

Relating to the promotion element of the marketing mix, it is argued by some researchers that culture has no major impact on the other elements of the marketing mix but rather the main effect is on promotional efforts. Thus, what is essentially being argued is that firms ought to use an adapted promotional approach when penetrating a different cultural environment. (Vrontis et al. 2009, 480.)

With regard to advertising, an evident gap in the international advertising research is the lack of general theory on how cultural issues influence advertising. Although the well-know cultural dimensions of Hofstede (1983) have provided some insight, it is apparent that these dimensions, based on work-related values, do not completely explain effects of culture on advertising. Even though a remarkable number of studies have evaluated the impact of culture in the same manner, a comprehensive theoretical framework on the role of culture is still lacking. (Taylor 2006, 500.)

In standardisation/adaptation decisions it is necessary to take into consideration the *market development*, market conditions and competitive issues, i.e. market position, in different target markets (Jain 1989, 74; Yip 1989, 38–39; Doherty & Ennew 1995, 45; Samiee et al. 2003, 618). Differences in the nature of competitive circumstances from one country to another may suggest the desirability of adaptation strategy (Douglas & Wind 1987, 26). For example, when the foreign market is very competitive, companies are under greater pressure to address local competitive threats and thus adapt some of the elements of the marketing mix to achieve competitive advantage in relation to competitors (Okazaki et al. 2007, 389). Moreover, with regard to competitive advantage, it is argued that companies whose competitive advantage varies considerably across markets are more prone to adapt their marketing mix than companies whose competitive strengths are similar across markets. (Samiee et al. 2003, 618.)

The influence of market position on marketing communications can be evaluated from multiple target market and organisational perspectives. However, the determinants remain the same. From the organisational perspective, which will be further discussed in the part dealing with internal factors affecting standardisation/adaptation decisions, market position as a determinant of marketing communication standardisation or adaptation refers to the similarity of market position between the market of the headquarters and its subsidiaries. Market position has been determined in terms of three categories. First, the existence of global corporate and product images is considered. International companies with widely recognised global image have a tendency to control the marketing communications of their local subsidiaries more in order to maintain a global image. Secondly, similar levels of market development in terms of market growth, market share and product life cycle on the headquarters and subsidiary markets are factors that favour increased control and standardisation of marketing communications across countries. Thirdly, the intensity of competition in the subsidiary country can influence marketing communications decisions. Similar competitive positions in the subsidiary and headquarter markets may lead to a higher degree of standardisation. (Laroche et al. 2001, 252.) Moreover, Jain (1989, 74) proposes that competing against the same rivals in different countries leads to a greater degree of standardisation than competing against purely local companies.

Having discussed the effect of environmental factors on international marketing communications, some light needs to be shed on internal factors that affect those decisions. The extent of *organisational co-ordination and control* of international companies' headquarters' over their subsidiaries is often mentioned as a key element in determining the level of marketing communications standardisation (Laroche et al. 2001, 249; Taylor & Okazaki 2006, 105). It can generally be stated that the greater the involvement of the headquarters in the management and marketing decisions of the subsidiary, the greater the probability of standardisation on local markets (Samiee et al. 2003, 616). According to de Mooij (1994, 200), international organisations, especially in Europe, tend to centralise the planning of marketing to the headquarters and have marketing staff travel in different national subsidiaries in order to support local managers and to learn from them. As a result of increasing centralisation, it is more and more difficult for local managers to reject international campaigns on the basis that they do not consider them to be suitable for local conditions.

The degree of organisational co-ordination is also argued to be related to the skills demonstrated by the subsidiary; the more capable the subsidiary to make decisions, the more headquarters will delegate decision making to the subsidiary. Moreover, as the absolute size and maturity of the subsidiary increase, organisational control diminishes and standardisation of marketing communications is less likely to occur. (Laroche et al. 2001, 253.) On the other hand, the larger the size of the subsidiary, the more critical its

performance is to the overall performance of the MNC and thus it is stipulated that in such a scenario, the MNC headquarters is more likely to influence various aspects of operations of its larger subsidiaries (Samiee et al. 2003, 623). Yet Quelch and Hoff (1986, 62) argue that subsidiaries operating on smaller markets in absolute terms are more prone to accept deviations from what would be locally appropriate, in other words, less likely to resist more standardised marketing programmes.

Another factor affecting the amount of control is the degree of familiarity of managers at the headquarters with the local culture and the market approach of the local subsidiary. A high degree of familiarity is argued to increase the degree of control and level of marketing communications standardisation. (Solberg 2000, 79; Laroche et al. 2001, 254.) With regard to familiarity of local market conditions by the headquarters, Solberg (2000, 84–86) has introduced a two-dimensional model in order to determine different levels of standardisation/adaptation of the international marketing mix. Market knowledge in the model refers to the level of understanding of local marketing conditions at the headquarters and influence on marketing decisions refers to the extent to which local marketing activities on foreign markets are coordinated and controlled by the headquarters. Different combinations of the two dimensions present four different organisational solutions with different levels of standardisation/adaptation of the marketing mix, which are illustrated in Figure 6 and discussed in the following.



Figure 6 Classification of governing strategies in international marketing (Solberg 2000, 85)

Companies with limited knowledge of the market and high degree of subsidiary autonomy, *local baronies*, have a tendency to adapt their marketing mix more than other companies, which is due to the limited understanding of local market conditions by the

headquarters. Hence, the local subsidiary has the upper hand in most marketing decisions locally.

In the *confederation* mode the headquarters possesses a high level of market knowledge of the local markets but does not coordinate subsidiary activities to a great extent. In other words, the company tends to adopt the strategy of local adaptation intentionally and is aware of its consequences. This approach is typically adopted in markets where cultural differences are considerable and adaptation is likely to be compulsory to achieve satisfactory market shares.

According to Solberg (2000, 85), companies following the local barony strategy can be successful as long as their markets are not interconnected and globalisation of the industry has not progressed very far. However, if competitors start globalising their activities, problems may arise since a lot of the marketing expertise is in local subsidiaries and making changes in marketing strategy is thus time-consuming and may meet resistance from local subsidiaries. Hence, this situation is aptly referred to as *civil war*.

The essential difference between civil war companies and *federation* companies is the ability of the headquarters to capture local market knowledge through its networks and subsidiaries. This can be achieved, for instance, through meetings between national subsidiary and headquarters managers in which strategic issues are discussed. In this manner, local managers are able to have an influence on strategic deliberations but the final strategic decisions are in the hands of the headquarters. The federation has a strong central power and the role of local managers is to advise headquarters on local marketing issues and carry out strategies locally. A significant issue in this cooperative centralisation approach is the trade-off between the resources to be spent on central control and co-ordination and the advantages in, for example, brand image or economies of scale gained.

Another fundamental rationale for marketing communications standardisation is often connected with the desire to maintain a global company and brand image as it is commonly believed that a *uniform brand image across markets* can enhance global brand equity (Yip 1989, 36; Laroche et al. 2001, 250; Taylor & Okazaki 2006, 98). Uniform brand image across markets also strongly relates to *consistency with the mobile consumer* and *synergetic and transferable experience* aspects as drivers of standardisation/adaptation. For example, standardised advertising can prevent image confusion when target audiences view different advertisements for the same product (Backhaus & van Doorn 2007, 37). In fact, for many international companies building a consistent brand image across markets is the most important rationale for standardisation of marketing communications and savings achieved by economies of scale are of lesser importance (Taylor & Okazaki 2006, 104) since inconsistencies in

marketing communications would result in reduction in the effectiveness of marketing (Doherty & Ennew 1995, 40).

The degree of marketing adaptation may also vary with the *nature of the product*, which also has implications for marketing communications. Cavusgil, Zou and Naidu (1993, 502) even argue that physical adaptation of a product for different markets may be avoided through adaptation of the promotional approach. Two product aspects are of importance in this sense, type of product (i.e. industrial vs. consumer product, durable vs. non-durable product) and product positioning. (Jain 1989, 74.) In short, if a product meets a universal need, it calls for little adaptation across different markets and standardisation of the marketing mix is emphasised. For instance, industrial and high technology products require much less adaptation to local conditions than non-durable consumer goods, such as food or cosmetics. (Jain 1989, 74.) With regard to positioning, standardisation of marketing efforts is feasible if the product or brand occupies a similar position in the minds of consumers across different markets (Jain 1989, 74). However, if positioning differs between markets, a strategy leaning towards marketing mix adaptation should be adopted.

Having discussed the factors pulling towards standardisation/adaptation strategy in international marketing, an overview of the most significant theoretical views presented in this study is provided in Table 3. The theoretical views selected to be illustrated are the ones that are most often referred to in the academic literature and can thus be regarded as the body of research, or to some extent as ‘classics’, in the field in question. However, in order to provide an up-to-date view of the theoretical frameworks of international marketing standardisation/adaptation, some more recent, yet widely cited, theories were selected to be presented in the overview as well.

Table 3 An overview of theoretical views on international marketing standardisation/adaptation

<b>Author(s)</b>	<b>Published</b>	<b>Name</b>	<b>Conclusions</b>
<b>Levitt</b>	1983	The globalization of markets	Standardisation of the marketing mix and forming a uniform global strategy is feasible due to economies of scale and globally homogeneous consumer wants and needs.
<b>Quelch – Hoff</b>	1986	Customizing global marketing	Small subsidiaries are more prone to accept standardised marketing by headquarters. By making the transfer of information easy, a MNC leverages the ideas of its staff. Companies must take into account the nature of their products and markets and consider their cultures and traditions after which they can choose the approach or combination of them that will best meet strategic objectives.
<b>Douglas – Wind</b>	1987	The myth of globalization	Global standardisation is only one of a number of possible strategies which may be successful in international markets. Key to success is an in-depth analysis of the forces driving towards globalisation and recognition of company-specific factors.
<b>Yip</b>	1989	Global strategy... in a world of nations?	Successful worldwide strategies find a balance between standardisation/adaptation that matches the level of strategy globalisation to the globalisation potential of the industry. Industry conditions providing opportunities to use global strategy need to be identified. These conditions are grouped into: 1) market drivers, 2) cost drivers, 3) government drivers, and 4) competitive drivers. Standardisation is argued to be matter of degree, not an all-or-nothing choice.
<b>Vrontis</b>	2003	Integrating adaptation and standardisation in international marketing: The AdaptStand modelling process	The author developed an extensive theoretical model of factors pulling towards standardisation and adaptation of the marketing mix. The conclusion was that the different factors need to take notion of case-specific circumstances and that in most cases standardisation or adaptation should not be implemented at their most extreme.
<b>Okazaki – Taylor</b>	2006	Towards an understanding advertising standardisation in the European Union: a theoretical framework and research propositions	The authors developed a conceptual model for advertising standardisation taking into account the effects of EU unification. The model asserts that standardisation is effective in enhancing performance when it fits external environmental factors and internal organisational characteristics.

### 3 RESEARCH DESIGN

Methodology, i.e. research design, can be defined as general discussion on assumptions supporting different methods and implications as well as on challenges and restrictions of choices for the process of conducting research. A distinction is also made between ‘methodologies’ and ‘methods’ since methods are the particular practical means and instruments which are utilised to access or create data by practising different forms of interaction with those being studied. (Barbour 2008, 15.)

#### 3.1 Research strategy

Research strategy refers to the ensemble of methodological decisions of a study, which depends on the chosen research mission or research problem (Hirsjärvi et al. 2001, 126). For conducting this study, the qualitative research design using intensive case study approach was chosen.

For decades, debate concerning the issue of qualitative versus quantitative research has been going on. However, it seems that both approaches are instruments, the utilities of which depend on the research questions asked. Qualitative research can be described as an unstructured, mainly exploratory design based on small samples, intended to give insight and understanding, whereas quantitative research techniques aspire to quantify data and often apply some form of statistical analysis. (Malhotra & Birks 2007, 152; Eriksson & Kovalainen 2008, 5). In more definite terms, Creswell (2009, 232) defines qualitative research as:

*“A means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures; collecting data in the participants’ setting; analysing the data inductively, building from particulars to general themes; and making interpretations of the meaning of the data. The final written report has a flexible writing structure.”*

Nonetheless, it is important to bear in mind that qualitative and quantitative methods should be seen as complements to each other, not as competing methods (Hirsjärvi, Remes & Sajavaara 2001, 133).

The reasons for selecting the qualitative research approach in this research were due to several considerations introduced by Malhotra and Birks (2007, 153–155) amongst which are the personal preferences and experiences of the researcher, the ability to pose sensitive questions and to unveil subconscious feelings, ability to deal with complex

phenomena and to obtain a holistic view over the phenomenon of interest. Quantitative research methods, which operate with abstract statistical parameters (Koskinen, Alasuutari & Peltonen 2005, 32), were not considered suitable for the purposes of this study. Also, the issues to be covered in the research were quite complex of nature and could not have been attended to using quantitative research methods. Moreover, the case study approach is probably the most prominent general research approach in business and management -related research projects (Hackley 2003, 95–96; Myers 2009, 80) and is seen to capture the studied phenomenon in a detailed and precise manner (Flick 2009, 134).

In constructing theoretical frameworks for research purposes, two basic contexts exist. In the first approach the primary task is to identify the relevant factors and construct theory based on those factors. The other approach is to identify existing, relevant concepts and theories and to modify them to the problem under scrutiny, i.e. to use theoretical knowledge and methods by adjusting them to practical problems. (Ghauri & Gronhaug 2005, 36–37.) The latter approach is the approach used in this study as it focuses on an existing case and theories are available for testing the practical research problem. By establishing a comprehensive theoretical framework, the objective of this study was to *examine adaptation of international marketing practices in Northern Europe with focus on Danish, Finnish, Norwegian and Swedish markets*. Hence, the theoretical framework presented in the previous chapter needs to be applied to a case company which faces the issues under research in the real world, and thus the empirical findings can be assimilated with the theoretical framework to obtain an informed view of the research problem.

Yin (2003, 5; 23) has introduced five, partly overlapping, main research strategies which include experiments, surveys, archival analysis, histories and case studies. In this study the case method is applied since it is well-suited for the setting and purpose of the study. The case study as a research strategy embraces an all-inclusive method by covering the logic of design, data collection techniques, and detailed approaches to data analysis (Yin 2003, 14). The case study approach is designed to understand complex social phenomena, such as organisational and managerial processes, international relations, programmes and implementation processes. Furthermore, case study is the preferred method when the researcher has little or no control over the events on the focus of study and the attention is on a contemporary phenomenon within a real-life context. (Yin 2003, 1–2.) As this study has its focus on adaptation of promotional mix elements and the implementation of adaptation on four different markets, the phenomenon in question is clearly an organisational and managerial process within a contemporary context over which the investigator has no control. Hence, the case method is well-suited as the research strategy of this study.

Additionally, according to Yin (2003, 7–9), the most significant condition for differentiating among the above-mentioned research strategies is to recognise the type of research questions being asked and that the case study method has a clear advantage over the other four major research approaches when:

*“A “how” or “why” question is being asked about a contemporary set of events, over which the investigator has little or no control.” (Yin 2003, 9)*

The aforementioned criteria for preferring the case study method are recognised by a number of other academics as well (see for instance Ghauri & Gronhaug 2005, 114–115). As this study includes several types of ‘how’ and ‘why’ questions, the case method is the most suitable research approach for this study. Furthermore, case studies are acknowledged to be able to present complex business issues in an accessible, colourful and personal format (Eriksson & Kovalainen 2008, 116).

The study was conducted within one case company, L’Oréal. The rationale for carrying out research in only one company – although concerning four different national markets – can be found in time and resource constraints. Additionally, studying one case company allows for minimising the effects of external factors for clarity. Essentially, the choice was made to focus on one case brand in more depth rather than studying several brands in a less profound manner. The case example of the study was selected based on its strong market position on all four case markets, large scale of operations in its segment on the markets and the highly international nature of both the organisation and the case brand. The different national markets for this study were opted for in order to gain a wide-ranging view on the Nordic markets of Europe as fairly few (advertising) academics have studied the markets of Northern Europe (Kanso & Nelson 2002, 79). Thus, a gap in research exists in these geographical terms. The remaining Nordic country, Iceland, was not selected mainly due to time and resource constraints but also owing to the distant geographical position of the country and dissimilar demographics in relation to other Nordic countries.

It should also be stated that the researcher has worked for the case company, L’Oréal, which proved to provide convenience of access to key personnel for interviews to some extent. Nevertheless, at the time of research, the researcher was not employed by the case company in order to avoid potential research bias. Furthermore, although being personally interested in the case brand for the aforementioned reasons, the researcher has never been employed by the brand which further decreases the risk of potential research bias.

The aim of the thesis is not to produce generalisations but to examine the case from the internal perspective of the case company. It is not even meaningful to strive for generalisations in all circumstances but sometimes to try to achieve the opposite. In this

sense, particularisation, rather than generalisation, is a more appropriate method. It is based on the proposal that social phenomena are part of a particular situation and are therefore far too liable to allow meaningful generalisation. (Gummesson 2000, 96.) Hence, this study is an intensive case study that aims at understanding and exploring the case from 'the inside' and to develop understanding by relying on the viewpoints of the people involved in the case. Nevertheless, by examining the issue on four different markets, a rather comprehensive representation of the North European markets is achieved in relation to the time and resource constraints under which the study is conducted. Although emphasis is placed on interpretation and understanding of the case, the study is theoretically informed and capable of testing existing theories. Nevertheless, the main interest lies in the case itself and less in the pre-given theoretical propositions. (Eriksson & Kovalainen 2008, 119.) The qualitative research approach is apt for this kind of research as the methods it entails are often related to an interpretive view of the world in which intentions, motivations and subjective experiences of people are explored (Daymon & Holloway 2002, 4).

The primary intention of intensive case (single-case) studies is not to generate knowledge that could be generalised to other contexts in the traditional sense (Eriksson & Kovalainen 2008, 121). However, Yin (2003, 32–33) distinguishes between statistical generalisation and analytical generalisation. In statistical generalisation deductions are made about a population based on data collected about a sample. Cases, on the other hand, are not 'sampling units', which is why analytical, not statistical, generalisations should be made when dealing with case studies. In analytical generalisation existing theory is used as a template with which to contrast the empirical results of the case study. In the event that two or more cases are shown to support the same theoretical proposals, replication can be asserted. In making analytical generalisations it does not matter if the case study involves one or multiple cases.

In qualitative research, the formed theoretical framework often evolves in the course of research to take its ultimate form in the end (Ghauri & Gronhaug 2005, 52), which was the case in this study as well. The theoretical framework – which is based on a review of academic literature on the topic – of the thesis was slightly modified after conducting the research interviews. In essence, factors irrelevant to the case industry were eliminated. In the interpretation of the academic literature, the researcher applies his own knowledge, experience and view of the world in understanding the texts in question (Hackley 2003, 70–71). In more accurate terms, the academic literature utilised in this study consisted mostly of journal articles and textbooks relevant to the chosen research topic.

## 3.2 Data collection

The collection of empirical data was conducted through qualitative, semi-structured theme interviews, which allowed for a flexible structure of interviews and asking complementary questions in the interview process (Gray 2009, 373). An interview study is a research where the findings and data are based on direct researcher-to-informant conversation, taking place in person or on the phone. In international business studies, these discussions may or may not be in foreign country for either the interviewer or the informant. Nevertheless, it is vital that an international business interview includes international business issues. Furthermore, it should be noted that an interview study may allow the researcher to build up a deeper mutual understanding and relationship with the informant, which in turn can facilitate co-operation with other managers, who may contribute to the study. (Daniels & Cannice 2004, 185–186.) Interviews with practitioners also have the ability to offer valuable insight into practical issues (Hackley 2003, 77). A semi-structured interview is one that combines the structured and unstructured approaches. In the unstructured approach questions have not been prepared in advance, whereas the structured interview approach follows the pre-planned structure of interview questions. (Collins & Hussey 2003, 168.)

The interviews presented the best information for this study since it was possible to collect extensive data rather quickly and multi-faceted questions could be asked from the informants. Furthermore, the questions could be repeated and their meanings clarified when they were not completely understood by the interviewees. (Marshall & Rossman 2006, 101–102.) The main advantages of the semi-structured interview approach are that the materials are fairly systematic and comprehensive, whereas the nature of the interview is conversational and informal. Possible pitfalls of the chosen interview approach may include keeping too close to the pre-planned questions, which may prevent essential issues being raised by the interviewee and potential incomparability of empirical materials due to varying interpretations of the same questions by the interviewees. (Eriksson & Kovalainen 2008, 82.) In this study, the aforementioned problems did not emerge and the general outline and research questions were prepared beforehand, including topics emerging from the theoretical frameworks.

Due to the multifaceted nature of the research topic and the characteristics of an intensive case study, the most appropriate approach to data collection was to interview key persons most likely in possession of the information needed. Moreover, by applying the interview approach, non-response reactions and the number of ‘don’t know’ answers were reduced (Burns & Burns 2008, 492). In accordance with research ethics, the study and its objective were introduced to the interviewees before starting the interview (Ghauri & Gronhaug 2005, 137). Moreover, information on the area of research, basic terminology and the procedure of the interview was provided. In this manner,

interviewees were also made to feel more comfortable with regard to speaking about the topic of the interviews (Yates 2004, 159).

The perspectives presented in the study include marketing manager's and division director's views on the case brand. They were selected for interviews based on their experience and knowledge with regard to the case brand and the cosmetics industry in general. The rationale for including solely subsidiary managers/directors in the focus of the study was mainly due to the aspiration to emphasise the viewpoint of the subsidiaries as earlier research concerning standardisation/adaptation of international marketing has to a great extent placed emphasis on the point of view of headquarters (Samiee et al. 2003, 614; Katsikeas et al. 2006, 865–868). Moreover, the people who make the decisions concerning advertising and sales promotion are, for the most part, managers of the brand in question (Low & Mohr 2000, 390–391) and thus it is apt to lay emphasis on their perspective. Academics also argue that headquarters are less knowledgeable regarding local market conditions and activities as they are generally more focused on broader aspects of marketing programmes, and thus informants at the headquarters are valuable sources of data mainly in the broader context of global standardisation rather than on the specifics of local markets (Samiee et al. 2003, 614). Nevertheless, the researcher made several attempts to arrange for interviews with some of the managers at the headquarters in France in order to establish a more comprehensive research framework and to obtain a deeper understanding of the adaptation of advertising and sales promotion of the case brand, but those attempts proved to be fruitless as no interviews were granted by L'Oréal headquarters in Paris.

The informant for the Finnish market, Minna Martikainen, Division Director of the Active Cosmetics division at L'Oréal Finland, was contacted well in advance and it was assured that she comprehended what was to be studied in the interview. The interview itself mainly followed the pre-planned structure of interview questions (see Appendix 1) although flexibility was maintained in order to ask complementary questions and to modify the order of some questions. Nonetheless, all of the questions were addressed in the interview, except for the question concerned with specific turnover figures of different markets which was left unanswered since L'Oréal does not disclose such figures to outsiders. The interview was also recorded in order to facilitate the analysis of the gathered data. The interview, which lasted for one hour and 17 minutes, was conducted in the office of the informant, which proved to be a quiet and appropriate location for the interview as no interruptions occurred.

The informant for the other Nordic markets, Annika Suomela, Scandinavian Marketing Manager for Vichy based in Copenhagen, was also contacted weeks prior to the actual interview. The same interview methods were deployed as in the interview with Minna Martikainen. No interruptions or events of importance to conducting the

interview arose during the interview, which last for one hour and 45 minutes and was conducted in the quiet private cabinet of a restaurant.

In addition to recording both the interviews, the researcher also took notes of what was said during the interview. The researcher also ensured the possibility to ask complementary questions via email if deemed necessary. Both interviewees were encouraged to ask for further clarification should they have been unsure of what was being asked. Additional information on the research interviews can be viewed in Appendix 2.

### **3.3 Data analysis**

Data analysis entails making sense out of the collected material, in other words, preparing the data for analysis, carrying out different analysis, moving increasingly deeper into understanding the data, representing the data and making an interpretation of its larger meaning (Daymon & Holloway 2002, 231; Creswell 2009, 183). The described process, according to which the data collected for this study was analysed, is illustrated in Figure 7. Yin (2003, 109) asserts that the analysis of case study evidence is particularly difficult since the strategies and techniques have not been well-defined.

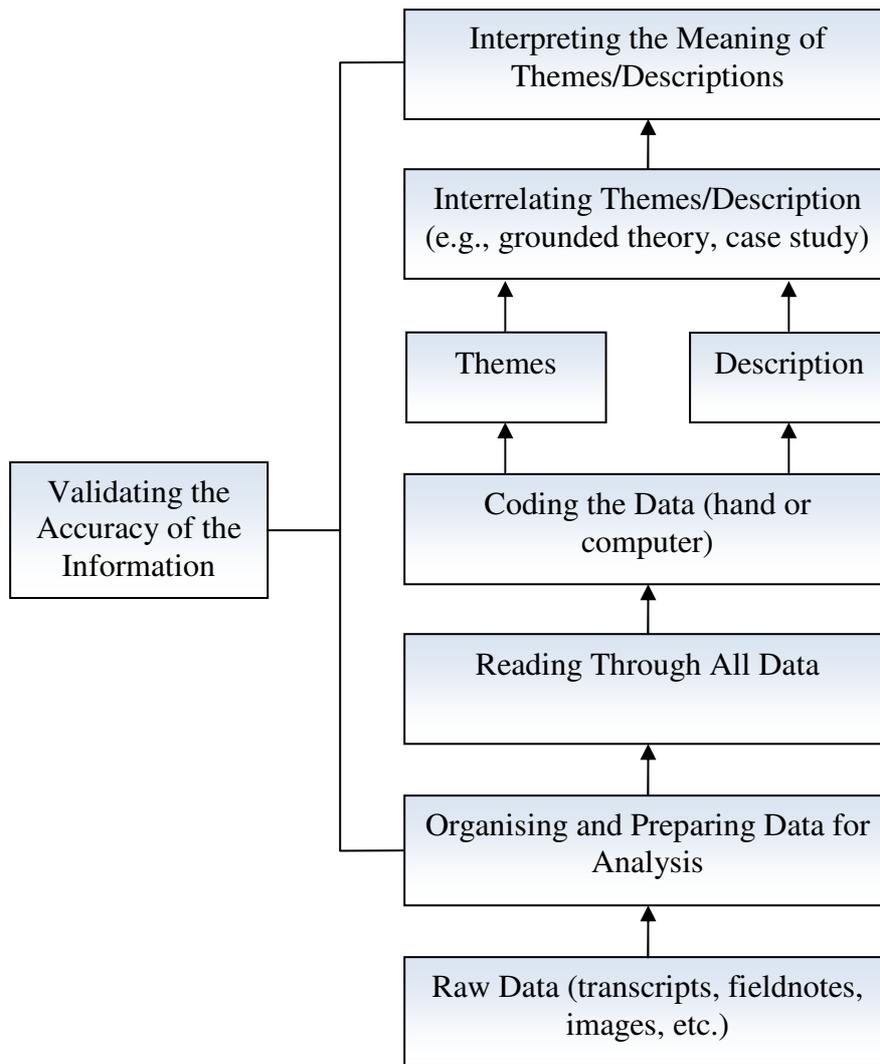


Figure 7 Data analysis in qualitative research (Creswell 2009, 185)

According to Hackley (2003, 121), classifying the research into themes can serve as an organising structure for the findings and thus provide assistance in the analysis phase of research. Table 4 illustrates the classification of the main research objective into themes related to the theoretical framework of the thesis.

Table 4 Operationalisation for examining adaptation of advertising and sales promotion in Nordic countries

Objective of the study	Themes	Related interview questions
To examine adaptation of international marketing practices in Northern Europe with focus on Danish, Finnish, Norwegian and Swedish markets.	General advertising adaptation	1–4
	Media and marketing infrastructure	5–10
	General sales promotion adaptation	11–18
	Economies of scale and other potential benefits of adaptation	19–20
	Physical and economic environment	21–24
	Consumer similarity and differences in consumer perception	25–26
	Political and legal environment	27–29
	Cultural environment	30–31
	Uniform brand image and consistency with the mobile consumer	32–35
	Market position and competition	36–37, 08–09
	Organisational co-ordination and control	38–42
Nature of product and product life cycle	43–45	

As this study entailed two interviews, although in-depth and comprehensive of nature, the analysis of the data was likely to be simpler than in a full-scale research. The recorded data was transcribed, i.e. typed, into digital format after which it was read through several times. Transcription is considered to be necessary before beginning with the actual interpretation of data (Flick 2009, 299). Next, the data was coded according to the sub-objectives and themes of the study simply by looking for key words and themes that might confirm or contradict the theoretical propositions of the study and allow for categorising the data. It was not deemed necessary to utilise a more complicated coding method to code two interviews.

Analysis of the collected data is a process that can take place throughout the research (Blaxter, Hughes & Tight 2009, 192), which was the case in this study as well. Some of

the analysis was conducted during the interviews and in the transcription process since immediate interpretation was considered to be of value. However, the main body of analysis was carried out after transcribing the collected data.

### **3.4 Trustworthiness**

When a study is conducted, one always strives to avoid making errors. However, the reliability and validity of studies tend to vary. Consequently, all studies need to evaluate the trustworthiness of what has been done. (Hirsjärvi et al. 2001, 213.) The concepts of validity, reliability and generalisability offer a basic framework for evaluating research (Eriksson & Kovalainen 2008, 291).

Generalisability is concerned with the question whether the results of the research can be extended into a wider context. In qualitative research this means well-founded and argued selection of research cases or people (Eriksson & Kovalainen 2008, 293). As already discussed in the part concerning the research strategy of this thesis, Chapter 3.1, making generalisations in the traditional sense was not the objective of this study, which is why the concept of generalisability does not need to be addressed further.

Validity means how accurately the method in question measures what it was supposed to measure (Hirsjärvi et al. 2001, 215). In addition, internal and external validity can be identified. Internal validity refers to logical analysis without discrepancies whereas external validity means whether interpretation can be generalised to cases other than the one(s) that was originally researched. In reality, valid information means typically that the researcher needs to demonstrate that the findings are not based on faulty questions, false interview testimonies or observations that were made in unusual situations. (Koskinen et al. 2005, 254.) General procedures for establishing validity are analytic induction, triangulation and member check (Eriksson & Kovalainen 2008, 292). In this study member check, i.e. respondent validation, was conducted as the results illustrated in Table 5 were sent to and validated by the informants before presenting them in the thesis. Furthermore, the interviews were recorded and can thus provide further validation if deemed necessary.

In brief, reliability refers to repeatability of results. Reliability of a qualitative study can be enhanced by explaining the execution of the research in detail, including all phases of the study. It should be clarified where, how and when the data was gathered, how much time it took and whether there were interruptive factors or false interpretations during the interview. The researcher ought to also carry out a self-evaluation of the situation. Moreover, categorisation of the qualitative data in the analysis stage is important, and the fundamentals behind chosen categorisation should be explained. The researcher should additionally clarify how the findings were made

and what the foundation of the interpretation was. (Hirsjärvi et al. 2001, 214–215.) As the fundamentals of data categorisation were established prior to data collection by compiling an operationalisation table (Table 4) and all of the other aforementioned criteria were addressed in detail in the previous chapters concerning the methodology of the study, the study can be regarded as reliable. Moreover, by taping the interviews it was ensured that the interviewer was able to fully concentrate on the process of the interview and to obtain the actual expressions used in the interview (Blaxter et al. 2002, 173; Silverman 2005, 157), which further increases the reliability of the thesis. Nevertheless, the possibility that interviewees wish to provide socially acceptable answers to the questions posed and that the answers do not thus depict the factual realities to full extent always exists (Burns & Burns 2008, 493). Moreover, a greater number of informants might have improved the reliability of the results of the study but due to time and resource constraints, as well as the limited availability and willingness of suitable interviewees, no more interviews could be conducted. Also, longitudinal research over time might have improved the trustworthiness of the study but, due to time and resource constraints, was unfortunately not possible to conduct.

## **4 ADAPTATION OF ADVERTISING AND SALES PROMOTION OF VICHY IN NORTHERN EUROPE**

### **4.1 Introduction of L'Oréal and Vichy**

The study was conducted within L'Oréal, a France-based company operating in the cosmetics industry globally. On the worldwide scale the company markets 23 'truly global' brands, i.e. brands with annual sales superior to 50 million EUR, as well as a number of brands with lesser annual sales. The case brand for this study, Vichy, was selected based on its highly international profile, substantial and continuous investments in advertising and sales promotion on all markets on the focus of the study, significance in the operations of the company and the fact that it is involved in product categories that offer consumers health-related benefits, which is currently a trend on the rise. Additionally, the case brand provides an interesting and suitable ground for conducting research since it is the world's leading brand in its market segment and also possesses a significant share of the market in all Northern European countries being studied. (L'Oréal 2011, 2; 59.)

Furthermore, L'Oréal is an extremely important advertiser even on worldwide scale as the company was the third largest advertiser globally in 2009. Moreover, what makes L'Oréal and Vichy an especially appropriate case with regard to conducting research on advertising and sales promotion, is the fact that the company has demonstrated great commitment and determination to these key promotional elements as it continued to invest more in advertising and promotion even while the great majority of MNCs were cutting down on their promotional budgets as a result of the latest financial crisis (L'Oréal 2011, 6; Advertising Age 2010). Indeed, L'Oréal was chosen as the case company of this study for its substantial investments in media in terms of advertising, which in 2009 totalled around 4,5 billion USD globally, ranking the cosmetics giant the third largest marketer in the world in terms of media spending. L'Oréal was chosen over the two larger media spenders, Procter & Gamble (8,7 billion USD) and Unilever (6,0 billion USD), primarily for convenience access and the interest of the researcher to focus on a brand demonstrating rather high growth rates in terms of turnover. (L'Oréal 2010, 61; Advertising Age 2010.)

L'Oréal possesses more than a century's worth of experience in the cosmetics industry. The company was founded in 1909 by Eugène Schueller, a chemist who invented and patented one of the first hair dyes in the world. In the following decades, the company expanded into new market areas and broadened its product portfolio to a great extent. Eventually, the company penetrated the US market and went public in 1963. Since the 1960s, L'Oréal has expanded through a number of acquisitions,

including, for instance, such major brands as Garnier, Lancôme, Maybelline and The Body Shop. (L'Oréal – History.) During a timeframe of slightly over 100 years, L'Oréal has grown from a one-man company to a large MNC with 66 600 employees in 66 countries, business operations in 130 countries and a vast portfolio of patents as a result of substantial investments in research and development (R&D). The company is committed to continuous innovation with a R&D budget of 665 million EUR, i.e. more than 3% of annual turnover, in 2010. Similarly to the year 2010, in both 2008 and 2009, more than 600 new patents were registered by L'Oréal. In the present day, the major shareholders of the company are the daughter of Eugène Schueller, Liliane Bettencourt, and her family with approximately 31% and Nestlé with 30% of the issued stocks. The rest of the shares are held by the public (37%) and the treasury stock (2%). (L'Oréal 2011, 1–24.)

As for the specifics of the case brand, Vichy, founded in 1931, is a key brand of the Active Cosmetics Division at L'Oréal. In short, the global strategy of the brand is to draw competitive advantage by taking a health-related and to a certain extent medical approach to beauty (hence the slogan 'Health is beautiful') with products that treat and prevent problems related to the skin. (L'Oréal – Vichy.) The strategy is also reflected in the distribution strategy of the brand; Vichy products are distributed worldwide in all types of health channels, primarily through pharmacies, drugstores, medi-spas and, in certain countries, dermatologists (L'Oréal 2011, 59). In Nordic countries the brand is distributed exclusively through pharmacies with prescription distribution rights. The brand is the world leader in cosmetics sold in pharmacies (L'Oréal 2011, 60) and its market share in pharmacy cosmetics in the Nordic countries ranges from 40% to 50% while the market shares of the next largest competitors are between 10% and 20%. The marketing strategy and the competitive advantage of the brand are asserted to be similar to a great extent on the global scale.

Vichy has been active on the Northern European markets as an integrated part of the Active Cosmetics Divisions for five to ten years depending on the market in question. However, the brand has been distributed through different local retailers for quite some time before L'Oréal took hold of the operations of the brand centrally. For instance, on the Finnish market the brand has been present for more than 30 years and was distributed by Yliopiston Apteekki pharmacy chain for a number of years before the brand was re-launched on the market by L'Oréal in 2005. The re-launch of the brand and taking control of operations has proved to be a rather thriving strategy as the brand has demonstrated high growth figures in the aftermath of the re-launch.

The brand is managed centrally for the Danish, Norwegian and Swedish markets (the so-called DNS zone) from Copenhagen, Denmark. However, the Finnish market is managed directly from Finland as are the operations of the brand in the Baltic region.

The latter are not on the focus of this study and the empirical findings presented in the following concern solely the Danish, Finnish, Norwegian and Swedish markets.

## **4.2 L'Oréal strategy, performance and finances**

L'Oréal has a clearly defined mission; to make beauty universal in a sustainable and responsible manner. The company seeks to accomplish its goal by pushing the boundaries of science ever-further to invent beauty and to meet the desires of millions of men and women by offering everyone, all around the world, the best cosmetics in terms of quality, efficiency and safety. In essence, this signifies providing everyone with access to beauty by offering products in harmony with their needs, culture and expectations. (L'Oréal 2011, 1.)

As noted earlier, acquisitions have been of vital importance to the overall growth strategy of L'Oréal. However, the company is first and foremost focused on standing out from the competition through continuous research and global, high value-added innovations at accessible prices. Secondly, the growth strategy of L'Oréal is driven by the extension of the brands of the company into new product categories and the accelerated global launch rate of its brands. Currently the company is pursuing, and achieving, growth especially on emerging markets with 37% of sales being generated on these markets. Over the next ten years the objective of L'Oréal is to push the aforementioned figure up to as high as 50%–60%. (L'Oréal 2011, 6–7.) Nevertheless, at the moment the largest market area in terms of sales for the company is Western Europe, which actually entails the Northern European markets as well, with a proportion of approximately 40% of total consolidated sales, followed by emerging markets (37%) and North America (24%). Internally, the company is organised into four divisions, the largest one in terms of sales volume being the Consumer Products Division (52%). The other divisions are Luxury Products (25%), Professional Products (15%) and the division the case brand, Vichy, belongs to, Active Cosmetics (8%). (L'Oréal 2011, 14.)

The financial results of L'Oréal in 2009 form an interesting basis for research as the global economic decline due to the financial crisis provides an extraordinary framework for assessing the financial performance of the case company. Despite the unfavourable economic conditions in recent years, the company managed, to a great extent, to maintain its level of economic results in the year 2009. Furthermore, the company even succeeded in achieving record cash flow in major areas of business and also in reducing its debt significantly, and thus to further improve its financial situation, in the turbulent times of the latest financial crisis. This kind of resistance to the fluctuation of macro-economic conditions owes to a good balance of operations in all distribution channels,

the most wide-ranging and diversified brand portfolio in the industry and a well-established position on all markets globally. (L'Oréal 2010, 3–6.) Consequently, even in the aftermath of the financial crisis, L'Oréal remains the global leader in the cosmetics industry by far and, in fact, managed to increase both its turnover and operating profit considerably in 2010 in comparison to earlier fiscal years (L'Oréal 2011, 14). Moreover, the Active Cosmetics Division strengthened its position as the global market leader in dermocosmetics in both 2009 and 2010 (L'Oréal 2010, 59; L'Oréal 2011, 60). All in all, the company looks to the future with an ambitious objective; to recruit a billion new consumers over the next 10 years and thus to double its customer base (L'Oréal 2011, 7).

In purely financial terms, the worldwide consolidated sales of L'Oréal amounted to 17,5 billion EUR in the year 2009, a fairly stagnant growth in comparison to 2008. However, when comparing the 2009 results with the sales of e.g. the year 2005, the growth of sales indicates a rather high growth rate of approximately 20%. The proportion of Active Cosmetics Division of consolidated sales was a little over 1,2 billion EUR, i.e. 8% of all sales in 2009. (L'Oréal 2010, 11–12.) Nevertheless, the financial results of 2010 clearly demonstrate that the strategic decision of L'Oréal to increase spending on advertising and promotion even amidst the financial crisis has proved to be quite viable since the 2010 results improved considerably in comparison to those of 2009. The sales of the company soared to 19,5 billion EUR, nearly 12% compared to the preceding fiscal year. Moreover, the operating profit of the company grew by approximately 19% and the net earnings per share by 17%, which enabled a 20% increase in dividend in 2011. (L'Oréal 2011, 14–15.)

As for the Active Cosmetics Division and Vichy, although the division was able to reinforce its position in relation to the competition in the aftermath of the financial crisis, sales in 2009 decreased by approximately 4% and the market area of Western Europe experienced even slightly more intensive negative growth (L'Oréal 2010, 59). Nevertheless, in 2010 the sales of the Active Cosmetics Division grew considerably with an increase of almost 9% in sales based on reported figures. What is more, all the brands of the division and all the market areas achieved growth and thus the division strengthened its position as the market leader in dermocosmetics all over the world. The division, and Vichy as a vital part of it, are clearly benefitting from the trend of consumers searching for a combination of health and beauty. The need for safety of the modern consumer combined with the increased incidence of certain skin problems, owing to e.g. rapid urbanisation and changes in lifestyle, and the desire for overall well-being and naturalness are factors that have resulted in a preventive and holistic approach to beauty and thus benefit such brands as Vichy. (L'Oréal 2011, 60.)

With regard to the lack of more market-specific figures, it should be noted that when conducting the interviews, specific turnover figures of the Northern European markets

were inquired about but the L'Oréal policy dictates that such figures cannot be revealed to outsiders. However, in the interviews it was established that on the Finnish market in the course of the past four years, approximately 70% of the growth of the pharmacy cosmetics market has been propelled by Vichy, which further highlights the great strength and growth of the brand.

### 4.3 Vichy advertising

Typically, from the Northern European viewpoint, the Nordic markets are often considered to be quite unique of nature. In the light of objective figures this is actually not true, at least with regard to the cosmetics industry, in which, for instance, the top five skin care products sold are to a great extent the same across European markets. Given this degree of similarity in types of products sold and the high degree of perceived consumer similarity as well as practical inexistence of cultural differences that would have an effect on advertising adaptation/standardisation across Nordic markets, one could assume that the advertising of the case brand would be completely standardised across national markets. However, although the main framework for the advertising of the brand in Northern Europe is created internationally, differences in local execution exist.

The themes of the advertising of the brand are mainly the same globally with some ethnographic variations, which are visible mainly in Asia and South America and due to different physical appearance and skin types of consumers. However, no local models have been used in advertisements of Vichy on the Northern European markets, which is mostly due to the small absolute size of the markets and the desire to maintain a *unified brand image* across worldwide markets as well as the strive for *consistency with the mobile consumer*. In addition, especially the female models used in the advertising of the brand are seen to adequately correspond to the characteristics of the Northern European consumer. However, this is not to say that adaptation of advertising would not be regarded as necessary in order to more efficiently market products to local consumers of different national markets, just that it is not economically feasible in all instances. On all studied Northern European markets, adaptation of marketing communications was seen especially beneficial with regard to the needs and tastes of the local consumer and consequently, advertising adaptation is regarded as a factor that has positively contributed to the growth of the brand on all Nordic markets. Furthermore, it is especially noteworthy that the lack of advertising considered adequately suitable for target markets may not always result in adaptation of advertising but, on some markets, such as the Finnish market, going to a whole different direction

altogether by investing more heavily in other means of marketing, for instance, promotional events.

*“If the Finnish consumers cannot relate to the model, we face this issue [advertising adaptation]. If the models look like French counts you cannot really speak to the target segment of Finnish men and in these cases we have not advertised at all but used different means.” (Martikainen 16.3.2011)*

The advertising of the brand is created globally in a centralised manner. The causes for this approach are clearly in accordance with the most common reasons for advertising standardisation; *uniform brand image* across markets and *cost savings*. The production costs of advertising can be significantly reduced by centralising the production. Thus, more monetary resources are left for actual investments in media, which is reflected in higher shares of voice in local media. Moreover, centralised production of advertising is seen to be advantageous, since it allows for exploiting a good advertising idea across markets. So, in this sense, centralised production of advertising is regarded as a great advantage both at the corporate and local levels of the organisation. However, it does not imply that adaptation or differences in local execution do not occur.

The local subsidiary often has multiple choices in advertising, i.e. several advertising formats are produced internationally and the local organisations choose the one(s) they assess to be most fitting to local cultural and market conditions. On Nordic markets, Vichy has never used a local face (model) in advertising but the attention values in media are still pushed higher by focusing on advertising aspects that Northern European consumers consider to be of specific importance. In other words, on all markets, the needs of the local consumer are the basis for planning and implementation of advertising and its adaptation to local market conditions.

*“If the product attributes [that Finnish consumers appreciate] exist but they are not internationally significant, the advertising can be modified in a way that highlights them.” (Martikainen 16.3.2011)*

Highlighting product attributes that Northern European consumers regard as important is most often carried out by complementing the international advertising by attaching a local extension to the international version.

In addition, advertising emphasising a certain product or campaign may at times be executed locally. Also in this approach attaching short local extensions to the international versions is the most economically viable option and it is utilised especially

on the Norwegian and Finnish markets. On the Norwegian market, the adaptation of internationally produced advertising, i.e. attaching local extensions to the advertisements, is first and foremost due to the influence of strong retailers that demand retailer-specific campaigns and advertising support on the part of the brand supplier. However, on the general DNS level, marketing plans and product priorities are the same for all three Scandinavian countries.

Furthermore, what is noteworthy with regard to advertising adaptation on different markets is that advertising for the DNS zone is, in principle, designed to be uniform across the whole zone, from which it can be consequently deduced that should advertising be adapted for one of these three markets, it is also adapted for the other two markets in the same manner. This highlights the importance of a *unified brand image* across markets and *consistency with the mobile consumer* with regard to advertising adaptation of Vichy.

*“Advertising is localised in a manner that suits all three markets as the same advertisements are used on all [DNS] markets.” (Suomela 24.3.2011)*

Naturally, by utilising the same advertising on several markets, the brand is able to reap significant *economies of scale*. In addition, linguistically, advertising is deployed on the Danish, Norwegian and Swedish markets in English while the advertising on the Finnish market is translated into Finnish since Finns, unlike their Scandinavian counterparts, are seen to react better to advertising in their native tongue. Considering these linguistic similarities between Denmark, Norway and Sweden and on the other hand the dissimilarity of the Finnish market in these terms in comparison to the other Northern European markets, it also appears quite logical why all the Northern European markets are not grouped into the same zone of business operations although the markets are regarded very similar in, for instance, cultural terms.

Sometimes the internationally produced advertising does not concentrate on locally important product categories, in which case the advertising needs to be created locally. Consequently, completely locally produced advertising exists as well although it is quite rare on Northern European markets. In the DNS zone completely localised advertising is deployed in a maximum of a few occasions per year and even then it is mainly utilised for recruiting campaigns or equivalent activities. On the Finnish market, however, locally created advertisement, for instance, for solar products has been deployed. Considering that completely locally created advertising is practically non-existent in the DNS zone, especially with regard to advertising targeted at consumers, and yet deployed on the Finnish market, it could be asserted, or at least speculated, that the Finnish subsidiary of Vichy may be able to exert greater independence with regard

to creating entirely local advertising in comparison to other Northern European markets since it does not have to take the needs of several national markets into account and is not linguistically unified with any other market.

The drivers for creating advertising locally on the Finnish market were identified as the *nature of product and local market conditions* – including *physical conditions* such as climate – and the flexibility in choosing the most efficient timing for the broadcast of the advertisement, which was aired on the radio. An interesting finding is that locally adapting advertising is seen to be somewhat on the increase on the Finnish market despite of the increasing degree of globalisation of the industry. Additionally, it is quite noteworthy that the size of the brand is not always a factor that advocates standardisation – as the theoretical framework of this study would suggest – but can also encourage local adaptation as the number of consumers of the brand increases.

*“I believe that it [local advertising adaptation] is somewhat on the rise and that it is due to the brand growing to a certain size, which brings more nuances and segments over which to fight and in a way the brand needs fine-tuning to do that.” (Martikainen 16.3.2011)*

Local adaptation of advertising also has implications for marketing communications. Due to the small size of the Northern European markets, creating completely local television advertising would be excessively costly. Nevertheless, the main driver for advertising adaptation of Vichy is not the size of the market in absolute terms but rather the growth rate of that market. For instance, since pharmacies were not deregulated on the Swedish market until the latter half of the year 2010, the market is regarded as an underdeveloped one which stimulates investments to the market and is also seen to allow for more advertising adaptation. In fact, the deregulation of the distribution channel is stated to have changed the business environment, in which the brand operates, profoundly. In this sense, it can be asserted based on the results of the research that *market development* is a significant factor in adaptation of marketing communications.

As for the *media and marketing infrastructure* of different markets, on the European scale the importance, availability and cost of different mediums varies considerably across markets. Furthermore, different mediums are used in different ways on different markets. For instance, on the Danish market, magazines are not read to a great extent, nor are magazines of a certain quality available for print advertising. Additionally, sampling conducted in magazines is considerably more expensive on the Danish market in comparison to other Northern European markets, which is why in the case under study, the relative weight of print advertising of all media is not regarded to be at an optimal level in Denmark. Moreover, it needs to be taken notion of that although a

completely locally produced advertising campaign was deployed through the radio on the Finnish market, advertising on the radio is somewhat atypical for a cosmetics brand that emphasises the technological benefits of its products in advertising. It can also be stated that the approach of the brand to different media channels is rather traditional since the marketing budget is divided amongst television, print media and online advertising, although very minor outdoor and radio advertising activities have taken place on all case markets in the past.

As a whole, the marketing budget of Vichy is allocated quite typically according to media spending in different mediums in all Nordic countries. Television is the primary medium utilised in the advertising of the brand, although emphasis varies across markets. However, two of the four studied markets stand out in terms of media and marketing infrastructure, which has implications for the allocation of the marketing communications budget as well. Firstly, Norway is a very television-intensive market for the brand due to the highly centralised structure of the distribution channel. The Norwegian market of pharmacy cosmetics is extremely campaign and promotion-intensive due to rigorous rivalry between the large pharmacy chains that are in fact large enough to demand the suppliers for chain-specific advertising support. Consequently, since television as a medium is perceived to give the fastest results, approximately 70% of the media budget is allocated to television advertising on the market in question. Television is regarded as the most effective media in the whole Northern Europe, although the increasing fragmentation of the medium is deeply acknowledged. With regard to the effects of the stage of the product in the *product life cycle*, it was established that the share of advertising on television of promotional means is especially high at the introduction phase of the product, which is further highlighted by the cosmetics industry being highly innovation-driven and characterised by the interest of consumers especially towards novelties.

*“Television is outstanding in creating awareness, it is very efficient. It is like shooting-a-fly-with-a-cannon type of advertising choice.”*  
(Martikainen 16.3.2011)

On the other hand, Finland, with 50% of investments in media going to television advertising, 35% to print media and 15% to the Internet, also has its special characteristics with regard to the media and marketing infrastructure aspect. It was established that print advertising, in both newspapers and magazines, is of particular importance on the Finnish market in communicating about the technological aspects of the products and also in conducting sampling of products. Moreover, it was discovered that magazine consumption in Finland is characterised by the fact that 70%–80% – an outstandingly high proportion on the European scale – of magazines are ordered directly

to homes of consumers, which obviously has implications for advertising as well. In countries either in or close to Continental Europe, for instance in Denmark, it is vital for advertisers to include many sorts of gadgets and giveaways in their offerings, whereas consistency and continuity of advertising in the selected magazines is important on the Finnish market. Moreover, the small absolute number of mediums on the Finnish market is seen as a facilitating factor in planning of advertising. On the other hand, it can be deduced that the limited number of magazines on the Finnish market, for instance, diminishes the effectiveness of advertising since all the competing brands that deploy advertising in magazines are present in the same magazines. Furthermore, the limited number of magazines acts as a driver for shifting advertising from print media to other mediums. More detailed information on the relative allocation of media investments on different markets is illustrated in Table 5, which also summarises other main findings of the study.

In certain segments, such as in the anti-ageing category, the use of television as an advertising medium is seen to be even mandatory due to actions of competitors. However, it was established that while *advertising of competitors* does not have direct implications for local adaptation of the content of advertising, it does affect the local choices regarding appropriate communication channels and frequency of advertising. Moreover, television, as well as local newspapers, are regarded as excellent mediums for creating awareness and recruiting new consumers to the brand, the latter of the mediums being of special importance on the Finnish market in relation to other markets studied. On the other Northern European markets, the emphasis of print advertising rests almost solely on advertising in magazines, whereas on the Finnish market local newspapers are utilised in, for example, short term campaigns. Nevertheless, advertising in magazines is the main means of print advertising for the case brand on the Finnish market as well.

A strongly growing medium is the Internet, in which local adaptation of advertising is highlighted due to the swiftly adaptable nature of the medium. It provides a wide variety of different channels through which to reach the target consumers. It was discovered that the infrastructure of Finland allows for considerable investments to be made in online marketing and that it is actually overemphasised in the marketing activities of Vichy on all the markets under study in comparison to the average of European markets. In fact, for instance on the Finnish market, the brand is relatively the largest investor in online marketing in comparison to other national subsidiaries of the brand in Europe, which could possibly suggest that in addition to the media and marketing infrastructure, also the degree of technological advancement of a given market has implications for the utilised marketing mediums and the adaptation of marketing. All in all, the Internet is regarded as a marketing channel in which advertising messages can be efficiently targeted at a reasonable cost on all studied

Northern European markets. In addition to a localised homepage, the online marketing channels of the brand include search engine marketing, online contests on different sites, co-operation with the local media companies on their websites and internet television, depending on the market in question.

With regard to *organisational co-ordination and control*, the local subsidiaries essentially execute the broader framework of the international advertising strategy of the brand. Nevertheless, the differences across markets for example in the level of development of the distribution channel make local adaptation of advertising necessary since the environmental factors of different markets do not allow for total advertising standardisation.

Consequently, development of local or locally adapted advertising is encouraged, although the main strategic approach is defined by the headquarters. Local advertising is to be developed in co-operation with the local subsidiary of the international advertising agency. The choice of advertising agency, however, is not in the hands of local subsidiaries as Vichy has a worldwide contract for all markets with a single advertising agency whose subsidiaries have operations in all Nordic countries. The adaptation decisions concerning advertising are made locally on all Northern European markets and the final approval of any modifications is up to the marketing managers or the division director of a given market. Major adaptations need to be sent to headquarters for approval but the process of approval is seen to be very quick and forthright, in essence a mere formality, which is in fact regarded more as an opportunity for open discussion than a hierarchical organisational nuisance. The headquarters seems to favour subsidiary independence to a certain degree, although on the other hand, in some instances the headquarters in essence has no other option but to trust the judgement of the subsidiary.

*“If the advertisement contains any so-called high risk elements, they are discussed in co-operation with the headquarters. In essence the connection with the headquarters is really good... There is no actual approval process; we communicate, discuss and that is it.” (Suomela 24.3.2011)*

Again, the small size of the Northern European markets is regarded as a constraint for developing local advertising since the resources are considerably scarcer in comparison to the local subsidiaries that operate on larger markets in terms of absolute value of the market. Nevertheless, the marketing of headquarters facilitates contacts across different markets for instance by arranging international meetings where best practices are discussed, new advertising is evaluated and managers responsible for different markets form personal contacts. In this manner, locally created advertising can

be moved across borders and synergy benefits obtained to greater degree. For instance, this was the case for Vichy on the Finnish market when it was decided that advertising originally created for the Turkish market would be used in an advertising campaign in Finland as well. This kind of joint utilisation of advertising that was created locally for one market and then used on another one as well could be called globally transferable localisation.

In essence, the marketing of headquarters is seen to be able to construct an appropriate atmosphere for rather open dialogue with the local subsidiaries and obtain local market knowledge through them. In fact, headquarters marketing may, in some cases, adapt the advertising themselves based on the information obtained from local markets. This has occurred for instance on the Danish market, on which local consumers were becoming increasingly conscious of the potential effects of certain raw materials. As a response, the headquarters adapted the advertising of the brand to better take into account this specific trait of consumers not only in Denmark, but on other markets as well. So, interestingly, it could be stated that the advertising was adapted from its original format but deployed in a standardised manner on the markets for which this sort of adaptation was considered suitable. In addition to the headquarters obtaining local market knowledge through consumers of different national markets, local managers are also heard by the headquarters concerning strategic advertising issues. However, the ultimate strategic decisions are up to the marketing of headquarters. In other words, the role of local managers is to advise the centralised decision-making unit of the headquarters and to execute the strategies locally. Consequently, Vichy's overall governing strategy of international marketing can be identified as the *federation* type illustrated in Figure 6. It can also be asserted that *easier planning and control* is not a key factor pulling towards advertising standardisation in contrast to what the theoretical framework would suggest, although it does carry some significance for advertising on Northern European markets.

As for the *political and legal environment* as a factor influencing adaptation of advertising, differences between Nordic countries exist. Especially in Sweden it is at times necessary to modify advertising not only due to local legislation but also as a result of demands, or recommendations, of powerful local consumer associations. Also the use of certain words is prohibited in advertising on all four markets, which for the DNS zone essentially means adapting the advertising in all three Scandinavian countries. As a result, the brand strives for finding expressions that would suit all DNS markets. With regard to the Danish market, it is perceived that the involvement of the state is particularly strong in comparison to the other Northern European markets as the local ministries may at times take a rather strong stand regarding advertising-related issues. Furthermore, although the influence of the EU is not regarded as a significant issue with respect to the advertising adaptation of the brand on most Northern European

markets, for instance the government of Denmark has at times applied more strict legislation in comparison to EU legislation, which has resulted in adaptation of advertising of Vichy.

As a whole, based on the results of the study, the balance between advertising standardisation and adaptation can be asserted as being a somewhat problematic and controversial issue. On the other hand, it is seen that the consumer needs to be taken into the focus of the activities of the brand at all times but then again advertising cannot be adapted to too great an extent for the risk of making the brand appear excessively plain, i.e. losing the spearhead of advertising, in the eyes of the target consumers. Moreover, it was clearly established that another possible downside of advertising adaptation is that it tends to lead to increased costs and additional workload for the employees of the brand.

#### **4.4 Vichy sales promotion**

In comparison to advertising adaptation, sales promotion is localised to a greater extent on all markets studied. The brand deploys a wide variety of sales promotion means directed towards both consumers and retailers. In the following, the differences between sales promotion adaptation and the means used on Northern European markets are discussed in more detail.

The *market development* stage of a given market and the structure of the distribution channel on different national markets clearly have implications for the adaptation of sales promotion and the promotional means utilised on different Northern European markets. The Finnish market is characterised by extraordinary fragmentation of the distribution channel since of a total of a little more than 800 pharmacies more than half are small, entrepreneur-driven businesses. In contrast, in the other Nordic countries the distribution channel is much more concentrated. For instance in Norway three major pharmacy chains compete with each other fiercely, which has implications for the sales promotion activities of Vichy as well. Most importantly, the bargaining position of the chains is rather good on the Norwegian market in comparison to other Northern European markets, which has resulted in the chains being able to somewhat influence the appearance of sales promotion materials as well as the frequency and nature of sales promotions.

The Swedish market, on the other hand, is characterised by a recent change in the retail dynamics of the market as the pharmacy distribution channel was not deregulated from state control until the latter half of the year 2010. Consequently, the pharmacy cosmetics market of Sweden has yet to live up to its full potential as the turnover of Vichy on the market is smaller than, for instance, on the Danish market although

Sweden has nearly four million more inhabitants in comparison to Denmark. Consequently, the market is regarded as being rather underdeveloped in relation to its Northern European counterparts. It is quite noteworthy that the underdeveloped distribution channel is perceived to allow for a greater degree of adaptation of sales promotion as the power relationship between the supplier and the distributors is still finding its shape and pharmacies are in the process of positioning themselves.

The Finnish subsidiary uses a wider array of *consumer-oriented sales promotion means* than its Scandinavian counterparts. In addition to sampling – a key means of sales promotion on all Northern European markets – premiums and consumer gifts, cross-category promotion and POS materials, which are used on all Nordic markets, the Finnish subsidiary has also deployed more unconventional sales promotion means in the cosmetics industry. In addition to the aforementioned methods, also cash refunds, a loyalty programme and product warranties are utilised to commit consumers to the brand and stimulate sales on the Finnish market. Moreover, on all markets, the majority of sales promotion activities are allocated to consumer-oriented sales promotion activities in relation to trade-oriented sales promotion activities. This is due to the desire of Vichy to allocate the great majority of promotional resources directly towards the consumer in order to maximise the effects of sales promotion. It would appear that even though on some Northern European markets, for example Norway, retailers have a greater impact on what kind of means of sales promotion are utilised and to what extent, the consumer is always regarded as the basis for designing and implementing promotional activities.

*Trade-oriented means of sales promotion* tend to vary across markets. However, rather extensive training of the personnel of retailers is implemented on all markets as the products of the brand are quite knowledge-intensive and technology-driven. It should be noted that the importance of appropriate and timely training of the personnel of retailers is emphasised in the trade of pharmacy cosmetics due to the specific traits of the pharmacy cosmetics market and the specialised nature of the distribution channel. This is due to the service aspect being highlighted on the market since consumers expect a certain level of expertise from the customer servants in pharmacies and seek to receive advice with regard to their choice of cosmetics to a much greater extent than, for instance, in supermarkets. In other words, it can be deduced that the clientele of pharmacies is much more prone to form purchase decisions based on the recommendations of the personnel of the retailers than in some other distribution channels. Thus, it is up to the brand supplier to provide adequate training for the personnel of retailers and in this manner be the top-of-mind brand for the personnel and consequently for the consumers as well. Depending on the market, from 3000 to 6000 retailer employees per year are trained to the products of the brand in order to be able to better assist the consumers.

Also promotional allowances, in essence price reductions, are utilised to encourage the retailers to stimulate sales of the brand on all markets. POS displays and materials are also regarded as key elements of sales promotion on all Northern European markets. Moreover, what is especially noteworthy is that the extent of cooperative advertising with retailers seems to be rather greatly influenced by the *market development* and structure factors. Cooperative advertising is deployed in Denmark and to an even greater extent on the Norwegian market, which is due to the demands of the powerful retailers to receive chain-specific promotional support from the supplier. In Norway the powerful pharmacy retailers demand cooperative advertising in order to stimulate sales which can be regarded as part of the reason for the relatively high proportion (70%) of media investments of the case brand going to television advertising on the market in question. On the other hand, cooperative advertising is not a key means of sales promotion on the more fragmented pharmacy cosmetics market of Finland or the underdeveloped pharmacy cosmetics market of Sweden.

The intensive competition of a few retailers on the Norwegian market has also made the market extremely promotion and discount-driven in comparison to other Nordic markets. In essence, on some markets, the brand is obliged to engage in sales promotion activities to a larger degree than would be preferred. Interestingly, at times the characteristics of the sales promotion in question, for instance significant price reductions, may not even be in complete accordance with the image of the brand but need to be carried out due the actions of other brands on the Norwegian pharmacy cosmetics market. However, should the brand not organise a great deal of sales promotions on the market in question, it is argued that it would lose the extra-visibility in POS and consequently be overrun by sales promotion incentives of competitors in which sense sales promotion activities also need to be adapted to local conditions due to *competition*. Thus, it can be deduced that the competition factor is a much more significant driver for adaptation of sales promotion than for adaptation of advertising. Moreover, since the specific competitive environment of some markets calls for different approaches to sales promotions in the Nordic region, i.e. exceptions to the promotional policies of the brand in relation to the international guidelines, the question of how much these kinds of alterations actually affect the image of the brand internationally, and on different national markets, is raised.

*“There [Norway] the brand is forced to do more [price-driven] promotions than would be desirable... Since all the competitors are doing it, you have to do it as well. Even if you would not want to and it is not completely in accordance with the image of the brand.” (Suomela 24.3.2011)*

Whereas the Norwegian market is characterised by discounts that may sometimes be as high as -50%, the brand is able to deploy more qualitative, i.e. less price-driven, sales promotions on the Danish, Finnish and Swedish markets. In this manner, the brand strives for extending the shopping basket of the consumer in which cross-promotional means and consumer gifts are utilised. In order to motivate the personnel of the retailers and thus to stimulate sales, also sales contests and other contests are organised for the personnel of retailers in all Northern European countries except for Norway. The sales contests on the Norwegian market are organised by the retailers themselves, which again reflects the powerful position and strive for sovereignty of the large Norwegian pharmacy retailers in relation to their suppliers.

The deregulation of the Swedish pharmacies has wide-ranging effects on adaptation of sales promotions. It is perceived to positively influence the possibilities of sales promotion adaptation as the competing retailers are relatively great in number and are still in the process of establishing competitive advantage and clear positioning on the market in the aftermath of the deregulation from state control. Consequently, more creative and adapted means of sales promotion can be deployed due to the aforementioned factors.

*Legal and political restrictions*, should they be national or EU level of nature, are seen to affect advertising adaptation more than adaptation of sales promotion. All in all, the effects on adaptation of sales promotion of the case brand are regarded to be marginal. Legislative issues, however, at times lead to adaptation of specific wording used in sales promotion. For instance, the use of the term 'gift' is prohibited on all four Nordic markets which is why the international format of wording in sales promotion materials often needs to be adapted slightly.

As for *consumer similarity* and *cultural differences* between Northern European markets, no significant explicit differences exist neither in consumers or culture that would require adaptation of sales promotion. In other words, consumers of all four studied Nordic markets are seen to share a significant amount of different unifying characteristics, including for example, a certain culture of shyness and prudence, which needs to be taken into account in practical approaches to sales promotion and communication to consumers. Moreover, as many of the consumers in Northern Europe tend to react rather adversely to the so-called 'hard-sell approach' and the personnel of the pharmacy retailers is not regarded as very sales-oriented, it can be asserted that other means of sales promotion, such as sampling through different available channels, are more effective and thus emphasised on the Northern European markets.

*Organisational co-ordination and control* can be regarded as having less influence on adaptation of sales promotion than for adaptation of advertising as sales promotion deals with an area of business that is closer to the local consumer and less visible to the marketing of headquarters. The subsidiaries get the drafts for sales promotion material

from the headquarters where the materials are designed centrally. However, it is up to the local subsidiaries to decide whether they wish to utilise the readily designed format or to adapt the international version or even to produce entirely local materials to be utilised in sales promotions. Often the international designs provide inspiration for local designs and, indeed, in the DNS zone 80%–90% of sales promotion materials are designed and produced locally. In this sense, strive for *unified brand image* across markets can be asserted as being less highlighted in adaptation of sales promotion materials than in adaptation of advertising. Nevertheless, the line between what is originally internationally designed and what is locally designed remains rather blurred. Based on mutual interaction and sharing of knowledge between the subsidiaries and the headquarters, the governing strategy of international marketing of Vichy can be identified as being the *federation* type also with regard to sales promotion. In other words, while the marketing of headquarters defines the broader framework for sales promotion policies and retains a certain level of co-ordination and control over the operational implementation of sales promotion by national subsidiaries, it can be asserted that global strategies are implemented with local variations. In practical terms, in many instances the headquarters is left with no other realistic option than to trust the judgement of the national subsidiaries with regard to the necessity and viability of adaptation of sales promotions.

With specific regard to POS materials, the impact of retailers on national markets on adaptation of sales promotion materials in the POS is rather great. On the Norwegian market of powerful retailers the brand can exercise less influence on the final design of POS materials than on the other Northern European markets. The possibilities to influence the design of POS displays and other materials are perceived to be greatest on the Danish market, followed by the Swedish and Finnish markets. This may possibly be due to the more fragmented nature of these markets.

The *nature of the product* also has implications for sales promotion on some markets. For instance, on the Norwegian market, the majority of solar products are acquired in pharmacies, which consequently signifies higher emphasis on promotion of these products, especially since the Norwegian market is extremely sales promotion driven. Also *differences in physical conditions* of the Northern European markets in relation to the rest of Europe carry significance for adaptation of sales promotion. The sales promotion activities need to be adapted to better take into account the rather harsh weather conditions of Northern Europe, which is reflected in sales promotion materials with regard to what aspects of a given product are emphasised. For instance, the climatic realities of Northern Europe encourage the brand to emphasise the adverse effects of cold winter conditions on the skin, which is clearly demonstrated in the sales promotion materials as well. Consequently, in relation to for instance Continental Europe, sales promotion approaches are adapted to some extent in Nordic countries in

order to emphasise the aspects of prevention and treatment of skin problems caused by such extreme weather conditions.

In contrast to adaptation of advertising, the *media and marketing infrastructure* is not seen as having implications for adaptation of sales promotion. However, it should be noted that the local subsidiaries of the single international advertising agency used by Vichy handle the technical design of sales promotion materials on each market as the brand itself does not possess suitable software etc. for making the designs in-house. Nevertheless, the ideas for sales promotions are produced mainly in-house, in which sense having the necessary technical equipment in-house would not result in a greater degree of adaptation of sales promotion. Rather surprisingly, *economies of scale*, i.e. cost savings, were not mentioned as factors pulling towards standardisation or adaptation of sales promotion activities. On the other hand, it can be asserted that centralised production of sales promotion materials for instance on the European scale would probably not be realistic or viable due to the high degree of linguistic diversity in the market area.

#### **4.5 A summary of the main empirical findings**

Vichy is the clear market leader in its segment of pharmacy cosmetics on the Danish, Finnish and Norwegian markets. In Sweden, the position of market leader is held by a Swedish brand, ACO, which is a prominent competitor on other Northern European markets as well. However, adaptation decisions are not significantly related to direct actions of competitors with regard to sales promotion and even less with regard to advertising.

Nevertheless, both advertising and sales promotion of Vichy are adapted to local conditions on all Northern European markets in order to better take into account the needs of the local consumer and consequently boost the effectiveness of marketing communications. With regard to comparing the degree of adaptation of advertising and sales promotion on the studied markets, it can be asserted that sales promotion is adapted to a greater extent than advertising on all Nordic markets, which is due to several factors. Firstly, adaptation of advertising on a larger scale would be excessively costly due to the small size of the Northern European markets and creating entirely localised advertising might also have an adverse effect on the image of the brand internationally. On the other hand, local adaptation of sales promotion means and materials is relatively inexpensive and can be conducted on national markets in a manner that does not have a considerable effect on the global image of the brand. Sales promotion is also a means of marketing that can be regarded as being closer to the consumer – and the formation of the purchase decision – than advertising, in which

sense it is quite logical that it may need more adjustments to take the local circumstances into account.

In addition to the financial restraints and image considerations, also organisational coordination and control prevent the extensive adaptation of advertising whereas the adaptation of sales promotion is to a great extent done locally and the possibilities of the headquarters to influence it are limited due to, for instance, linguistic considerations. Moreover, the capability and resources of the headquarters to monitor local adaptations of sales promotion on the grass root level are limited. It can also be asserted that a certain level of independence needs to be granted to the managers of national subsidiaries in order to be sensitive enough for local peculiarities and trends, as well as to keep the local staff more motivated.

So, although the Nordic markets are considered to be highly similar in terms of *consumer similarity* and *culture*, advertising and especially sales promotion are not completely uniform across the four different markets. However, *uniform brand image* across markets and *consistency with the mobile consumer* are of great importance to the brand and consequently a key driver for standardisation of marketing communications, which is clearly demonstrated especially in the marketing communications of the rather linguistically unified DNS zone. In part, differences in the adaptation of marketing communications between the Finnish market and its Scandinavian equivalents could possibly be due to differences in the organisational structure since the DNS zone is managed centrally as one region.

With regard to *organisational co-ordination and control* exercised by the headquarters in Paris over the national subsidiaries, the governing strategy of international marketing can be clearly identified as the *federation* type since the headquarters absorbs local market knowledge through the subsidiaries and allows the subsidiaries to make strategic modifications to advertising and sales promotion materials. In other words, it can be stated that the headquarters exerts medium level of control over its national subsidiaries as only major adaptations to advertising or sales promotion require explicit approval by the headquarters. However, no official approval process exists within the company.

The *media and marketing infrastructure* tends to vary across different national markets which highlights the importance of some mediums on certain markets in relation to other markets. On the Finnish market, magazines as an advertising medium are of more importance than on the other Northern European markets since Finns tend to read and subscribe magazines to a greater extent than their Scandinavian counterparts. On the other hand, the relative importance of advertising on the television is emphasised on the Norwegian market due to the demands for advertising support by powerful local retailers.

Also the *physical environment* of the Northern European markets affects adaptation of marketing communications to some extent as the weather conditions on the markets are quite dissimilar in comparison to the rest of the European markets. However, the traits of the physical environment only affect adaptation of marketing communications slightly as different aspects of the products are emphasised in relation to some other European markets. Moreover, the *nature of product* is seen to affect adaptation of marketing communications mainly on the Finnish market.

The effects of *political and legislative environment* are of low to medium significance to the case brand on the Northern European markets. On the Finnish and Norwegian markets very few legislative restrictions and no political restraints with regard to adaptation of advertising and sales promotion are seen to exist. On the Swedish market the influence of non-governmental organisations, such as consumer associations, is regarded as being so pervasive that it has an effect on marketing communications, which is manifested as adaptation of advertising and sales promotion. Although all the markets on the focus of the study are obviously regulated by their respective state authorities, the only market where political involvement is seen to carry any noteworthy significance to the content of marketing communications is the Danish market, on which ministries tend to take a stand with regard to advertising-related issues. Consequently, it can be asserted that advertising is adapted not only for the Danish market but for the Swedish and Norwegian markets as well since the brand strives for uniform advertising on the DNS markets.

Each of the Northern European markets has some special characteristics that affect the adaptation of advertising and sales promotion of the case brand. These characteristics are illustrated by country in Table 5 alongside with an overview of other main findings of the study.

The distribution channel is highly fragmented in comparison to other Nordic markets on the Finnish market, on top of which the market is seen to have different priorities in relation to other markets with regard to product categories. The Danish market is characterised by, as aforementioned, by a higher degree of government involvement than other Northern European markets. Moreover, the Danish consumer pays more attention to the ingredients that the products contain and is also regarded to share more characteristics in common with the Continental European consumer in relation to consumers of other Nordic markets.

The Norwegian market is first and foremost characterised by a highly concentrated distribution channel and powerful retailers, which has major implications for implementation and adaptation of marketing communications. Furthermore, as the Norwegian market is very promotion-driven, the Norwegian consumer is consequently highly price sensitive in addition to being more ecologically conscious than consumers of other Northern European markets. With regard to Sweden, in addition to the

influence of non-governmental organisations on adaptation of marketing communications, the recent deregulation of pharmacies from state control has changed the business environment of the market significantly. In essence, the deregulation has resulted in greater opportunities for the brand, which stimulates investments to the market and also allows for more adaptation of marketing communications. On the other hand, the market has yet to live up to its full potential as the business environment is still finding its shape.

Table 5 A summary of the main empirical findings

	<b>Finland</b>	<b>Denmark</b>	<b>Norway</b>	<b>Sweden</b>
Market share in pharmacy cosmetics	45–50%, market leader.	>40%, market leader.	>40%, market leader.	N/A, no. 2 on market.
Main competitors	Avène, Eucerine, ACO.	ACO, Avène, Decubal.	ACO, Eucerine, Boots (private label).	ACO, Avène, L300.
Proportion of different mediums in advertising	<ul style="list-style-type: none"> <li>• TV 50%</li> <li>• Print media 35%</li> <li>• Internet 15%</li> </ul>	<ul style="list-style-type: none"> <li>• TV 60%</li> <li>• Print media 25%</li> <li>• Internet 15%</li> </ul>	<ul style="list-style-type: none"> <li>• TV 70%</li> <li>• Print media 15%</li> <li>• Internet 15%</li> </ul>	<ul style="list-style-type: none"> <li>• TV 50%</li> <li>• Print media 30%</li> <li>• Internet 20%</li> </ul>
Consumer-oriented SP means used	<ul style="list-style-type: none"> <li>• Samples</li> <li>• Cash refunds</li> <li>• Premiums/gifts</li> <li>• Cross-category promotion</li> <li>• Product warranties</li> <li>• Loyalty programme</li> <li>• POS displays &amp; demonstrations</li> </ul>	<ul style="list-style-type: none"> <li>• Samples</li> <li>• Premiums/gifts</li> <li>• Cross-category promotion</li> <li>• POS displays &amp; demonstrations</li> </ul>	<ul style="list-style-type: none"> <li>• Samples</li> <li>• Premiums/gifts</li> <li>• Cross-category promotion</li> <li>• POS displays &amp; demonstrations</li> </ul>	<ul style="list-style-type: none"> <li>• Samples</li> <li>• Premiums/gifts</li> <li>• Cross-category promotion</li> <li>• POS displays &amp; demonstrations</li> </ul>
Trade-oriented SP means used	<ul style="list-style-type: none"> <li>• Promotional allowances (inc. price deals)</li> <li>• Training</li> <li>• Sales contests</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperative advertising</li> <li>• Promotional allowances (inc. price deals)</li> <li>• Training</li> <li>• Sales contests</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperative advertising</li> <li>• Promotional allowances (inc. price deals)</li> <li>• Training</li> </ul>	<ul style="list-style-type: none"> <li>• Promotional allowances (inc. price deals)</li> <li>• Training</li> <li>• Sales contests</li> </ul>
Advertising and SP adapted if necessary	Yes.	Yes.	Yes.	Yes.
Advertising created entirely locally	Yes, but not to a great extent.	Yes, but not to a great extent.	Yes, but not to a great extent.	Yes, but not to a great extent.
SP created entirely locally	Yes.	Yes, 80–90% of SP materials.	Yes, 80–90% of SP materials.	Yes, 80–90% of SP materials.
Differences in adaptation in different product categories	Yes, for instance solar products.	No.	No.	No.
Perceived homogeneity with other Nordic markets	High.	High with minor Continental European special characteristics.	High.	High.
Effect of legislation and political environment on adaptation	Low.	Medium.	Low.	Medium.
Importance of unified brand image and consistency with the mobile consumer	High.	High.	High.	High.
Perceived organisational co-ordination & control	Medium. Majority of decisions made locally but major adaptations require HQ approval.	Medium. Majority of decisions made locally but major adaptations require HQ approval.	Medium. Majority of decisions made locally but major adaptations require HQ approval.	Medium. Majority of decisions made locally but major adaptations require HQ approval.
Governing strategy of international marketing	Federation.	Federation.	Federation.	Federation.
Perceived special market characteristics	<ul style="list-style-type: none"> <li>• Fragmented distribution channel</li> <li>• Different priorities with most markets</li> <li>• Media consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Raw ingredient conscious consumer</li> <li>• Government involvement</li> </ul>	<ul style="list-style-type: none"> <li>• Concentrated distribution channel</li> <li>• Ecologically conscious and price sensitive consumer.</li> </ul>	<ul style="list-style-type: none"> <li>• Recently deregulated &amp; underdeveloped distribution channel</li> <li>• Active consumer associations</li> </ul>
Main reasons for adaptation	<ul style="list-style-type: none"> <li>• Marketing objectives</li> <li>• Needs of local consumer</li> </ul>	<ul style="list-style-type: none"> <li>• Needs of local consumer</li> <li>• Uniformity with other Scandinavian markets</li> </ul>	<ul style="list-style-type: none"> <li>• Powerful retailers</li> <li>• Needs of local consumer</li> <li>• Uniformity with other Scandinavian markets</li> </ul>	<ul style="list-style-type: none"> <li>• Needs of local consumer</li> <li>• Uniformity with other Scandinavian markets</li> </ul>

## 5 CONCLUSIONS

The following chapter concludes the findings of empirical research with the academic literature and the theoretical framework presented in Chapter 2. Theoretical discussion on the topic is conducted, in addition to which managerial implications of the study are presented. With the assistance of the managerial implications, the case company and possibly other companies can gain further insight into the adaptation of marketing communications on Northern European markets and thus improve the appropriateness and effectiveness of their marketing communications. Lastly, limitations of the study are presented and suggestions for further research are made.

### 5.1 Theoretical discussion

The theoretical framework of the thesis comprised of a number of factors pulling either towards adaptation or standardisation of international marketing communications, which in this study were limited to advertising and sales promotion. As it is widely asserted by several authors (Quelch & Hoff 1986; Douglas & Wind 1987; Jain 1989; Vrontis et al. 2009), the adaptation or standardisation of advertising and sales promotion is not an all-or-nothing kind of choice but rather a matter of degree as dissimilarities between different markets do not allow complete standardisation, while on the other hand, for example, the desire to maintain a unified brand image across markets and excessive costs of adaptation do not enable adaptation to be applied too extensively across markets either.

With specific regard to adaptation of advertising, what is congruent with the theoretical framework is that internationally produced advertising does not necessarily concentrate on locally important issues, in which case the advertising needs to be created locally. What was established based on the results of this study, but what theory often neglects to take into account, is the fact that a lack of suitable marketing communications, namely advertising, does not always result in adaptation or local creation of marketing communications but sometimes in investing more heavily in other promotional means, such as sales promotions.

Different factors introduced in the theoretical framework pulling towards standardisation or adaptation of marketing communications carry varying significance on different markets and some factors discussed in Chapter 4 were not determined to be of importance at all on the markets and industry studied. For example, *economic differences* between Nordic markets were not found to be of any significance for adaptation of marketing communications in contrast to what was suggested by the theoretical framework of the study (Levitt 1983; Jain 1989; Taylor & Okazaki 2006.).

On the other hand, the Nordic countries are very similar in terms of economic conditions, which is why it may be that this factor did not stimulate any recognition amongst the informants of the study. Moreover, Northern European consumers are perceived to form a highly similar market segment in terms of the *cultural differences* and *consumer similarity* factors, which is why the effect of these factors on adaptation of marketing communications can be argued to be minimal at best *within* Northern Europe. So, in this sense, the aforementioned factors were not in line with the theoretical framework (Doherty & Ennew 1995; Samiee et al. 2003; Vrontis 2003; Okazaki et al. 2007). However, although cultural differences and consumer similarity factors were not recognised as being drivers of adaptation of international marketing communications in this comparative study conducted with respect to Northern European markets, it is not to say that cultural differences would not possibly be a significant factor if the base of comparison was enlarged to entail a wider array of different national markets.

On the other hand, *market development* was found to be a significant factor pulling towards adaptation of marketing communications as argued by several academics (Jain 1989; Yip 1989; Doherty & Ennew 1995; Samiee et al. 2003). In this aspect, what has been to a great extent neglected in the stream of academic research is the importance of the structure of the distribution channel and its implications for adaptation of marketing communications. In this case study, it was clearly established that the recently deregulated and consequently underdeveloped distribution channel of the Swedish pharmacy market, as well as the highly concentrated and competitive distribution channel of the Norwegian pharmacy market, both have implications for marketing communications that tend to stimulate a more localised approach to advertising and sales promotion.

Furthermore, although *competition* in the distribution channel between retailers carries significant implications for adaptation of marketing communications, the actions of direct competitors of the case brand were rather surprisingly not regarded as a factor that would have a lot of significance for adaptation of marketing communications, which is in contrast to what was indicated by the theoretical academic literature concerning the issue (Jain 1989; Yip 1989; Doherty & Ennew 1995; Samiee et al. 2003). The competition factor, with regard to different suppliers, i.e. direct competitors of the case brand, was not found to carry significance for the adaptation of the content of marketing communications of the case brand. However, competition does have an influence on marketing channels utilised and promotional means deployed. For instance, investments in television advertising were seen to be stimulated by media channel choices and advertising frequency of competitors in some product categories on the Finnish market. All in all, it can be asserted that the theoretical frameworks established in the field of study of international marketing standardisation/adaptation

could possibly benefit from broadening their scope in a manner that would recognise the potential importance of actions of indirect competitors and competition within the value chain to adaptation of marketing communications.

As for the *media and marketing infrastructure*, it was discovered, in accordance with the theoretical framework that media availability, costs and feasibility of different mediums vary across markets (Johansson 1997; Samiee et al. 2003; Hackley 2005). Moreover, an aspect that was neglected in the theoretical framework with regard to the media and marketing infrastructure is the differences in media consumption on different national markets and their effects on the choice of mediums utilised in promotional activities. For example, Finnish consumers are prone to read and subscribe more magazines than their Scandinavian counterparts. On the other hand, Danish consumers do not read magazines very extensively, on top of which advertising in magazines is relatively costly on the Danish market.

While differences in *physical conditions* (Jain 1989; Anderson & Srinivasan 1998), i.e. conditions due to the specific climate conditions of Northern Europe, were recognised to carry significance to adaptation of marketing communications only in comparison to Continental Europe, the *political and legal environment* of some Nordic countries was found to significantly affect the adaptation of marketing communications as it was indicated in the theoretical framework (Jain 1989; Yip 1989; Doherty & Ennew 1995; Backhaus & van Doorn 2007). However, while the main body of academic research takes legislation into account as a significant factor pulling towards adaptation of marketing communications, the role of non-governmental organisations on adaptation decisions is neglected to a great extent. As it was established in this study, although not being legislation per se, power exerted by consumer associations on the Swedish market has a significant influence on adaptation of marketing communications on the market in question. This would be useful for academics to recognise in addition to legislation imposed by national governments since the influence exerted by such non-governmental organisations may result in similar adaptations to marketing communications as actual national legislation would.

In line with the theoretical framework (Levitt 1983; Taylor & Okazaki 2006), *economies of scale* were recognised as a significant factor pulling towards standardisation, especially with regard to advertising. Centrally produced advertising is seen to enable considerably lower production costs and consequently a higher proportion of the marketing budget is left for actual promotional activities. Moreover, the benefits of exploiting a brilliant idea in marketing communications across different markets were recognised as a factor advocating standardisation, which is in line with the theoretical framework (Levitt 1983; Douglas & Wind 1987; Yip 1989; Johansson 1997; De Pelsmacker et al. 2007). However, economies of scale were not, as the theoretical framework would suggest, explicitly implied to be a major reason for standardisation

with regard to the design and production of sales promotion materials, although the existence of centrally produced designs was regarded as beneficial by the national subsidiaries. On the basis of the aforementioned observation, it can be recommended that the study of marketing communications adaptation should be done by evaluating each promotional tool, in this thesis advertising and sales promotion, separately as the adaptation of each tool may be quite different depending on the market and a wide variety of factors specific to each of them. In other words, the effects of different factors on the standardisation or adaptation of the promotional tools in question cannot be compared unless they are researched separately. Consequently, it can be stated that by evaluating the different promotional tools individually added value in the research was obtained.

The aspect of *unified brand image* across markets was clearly discovered to be among the main drivers for standardisation of marketing communications, which is entirely in line with the theoretical framework (Yip 1989; Laroche et al. 2001; Taylor & Okazaki 2006; Backhaus & van Doorn 2007). Nevertheless, it is important to note that the unified brand image aspect also works inversely as in the DNS zone all advertising is, in principle, supposed to be the same across the three different national markets. Consequently, should the marketing communications need to be adapted from the internationally produced format on any of these three markets, they are also adapted for the other two Scandinavian markets.

The *consistency with the mobile consumer* and *synergetic and transferable experience* were also recognised to be factors pulling towards standardisation of marketing communications. As they are very much related to the aspect of unified brand image across markets, the motives for standardisation of marketing communications behind them were the same as with the unified brand image factor. However, it is noteworthy that due to different dynamics of the studied Northern European markets, mostly differences in the structure of the distribution channel and aggressive pricing on certain national markets, concessions in the international pricing strategy of the brand are made on some markets, which can be asserted as potentially having an effect on adaptation of sales promotion as well since the appeal to the consumer is more price-driven on some markets than on others. Consequently, different discount policies on different markets can be asserted as possibly having an adverse effect with regard to consistency with the mobile consumer and thus to reduce the positive effects of standardisation of marketing communications. Again, the theoretical framework neglected to take into account the potential effects that the characteristics of distribution channels of different national markets may have with regard to adaptation or standardisation of marketing communications.

The degree of *organisational co-ordination and control*, i.e. easier planning and control, proved to be a fairly controversial factor as a determinant of

standardisation/adaptation of marketing communications. In essence, the national subsidiaries execute the wider international marketing communications strategy defined by the headquarters. However, the strategies are not despotically imposed onto the subsidiaries by the headquarters but the viewpoint of the subsidiaries is listened to in strategy formulation and the headquarters has demonstrated its proneness to modify the marketing communications based on the specific trends of national markets and market areas. Additionally, the sizeable international network enabled by centralised co-ordination of promotional activities makes transferring locally produced advertising across markets possible. This type of globally transferable localisation found in the study has not been widely acknowledged in the theoretical discussion concerning standardisation/adaptation of international marketing communications. On the other hand, the recognised medium degree of control exerted by the headquarters over its national Northern European subsidiaries proved to hinder the localisation of marketing communications to some extent. Then again, local solutions in marketing communications were somewhat encouraged by the headquarters. This sort of controversy was not taken into account in the theoretical framework (Laroche et al. 2001; Taylor & Okazaki 2006).

## **5.2 Managerial implications**

As this study dealt with many macro-economic phenomena, such as the media and marketing infrastructure, physical, legal and political environment of markets and so on, it is important to note that a single company has little or no control over such factors and in that sense its possibilities to influence them are limited. However, some insights with regard to what kind of factors companies should take notion of in forming marketing communications standardisation/adaptation decisions, as well as insights on company-specific factors, can be presented.

As suggested by both the theoretical framework and the results of this study, managers would do well in bearing in mind that in most cases the decision on adaptation or standardisation of marketing communications is not a polarised one and thus concentrating on either extremity is not always likely to be sensible. Managers are rather advised to retain an open mind in forming marketing communications strategies and making decisions concerning standardisation and adaptation as an essential part of them. What is more, the viability of the chosen degree of standardisation/adaptation should be reviewed on a regular basis and especially when changes in the business environment occur.

Naturally, linguistic differences between different national markets and market areas exist. Managers ought to consider the effects of these differences with regard to

standardisation/adaptation of marketing communications in conjunction with the tastes of local consumers concerning the language in which they prefer to be addressed. On the basis of the results of this study, it can be asserted that Finnish consumers prefer to be addressed in their native tongue and managers should make the linguistic decisions with regard to adaptation of marketing communications on the market in question accordingly.

On the Swedish market, companies might benefit from forming an explicit strategy for dealing with the active consumer associations of the market. Such a strategy would potentially make the communication with the associations more straightforward and consequently enable adaptation or standardisation of marketing communications to be more proactive of nature instead of merely reacting to the demands and recommendations of these associations that direct the purchasing behaviour of consumers to some extent. Moreover, on the Norwegian market managers should strive for highlighting the ecologically sound aspects of products since the Norwegian consumers are above average ecologically conscious with regard to their purchasing decisions.

The positive effects of a unified brand image across markets could be further enhanced if the management of different national markets sharing several common traits, such as the Northern European markets, exchanged information more systematically and frequently through, for instance, a specific intra-region pool of advertising and sales promotion resources in addition to a global intranet that already exists within many MNCs. This would also potentially benefit the case brand on Northern European markets with regard to consistency with the mobile consumer and make the experience of the brand even more synergistic. Another factor to be considered in order to boost the positive effects of a unified brand image is stricter co-ordination of sales promotion activities as the aforementioned activities are adapted to a rather great degree in the present state of affairs. On the downside, stricter co-ordination of sales promotion activities across Northern European markets would also result in diminished degree of freedom for the subsidiaries and potentially decrease the effectiveness of marketing communications. Nevertheless, it is an aspect that could be given further thought by the management.

Moreover, by organising the production of sales promotion materials centrally for the whole Northern European region, additional economies of scale could be achieved. However, as in the case of a more unified brand image across markets, a more centralised approach on production of sales promotion materials could also result in being less sensitive to the needs of the local consumer and thus also in decreased efficiency of marketing communications. Moreover, linguistic differences between national markets and the varying timing of campaigns on different markets may possibly make a more centralised approach to production of sales promotion materials

less viable. However, the option could be given some consideration as the production of advertising is already carried out in a centralised manner.

### **5.3 Suggestions for further research**

As the empirical research conducted in this study focused solely on managers and directors of the case brand, only the managerial perspective on adaptation of international marketing practices is covered by this study. Consequently, in order to gain a more in-depth view on the topic and the case brand itself, future research could concentrate on the viewpoints of other personnel employed by the case brand. In addition, the standpoint of the consumer with regard to adaptation of international marketing communications practiced by MNCs would form an interesting research perspective in the field in question.

As time and resource constraints limited the focus of the study to concern merely two elements of the promotional mix, future research could also tackle the issue of adaptation of international marketing practices in Northern Europe from a wider perspective by including all the elements of the promotional mix or even all the elements of the marketing mix on the focus of research. Further research could also focus on examining the adaptation of international marketing communications within multiple organisations in order to obtain a more comprehensive understanding on adaptation of international brands on the Northern European markets. Moreover, as the Internet is clearly becoming of more importance in international promotional activities, future research should tackle the issue of adaptation of international marketing communications with regard to online marketing in more depth.

Furthermore, since it was established in the study that the structure of the distribution channel has major implications for adaptation of marketing communications, further research should be conducted on the effects of the structure of the distribution channel on the adaptation decisions concerning international marketing practices in the cosmetics industry. With regard to specific markets that were researched in this thesis, the Swedish pharmacy market would provide future researchers with an interesting setting concerning adaptation of marketing communications since the market is still finding its shape, i.e. going through major changes in the business environment, after the recent deregulation from state control in the latter half of the year 2010.

In addition, as this study focused on non-durable goods on business-to-consumer markets, future research could tackle the issue of international marketing communications adaptation in Northern Europe from the perspective of companies involved in durable consumer goods markets and/or service industries. Also the adaptation of international marketing communications on business-to-business markets

in Northern Europe would provide researchers with an interesting setting for future studies. By examining the issue from the aforementioned points of view, the study of marketing communications adaptation in Northern Europe could gain a more in-depth perspective on the issue and possibly allow for making more wide-ranging and meaningful inter-industry comparisons as well.

## 6 SUMMARY

Globalisation is a widely discussed and researched topic in the field of international business. However, while the world may indeed have become a global village in terms of e.g. communication and consumer similarity, companies still face the issue of how to market their products internationally. It is even argued that the most essential issue in developing a global marketing programme is the degree to which the marketing programme should be standardised on different markets since it has such a profound effect on marketing structure and processes (Katsikeas & Theodosiou 2001, 2; Keller 2003, 689).

For mainly efficiency and simplicity reasons, companies would prefer to standardise their marketing efforts across nations and cultures, but given the differences in environmental conditions, it is often necessary to adapt marketing strategies. Companies need to find means to combine global strategies with local adaptations of strategy to comply with, for instance, differences in culture, media use and legislation between different foreign markets. (Hackley 2005, 157; De Pelsmacker et al. 2007, 582–583).

The research problem of this study was formed in order to *examine adaptation of international marketing practices in Northern Europe with focus on Danish, Finnish, Norwegian and Swedish markets* as earlier research has neglected the study of Northern European markets with regard to marketing communications adaptation/standardisation to a great extent. The main research problem was examined through the following sub-objectives:

1. *How and due to which factors is the advertising of the case brand adapted on each market?*
2. *How and why do the sales promotion activities of the case brand differ on each market?*

Moreover, this thesis contributes to the research in the field of international marketing standardisation/adaptation from the standpoint of the subsidiaries; a rather neglected perspective in the field in question. Due to time and resource constraints, the rather forced choice to focus solely on the advertising and sales promotion aspects of marketing communications was made.

The existing academic literature on the topic was utilised to construct a theoretical framework for the study. The theoretical framework was then tested through empirical research conducted in the form of an intensive case study by interviewing managers and directors of the case brand using a semi-structured interview questionnaire. The case brand for the study, Vichy, was selected based on its highly international profile, substantial and continuous investments in advertising and sales promotion on all

markets on the focus of the study, significance in the operations of the parent company (L'Oréal) and the fact that it is involved in product categories that offer consumers health-related benefits, which is currently a trend on the rise. Additionally, the case brand provided an interesting research ground since it is the world's leading brand in its market segment and also possesses a significant share of market in all Nordic countries. Furthermore, the company governing the brand, L'Oréal, is a highly important advertiser even on worldwide scale.

The research findings suggest that the most important drivers pulling towards adaptation of marketing communications on Northern European markets are the desire to better respond to the local needs and tastes of consumers, market development of different markets and factors in the political and legal environments of the studied markets. Key reasons pulling towards standardisation of marketing communications were recognised as the desire to establish and maintain a unified brand image across markets and organisational co-ordination and control exerted by the company headquarters.

Concluding, the main findings of the empirical research were in line with the theoretical framework of the thesis, although significant market-specific factors influencing the standardisation/adaptation of advertising and sales promotion on the studied markets were discovered. As theory concerning standardisation/adaptation of international marketing communications suggests, the decision between the two strategies is not a polarised one but rather a continuum on the Northern European markets as well. Differences across markets make local adaptation of marketing communications necessary since the environmental and company-specific factors do not allow for total standardisation of marketing communications. Consequently, and in spite of the limitations of the study, the research findings enriched the existing literature on the issue to some extent, although the single case conducted provides a limited basis for making generalisations in the traditional sense. Nonetheless, the main objective of the study was not to find a universally applicable solution to the research problem but rather to form a holistic understanding of the researched case.

## REFERENCES

- Advertising Age (2010) Global marketers 2010  
[http://adage.com/globalmarketers2010/#global\\_100](http://adage.com/globalmarketers2010/#global_100), retrieved 6.3.2010.
- Anderson, Rolph – Srinivasan, Srini (1998) Concepts and strategy guidelines for designing value enhancing sales promotions. *Journal of Product and Brand Management*, Vol. 7, No. 5, 410–420.
- Backhaus, Klaus – Doorn, Jenny, van (2007) Consumer perceptions of advertising standardization: A cross-country study of different advertising categories. *International Management Review*, Vol. 3, No. 4, 37–49.
- Barbour, Rosaline (2008) *Introducing qualitative research: A student's guide to the craft of doing qualitative research*. Sage Publications: London.
- Belch, George – Belch, Michael (1998) *Advertising and promotion: An integrated marketing communications perspective*. Irwin/McGraw-Hill: Boston, Massachusetts.
- Blaxter, Loraine – Hughes, Christine – Tight, Malcolm (2002) *How to research*. Open University Press: Buckingham.
- Boddewyn, Jean – Soehl, Robin – Picard, Jacques (1986) Standardization in international marketing: Is Ted Levitt in fact right? *Business Horizons*, Vol. 29, No. 6, 69–75.
- Burns, Robert – Burns, Richard (2008) *Business research methods and statistics using SPSS*. Sage Publications: London.
- Buzzell, Robert (1968) Can you standardize multinational marketing? *Harvard Business Review*, Vol. 46, No. 6, 102–113.
- Casneuf, Pieter (2005) How DAM supports the localization of international marketing communications. *Journal of Digital Asset management*, Vol. 1, No. 5, 317–322.
- Cavusgil, Tames – Zou, Shaoming – Naidu G.M. (1993) Product and promotion adaptation in export ventures: An empirical investigation. *Journal of International Business Studies*, Vol. 24, No. 3, 479–506.
- Collins, Jill – Hussey, Roger (2003) *Business research: A practical guide for undergraduate and postgraduate students*. Palgrave Macmillan: New York, New York.
- Creswell, John (2009) *Research design: Qualitative, quantitative and mixed methods approaches*. Sage Publications: Thousand Oaks, California.
- Czaplewski, Andrew – Olson, Eric (2003) Adaptive strategies of tobacco firms subsequent to the 1998 Master Settlement Agreement: An examination of emergent tobacco promotional mix efforts. *Social Marketing Quarterly*, Vol. 9, No. 1, 3–17.

- Daniels, John – Cannice, Mark (2004) *Interview studies in international business research: Handbook of qualitative research methods for international business*, ed. by Rebecca Marschan-Piekkari and Catherine Welch, 185–206. Edward Elgar Publishing: Glos.
- Daymon, Christine – Holloway, Immy (2002) *Qualitative research methods in public relations and marketing communications*. Routledge: London.
- Dickson, Peter – Viswanathan, Nanda (2007) The fundamentals of standardizing global marketing strategy. *International Marketing Review*, Vol. 24, No. 1, 46–63.
- Doherty, Gerard – Ennew, Christine (1995) The marketing of pharmaceuticals: Standardization or customization? *Journal of Marketing Practice: Applied Marketing Science*, Vol. 1, No. 3, 39–50.
- Douglas, Susan – Wind, Yoram (1987) The myth of globalisation. *Columbia Journal of World Business*, Vol. 22, No. 4, 19–29.
- Eagle, Lynne – Kitchen, Philip (2000) IMC, brand communications, and corporate cultures: client/advertising agency co-ordination and cohesion. *European Journal of Marketing*, Vol. 34, No. 5/6, 667–686.
- Egan, John (2007) *Marketing communications*. Thomson Learning: London.
- eMarketer (2010) The global media intelligence report. <[http://www.emarketer.com/Reports/All/Emarketer\\_2000722.aspx](http://www.emarketer.com/Reports/All/Emarketer_2000722.aspx)>, retrieved 15.3.2011.
- Eriksson, Päivi – Kovalainen Anne (2008) *Qualitative methods in business research*. Sage Publications: London.
- Flick, Uwe (2009) *An introduction to qualitative research*. Sage Publications: London.
- Gerpott, Torsten – Jakopin, Nejc (2005) International marketing standardization and financial performance of mobile network operators – an empirical analysis. *Schmalenbach Business Review*, Vol. 57, No. 3, 198–228.
- Ghauri, Pervez – Gronhaug, Kjell (2005) *Research methods in business studies: A practical guide*. Pearson Education: Harlow.
- Gray, David (2009) *Doing research in the real world*. Sage Publications: London.
- Gummesson, Evert (2000) *Qualitative methods in management research*. Sage Publications: Thousand Oaks, California.
- Hackley, Chris (2003) *Doing research projects in marketing, management and consumer research*. Routledge: London.
- Hackley, Chris (2005) *Advertising and promotion: communicating brands*. Sage Publications: London.

- Hirsjärvi, Sirkka – Remes, Pirkko – Sajavaara, Paula (2001) *Tutki ja kirjoita*. Kustannusosakeyhtiö Tammi: Helsinki.
- Hofstede, Geert (1983) Dimensions of national cultures in fifty countries and three regions. *Explorations in cross-cultural psychology*, 365–397. Edited by Deregowski, Dziurawiec and Annis. Sage Publications: Lisse, The Netherlands.
- Jain, Subhash (1989) Standardization of international marketing strategy: Some research hypothesis. *Journal of Marketing*, Vol. 53, No. 1, 70–79.
- Johansson, Johny (1997) *Global marketing: Foreign entry, Local marketing, and global management*. Times Mirror Books: United States.
- Kanso, Ali – Nelson, Richard (2002) Advertising localization overshadows standardization. *Journal of Advertising Research*, Vol. 42, No. 1, 79–89.
- Katsikeas, Constantine – Samiee, Saeed – Theodosiou, Marios (2006) Strategy fit and performance consequences of international marketing standardization. *Strategic Management Journal*, Vol. 27, 867–890.
- Katsikeas, Constantine – Theodosiou, Marios (2001) Factors influencing the degree of international pricing strategy standardization of multinational corporations. *Journal of International Marketing*, Vol. 9, No. 3, 1–18.
- Keller, Kevin Lane (2003) *Strategic Brand Management: Building, measuring and managing brand equity*. Pearson Education: New Jersey.
- Koskinen, Ilpo – Alasuutari, Pertti – Peltonen, Tuomo (2005) *Laadulliset menetelmät kauppatieteissä*. Vastapaino: Tampere.
- Kotler, Philip – Armstrong, Gary (2006) *Principles of marketing*. 11<sup>th</sup> edition. Prentice Hall: New Jersey.
- Kotler, Philip – Keller, Lane Kevin (2007) *A framework for marketing management*. Prentice Hall: New Jersey.
- Kotler, Philip – Keller, Lane Kevin – Brady, Mairead – Goodman, Malcolm – Hansen, Torben (2009) *Marketing management*. Pearson Education: Harlow.
- Laroche, Michel – Kirpalani, Manek – Pons, Frank – Zhou, Lianxi (2001) A model of advertising standardization in multinational companies. *Journal of International Business Studies*, Vol. 32, No. 2, 249–266.
- Levitt, Theodore (1983) The globalization of markets. *Harvard Business Review*, Vol. 61, No. 3, 92–102.
- L'Oréal annual report 2009 (2010) <<http://www.loreal.com>>, retrieved 20.9.2010.
- L'Oréal annual report 2010 (2011) <<http://www.loreal.com>>, retrieved 5.5.2011.

- L'Oréal – Vichy (2011) <[http://www.loreal.com/\\_en/\\_ww/index.aspx?direct1=00003&direct2=00003/00005](http://www.loreal.com/_en/_ww/index.aspx?direct1=00003&direct2=00003/00005)>, retrieved 21.3.2011.
- L'Oréal – History (2011) <[http://www.loreal.com/\\_en/\\_ww/html/our-company/history-of-l-oreal.aspx](http://www.loreal.com/_en/_ww/html/our-company/history-of-l-oreal.aspx)>, retrieved 5.5.2011.
- Low, George (2000) Correlates of integrated marketing communications. *Journal of Advertising Research*, Vol. 40, No. 3, 27–39.
- Low, George – Mohr, Jakki (2000) Advertising vs sales promotion: a brand management perspective. *Journal of Product and Brand Management*, Vol. 9, No. 6, 389–414.
- Malhotra, Naresh – Birks, David (2007) *Marketing research: an applied approach*. 3<sup>rd</sup> European edition. Pearson Education: Harlow.
- Marshall, Catherine – Rossman, Gretchen (2006) *Designing qualitative research*. Sage Publications: Thousand Oaks, California.
- Mooij, Marieke, de (1994) *Advertising worldwide: Concepts, theories and practice of international, multinational and global advertising*. Prentice Hall International: Hertfordshire.
- Myers, Michael (2009) *Qualitative research in business & management*. Sage Publications: London.
- Nowak, Glen – Phelps, Joseph (1994) Conceptualising the integrated marketing communications phenomenon. *Journal of Current Issues and Research in Advertising*, Vol. 16, No. 1, 49–66.
- Okazaki, Shintaro – Taylor, Charles – Doh, Jonathan (2007) Market convergence and advertising standardization in the European Union. *Journal of World Business*, Vol. 42, No. 4, 384–400.
- Okazaki, Shintaro – Taylor, Charles (2006) Towards an understanding advertising standardisation in the European Union: a theoretical framework and research propositions. *International Advertising and Communication: Current Insights and Empirical findings*, 439–454. Edited by Diehl, Sandra and Terlutter, Ralf. Deutscher Universitäts-Verlag: Frankfurt.
- Pae, Jae – Samiee, Saeed – Tai, Susan (2002) Global advertising strategy: The moderating role of brand familiarity and execution style. *International Marketing Review*, Vol. 19, No. 2, 176–189.
- Palmer, Adrian (2009) *Introduction to marketing: theory and practice*. Oxford University Press: New York.
- Pelsmacker, Patrick, De – Geuens, Maggie – Bergh, Joeri, van den (2007) *Marketing communications: A European perspective*. Pearson Education: Harlow.

- Plunkett Research (2010) Advertising & branding industry overview. <<http://www.plunkettresearch.com/advertising%20branding%20market%20research/industry%20statistics>>, retrieved 15.3.2011.
- Quelch, John – Hoff, Edward (1986) Customizing global marketing. *Harvard Business Review*, Vol. 64, No. 3, 59–68.
- Roostal, Ilmar (1963) Standardization of advertising for Western Europe. *Journal of Marketing*, Vol. 27, No. 4, 15–20.
- Samiee, Saeed – Jeong, Insik – Pae, Jae – Tai, Susan (2003) Advertising standardization in multinational corporations: The subsidiary perspective. *Journal of Business Research*, Vol. 56, No. 8, 613–626.
- Shimp, Terence (2003) *Advertising, promotion, and supplemental aspects of integrated marketing communications*. 6<sup>th</sup> edition. Thomson Learning: Mason, Ohio.
- Silverman, David (2005) *Doing qualitative research: A practical handbook*. Sage publications: London.
- Solberg, Carl (2000) Educator Insights: Standardization or adaptation of the international marketing mix: The role of the local subsidiary/representative. *Journal of International Marketing*, Vol. 8, No. 1, 78–98.
- Sustar, Boris – Sustar, Rozana (2005) Managing marketing standardisation in a global context. *Journal of American Academy of Business*, Vol. 7, No. 1, 302–309.
- Taylor, Charles (2006) The future of international advertising research: suggestions for moving the discipline forward. *International Advertising and Communication: Current Insights and Empirical findings*, 491–506. Edited by Diehl, Sandra and Terlutter, Ralf. Deutscher Universitäts-Verlag: Frankfurt.
- Taylor, Charles – Okazaki, Shintaro (2006) Who standardizes advertising more frequently and why do they do so? A comparison of U.S. and Japanese subsidiaries' advertising practices in the European Union. *Journal of International Marketing*, Vol. 14, No. 1, 98–120.
- Tellis, Gerard (1998) *Advertising and sales promotion strategy*. Addison-Wesley: Reading, Massachusetts.
- Tellis, Gerard (2004) *Effective advertising: understanding when, how, and why advertising works*. Sage Publications: Thousand Oaks, California.
- Vrontis, Demetris (2003) Integrating adaptation and standardisation in international marketing: The AdaptStand modelling process. *Journal of Marketing Management*, Vol. 19, No. 3/4, 283–305.
- Vrontis, Demetris – Thrassou, Alkis – Lamprianou, Iasonas (2009) International marketing adaptation versus standardisation of multinational companies. *International Marketing Review*, Vol. 26, No. 4–5, 477–500.

- Waheeduzzaman, A. – Dube, Leon (2002) Elements of standardization, firm performance and selected marketing variables: A general linear relationship framework. *Journal of Global Marketing*, Vol. 16, No. 1&2, 187–205.
- Yates, Simeon (2004) *Doing social science research*. Sage Publications: London.
- Yin, Robert (2003) *Case study research: design and methods*. Sage Publications: California.
- Yip, George (1989) Global strategy...in a world of nations? *Sloan Management Review*, Vol. 31, No. 1, 29–41.
- Zou, Shaoming (2005) Contributions to international advertising research: An assessment of the literature between 1990 and 2002. *Journal of Advertising*, Vol. 34, No. 1, 99–110.

## **APPENDIX 1      INTERVIEW QUESTIONS**

Before conducting the actual interview, short introductions to the researched topic and terminology used in the study are provided. The objective and intended use of the study are also explained explicitly.

### **BACKGROUND INFORMATION**

- Defining the experience and expertise of the informant with regard to the case brand and advertising/sales promotion:
  01. How long have you worked for L'Oréal?
  02. How long have you worked for the Vichy brand?
  03. What different positions have you held during your career?
  04. For how long have you been responsible for your current market?
- Background information on the brand on the markets under research:
  05. What is the brand's turnover on different markets under research?
  06. For how long has the brand been present on the markets under research?
  07. What is the market share of the brand on the markets under research?
  08. Who are the three most prominent competitors of the brand on the markets under research?
  09. What are the market shares of the three most prominent competing brands on the markets under research?

### **THEME 1      General advertising adaptation questions**

1. Is the advertising of the brand adapted, i.e. localised, for the Finnish/Danish/Norwegian/Swedish market conditions or are the same advertisements used in their original, international format?
2. If the advertising is adapted, how is it adapted?
3. Which factors have an effect on adaptation of advertising of the brand?
4. Is a proportion of the advertising of the brand created entirely on a local basis?

**THEME 2 Media and marketing infrastructure**

5. In creating the advertising of the brand, are the services of media and/or advertising agencies used?
  - a) What kind of services and why?
  - b) Is the same advertising and/or media agency used in several Nordic countries?
6. What different mediums are used in the advertising of the brand?
7. Why are these specific mediums used?
8. How does the business environment of Finland/Denmark/Norway/Sweden influence which mediums are used in the advertising of the brand?
9. What is the relative proportion of different mediums in the advertising of the brand? (For instance, how much resources are spent on TV advertising in comparison to online advertising.)
10. Does the brand make joint investments in advertising and/or sales promotion with retailers?

**THEME 3 General sales promotion adaptation questions**

11. What kind of means of consumer-oriented sales promotion does the brand use on the Finnish/Danish/Norwegian/Swedish markets? (The list of different consumer-oriented sales promotion means at the end of this questionnaire will be used to exemplify if necessary.)
12. What kind of means of trade-oriented sales promotion does the brand use on the Finnish/Danish/Norwegian/Swedish markets? (The list of different trade-oriented sales promotion means at the end of this questionnaire will be used to exemplify if necessary.)
13. What is the relative proportion of sales promotion activities directed towards consumers of all sales promotion activities? What about the relative proportion directed towards retailers? Why?
14. Which factors have an effect on localisation of sales promotion of the brand?
15. How does the distribution channel of the brand (pharmacies) affect sales promotion activities? What kind of possible special traits or requirements does the distribution channel entail?

16. Does the brand organise product- or other training for the personnel of retailers?  
What kind of training?
17. Are external actors used in the planning/execution of sales promotion of the brand? Why?
18. Are the advertising and sales promotion campaigns of the brand scheduled to take place simultaneously? Why? How is it manifested at points-of-sale?

#### **THEME 4 Economies of scale and other potential benefits of adaptation**

19. What kind of benefits have been achieved and can be achieved by adapting advertising and/or sales promotion?
  - a) Are some of these benefits especially important to the brand internationally?
  - b) Are some of these benefits especially important to the brand on the Finnish/Danish/Norwegian/Swedish market?
20. What kind of disadvantages or challenges does adaptation of advertising and/or sales promotion pose or has posed?
  - a) What kind of "alternative costs", in other words lost benefits, does adaptation of advertising and/or sales promotion entail?

#### **THEME 5 Physical and economic environment**

21. Does Finland/Denmark/Norway/Sweden as a business environment have implications for adaptation of advertising and/or sales promotion of the brand?  
What kind of implications?
22. How does the size of the Finnish/Danish/Norwegian/Swedish market affect advertising and/or sales promotion of the brand and their adaptation?
23. Have any changes taken place in the adaptation of the brand's advertising and/or sales promotion to the specific conditions of the Finnish/Danish/Norwegian/Swedish market in the course of years? What kind of changes and why?
24. Are there any specific areas of advertising and/or sales promotion that cannot be adapted to the Finnish/Danish/Norwegian/Swedish market? Why?

**THEME 6 Consumer similarity and differences in consumer perception**

25. Do Northern Europeans constitute a unified market segment or are there differences in consumers that have an effect on adaptation of advertising and/or sales promotion of the brand?
26. What kind of differences are there and how do they affect adaptation of advertising and/or sales promotion of the brand?

**THEME 7 Political and legal environment**

27. What kind of possible political or legislative restrictions exist to adaptation of advertising and/or sales promotion on the Finnish/Danish/Norwegian/Swedish market?
28. How do these possible restrictions affect adaptation of advertising and/or sales promotion of the brand?
29. What kind of possible effects has the European Union had on the adaptation of advertising and/or sales promotion of the brand in Nordic countries?

**THEME 8 Cultural environment**

30. What kind of possible effects does the culture of different Nordic countries have on the advertising of the brand?
31. What kind of possible effects does the culture of different Nordic countries have on the sales promotion of the brand?

**THEME 9 Uniform brand image and consistency with the mobile consumer**

32. What kind of international marketing strategy does the brand have?
33. Is the image of the brand the same worldwide?
34. Is the competitive advantage of the brand the same worldwide?
35. Are the themes of the brand's advertising the same
  - a) worldwide?
  - b) in Nordic countries?

**THEME 10 Market position and competition**

36. What kind of significance does the advertising of competitors carry for the advertising of the brand and its localisation? How do the possible effects manifest themselves?
37. What kind of significance does the advertising of competitors carry for the sales promotion of the brand and its localisation? How do the possible effects manifest themselves?

**THEME 11 Organisational co-ordination and control**

38. Who make the decisions concerning the adaptation of advertising and sales promotion of the brand?
39. What is the attitude of the headquarters towards adaptation of advertising of the brand? What about towards adaptation of sales promotion activities?
40. Do the decisions concerning adaptation need to be approved at the headquarters? Why?
41. How and by whom are the point-of-sale materials of the brand designed and produced? Are the design and production conducted locally or internationally?
42. What is the relative proportion of locally and internationally designed/produced point-of-sale materials?

**THEME 12 Nature of the product and product life cycle**

43. Are there differences in the localisation of advertising of the brand between different product categories? What kind of differences?
44. Are there differences in the localisation of sales promotion of the brand between different product categories? What kind of differences?
45. What kind of possible effects does the stage of the product in the product life cycle have on advertising and/or sales promotion?

Examples of consumer- and trade-oriented sales promotion means

---

<b>Examples of trade promotion means</b>	<b>Examples of consumer promotion means</b>
<ul style="list-style-type: none"><li>• Promotional allowances</li><li>• Price deals</li><li>• Cooperative advertising</li><li>• Sales contests</li><li>• Trade shows</li><li>• Free goods</li><li>• Training</li></ul>	<ul style="list-style-type: none"><li>• Samples</li><li>• Coupons</li><li>• Cash refunds</li><li>• Premiums/Gifts</li><li>• Frequency programmes</li><li>• Contest prizes</li><li>• Free trials</li><li>• Product warranties</li><li>• Tie-in promotions</li><li>• POS displays and demonstrations</li></ul>

---

## **APPENDIX 2      INFORMATION ON RESEARCH INTERVIEWS**

Semi-structured theme interview with Minna Martikainen, Active Cosmetics Division Director/L'Oréal Finland on March 16<sup>th</sup> 2011. Interview conducted one-to-one in the office of the interviewee. Duration of interview 1:17:15.

Semi-structured theme interview with Annika Suomela, Scandinavian Marketing Manager for Vichy at L'Oréal DNS (Denmark, Norway, Sweden) based in Copenhagen, Denmark. Interview conducted one-to-one in the private cabinet facilities of restaurant Brahen Kellari in Turku, Finland, on March 24<sup>th</sup> 2011. Duration of interview 1:44:38.